

**LAW No. 6 /2021
of March 31**

**APPROVES THE JUDICIAL SYSTEM FOR
VOLUNTARY ARBITRATION AND
PROCEEDS WITH THE FIRST AMENDMENT TO THE
CODE OF CIVIL PROCEDURE**

Within the range of "alternative dispute resolution means", arbitration, in particular voluntary arbitration, assumes a special importance, insofar as the decisions produced by arbitral tribunals are binding and enforceable in the same terms as judgments handed down by the courts comprising the state system of administration of justice. The "adjudicatory" nature of voluntary arbitration, ensuring it an effectiveness (and enforceability) that is unparalleled in any "alternative means of dispute resolution", generates, however, specific regulatory issues that the legislature cannot fail to address through the creation of a special regulatory framework. Among these regulatory issues, the most important are the determination of the scope of arbitrable disputes, the determination of the assumptions of validity of the arbitration agreement, the constitution of the arbitral tribunal, the guarantee of independence and impartiality of the arbitrators, the guarantee of an arbitral proceeding which respects the equality of the parties and the adversarial process, the determination of the conditions for the validity of the arbitration award and the conditions for its challenge in the judicial courts, and the relationship between the arbitration courts and the judicial courts, both in terms of the co-support of the former by the latter and in terms of the judicial control, through challenge mechanisms, of the validity of arbitration awards.

With the present law, all these questions are answered, constituting a legal regime that concentrates in itself, in a complete and unitary manner, the regulation of voluntary arbitration.

Thus, the National Parliament enacts, pursuant to article 95(1) of the Constitution of the Republic, to be valid as law, the following:

Article 1

Object

1. The present law approves the Legal Regime of Voluntary Arbitration, which is published in an annex to the present law and forms an integral part of it.
2. The present law proceeds with the First Amendment to the Civil Procedure Code, approved by Decree-Law no. 1/2006, of 21st February.

Article 2

Amendment to the Civil Procedure Code

Articles 671 and 694 of the Civil Procedure Code, approved by Decree-Law No. 1/2006, of February 21, shall be amended to read as follows:

"Article 671

[...]

1. [...]
2. Arbitral awards shall be enforceable under the same terms as decisions of the judicial courts, without prejudice to the provisions of the Legal Regime of Voluntary Arbitration.

Article 694

[...]

1. [...]
2. In opposing enforcement based on an arbitral award, the enforcer may invoke the grounds provided for in the Voluntary Arbitration Legal Regime."

Article 3

Revocation provision

Article 679(2) and Article 841 of the Code of Civil Procedure, approved by Decree-Law 1/2006, of 21 February, are hereby revoked.

Article 4

Transitory rule

The Voluntary Arbitration Legal Regime shall apply to arbitration proceedings commenced after this law comes into force, even if the arbitration agreement was entered into earlier.

Article 5

Entry into force

The present law comes into force on the day following its publication.

Approved on February 22nd, 2021.

The Speaker of the National Parliament,

Aniceto Longinhos Guterres Lopes

Promulgated on March 29, 2021.

Be it published.

The President of the Republic,

Francisco Guterres Lú Olo

ANNEX

LEGAL REGIME OF VOLUNTARY ARBITRATION

**CHAPTER I
GENERAL PROVISIONS**

**Article 1
Object**

The object of the present legal regime is to regulate voluntary arbitration and the confirmation and enforcement of arbitral awards.

**Article 2
Scope of application**

1. The present legal regime shall apply to domestic voluntary arbitrations and international voluntary arbitrations held in East Timor, to the enforcement of provisional measures and national arbitral awards, and to the confirmation and enforcement of foreign provisional measures and arbitral awards.
2. Unless otherwise agreed by the parties, Articles 14(4) and (5) and 28(4) of this legal regime shall not apply to international arbitration.
3. Article 11(2), Article 52(3) and (4), Article 61, Article 62(2) and Article 67 of this Statute shall apply only to international arbitration.
4. Without prejudice to the provisions of the two preceding paragraphs, in the absence of any special provision to the contrary, all the rules of this legal regime shall apply to domestic arbitrations and to international arbitrations.
5. The submission to arbitration of disputes arising out of, or in connection with, employment contracts shall be regulated by special law.

**Article 3
Definitions and rules of interpretation**

1. For the purposes of the present legal regime, the following definitions shall apply
 - a) "Voluntary arbitration" means the resolution of disputes by means of a binding decision rendered by an arbitral tribunal on the basis of an arbitration agreement and following proceedings subject to the principles of equal treatment of the parties, adversarial proceedings and the independence and impartiality of the arbitrators;
 - b) "Arbitration agreement" means an agreement, which may be a separate contract or a clause contained in a contract having a purpose other than an arbitration agreement, by which the parties submit to the decision of an arbitral tribunal:
 - i) The settlement of a current dispute or of all or some of the disputes which may arise out of a given contractual or non-contractual legal relationship;
 - ii) The definition of legal or factual situations, in particular the determination and completion of contractual content and its adaptation to new circumstances, particularly in the case of contracts creating legal relationships of a lasting nature;

- c) "Arbitral tribunal" means a tribunal made up of members, one or more, appointed by the parties to the dispute, by third parties to whom the parties have granted such power, including institutionalized arbitration centers, or by the competent judicial courts, under the terms of this legal regime
- d) "Arbitrators" means the members of the arbitral tribunal appointed under the terms of the preceding paragraph
- (e) "Emergency arbitrator" means an arbitrator appointed by the parties to the dispute or a third party to whom they confer such power, including institutionalized arbitration centers, to order interim measures before the arbitral tribunal is constituted
- f) "Judicial tribunal" means any tribunal within the judicial organization of East Timor
- g) "International arbitration" means an arbitration taking place in East Timor in which any of the following circumstances applies
 - i) The parties are, at the time of the conclusion of the arbitration agreement, domiciled or have their seat in different States;
 - ii) The place of performance of the main obligations of the legal relationship or transaction which is the subject of the dispute is in a State other than the State of the domicile or seat of the parties
 - iii) The place with which the matter in dispute is most closely connected is situated in a State other than the State where the domicile or registered office of the parties is situated
 - iv) The parties themselves, in the arbitration agreement, determine that the matter is related to more than one State;
- h) "Domestic arbitration" means arbitration that, having taken place in East Timor, is not international arbitration
- i) "Foreign arbitration" means arbitration that does not take place in East Timor
- j) "Place of arbitration" means the place agreed upon by the parties or fixed by the arbitral tribunal, under the terms of article 43
- (k) "Arbitral award" means any award rendered by an arbitral tribunal
- (l) "Arbitral award" means an arbitral decision by which the arbitral tribunal determines the merits of the case in whole or in part
- m) "National arbitral award" means an arbitral award rendered in an arbitration held in Timor-Leste
- n) "Foreign arbitral award" means an arbitral award rendered in an arbitration not taking place in Timor-Leste
- o) "Submission to arbitration" means the communication addressed by the party wishing to commence arbitration proceedings to the counterparty or to the institutionalised arbitration center foreseen in the arbitration agreement

- p) "Institutionalized arbitration center" means any institution, regardless of its legal form, which provides support services to the parties and to the arbitral tribunal, namely administrative and logistic support in the conduct of arbitration proceedings
 - q) "Durable support" means a paper or electronic document which enables information to be stored in a permanent and accessible manner for future reference;
 - r) "Electronic communication" means communication which permits the transmission and reception of data by wire, radio, optical or other electromagnetic means.
- 2. For the purposes of paragraph g) of the preceding paragraph, when any of the parties has more than one domicile, the one which has the closest connection with the arbitration agreement shall be considered and, when any of the parties has no domicile, the place of its habitual residence shall be considered.
 - 3. Whenever a rule of this legal regime, with the exception of article 52, grants the parties the power to dispose of a certain matter, it comprises the power to authorize a third party, including an institutionalized arbitration center, to do so.

Article 4 **Arbitrability**

- 1. Without prejudice to special law which reserves them to the jurisdiction of the state courts, any disputes which have as their object interests of a patrimonial nature may be resolved through voluntary arbitration.
- 2. Disputes of a non-property nature may only be resolved through voluntary arbitration if they are susceptible of settlement, under the terms of article 1169 of the Civil Code.

Article 5 **Communications, notifications and counting of deadlines**

- 1. Unless otherwise agreed by the parties or provided by law, the following rules shall apply to arbitral proceedings as regards communications and notifications of written acts or statements, from the submission to arbitration until the termination of the proceedings:
 - a) Communications and notifications may be made in person, by post or by means of electronic communication, namely telex, telecopy and electronic mail, of which a record shall be kept on a durable medium;
 - b) Communications and notifications are considered to have been made on any of the following dates
 - i) The date on which they are personally delivered to the addressee or his/her representatives;
 - ii) On the date on which they are received, by post, at the addressee's home, habitual residence or registered office or at any other address designated by the addressee;
 - iii) On the date when the content of the electronic communication becomes accessible to the addressee at the electronic address designated by him/her;
 - c) When, after a reasonable inquiry, it is impossible to know the current places or addresses referred to in the previous sub-paragraph, the communications and notifications may be sent, by post, to

the last domicile, habitual residence or headquarters of the addressee, and shall be deemed to have been made on the date they are received there.

2. Time limits which commence when any communications or notifications are made shall begin to run on the day following the day on which they are deemed to have been made, under the terms of the previous paragraph.

Article 6

Tacit waiver of right to invoke violation of the law or arbitration agreement

In the event of violation of any non-mandatory rule of this legal regime, or of any provision of the arbitration agreement, a party who has become aware of such violation without immediately opposing it, or within the time period provided for that purpose, may not later invoke it, namely as a ground for annulment or refusal to confirm or enforce the arbitral award, and by so acting, shall be deemed to have waived the right to do so.

Article 7

Intervention by judicial courts

1. Courts of law may not intervene in matters governed by this legal regime, except in cases in which they are granted competence to do so in this regime.
2. In the interventions provided for in Articles 14, 15, 16, 19, 20 and 25, the following rules shall apply
 - a) The applicant shall specify the facts justifying his request, immediately attaching and requesting all evidence in the application itself;
 - b) Once the claim referred to in the previous paragraph has been received, the other parties to the arbitration and, if applicable, the arbitral tribunal are notified so that, within 10 days, they may comment on its content
 - c) Before rendering its decision, the tribunal may, if it deems necessary, collect or request information that is convenient for rendering its decision;
 - d) The proceedings shall be urgent, and the respective acts shall precede any other non-urgent judicial service.

CHAPTER II

ARBITRATION AGREEMENT

Article 8

Written form

1. Under penalty of nullity, the arbitration agreement shall be in writing.
2. Even if concluded verbally or tacitly or by any other means, the arbitration agreement shall be deemed to be in writing whenever its contents are recorded in any form.
3. The arbitration agreement shall be deemed to be in writing, namely, in any of the following cases
 - a) The statements of the parties are contained in separate written documents signed separately by each of them, these being exchanged face-to-face, by post or by electronic communication;
 - b) The parties' declarations are contained in a single written document jointly signed by both parties;

- c) The declarations of the parties are contained in electronic communication, such as telex, telecopy and electronic mail, of which a record is kept on a durable medium;
- d) A contract refers to a contractual text or document containing an arbitration agreement, provided that the reference is made in such a manner that the arbitration agreement becomes an integral part of that contract;
- e) The text of the arbitration agreement is recorded in a durable medium and the behavior of the parties, namely the lack of any opposition immediately after its knowledge, interpreted according to the habits of the economic branch in question and the rules of common experience, allows the conclusion that both agree with its content;
- f) Any party, despite having been notified, in arbitral proceedings, of the petition or defense in which the arbitration agreement is alleged, does not challenge its existence.

Article 9

Arbitration agreements entered into by public entities

1. The state and other legal persons governed by public law may enter into arbitration agreements concerning exclusively private law disputes.
2. The entities referred to in the previous paragraph can only enter into arbitration agreements that have as their object, even if only partially, disputes of public law if they are qualified to do so by special law.

Article 10

Contents of the arbitration agreement and other agreements of the parties

The content of the arbitration agreement, as well as that of other agreements entered into by the parties regarding the arbitration process, shall include the rules of the regulations of the institutionalised arbitration centers to which they refer.

Article 11

Applicable law

1. In the case of domestic arbitration, the issues of the substantive validity of the arbitration agreement and of the arbitrability of the of the dispute shall be governed by the law of Timor-Leste.
2. In the case of international arbitration, it is understood that the arbitration agreement shall be deemed valid in substance, and the dispute to which it relates is arbitrable if the requirements and the requirements and limits established by any of the following rights are complied with any of the following rights:
 - a) The law chosen by the parties to govern the agreement
 - b) The law chosen by the parties to govern the arbitration agreement
 - c) The law applicable to the merits of the case;

Article 12

Effects of arbitration agreement in actions brought before the courts

1. If an action is brought in any court, as a principal or counterclaim, in which a dispute is covered by an arbitration agreement, the judge shall, if the defendant raises the issue before the end of the time limit for filing the defence, dismiss the action and refer the claimant to the arbitral tribunal, unless the judge finds that there is no arbitration agreement or that it is null and void, ineffective or unenforceable.
2. The court's decision not to refer the plaintiff to the arbitral tribunal is always appealable to the Supreme Court of Justice, and the appeal shall have suspensive effect on the court proceedings.
3. In the case provided for in the preceding paragraph, the fact that the matter is pending before the court shall not inhibit the commencement or normal pursuit of the arbitral proceedings, nor shall it prevent the arbitral tribunal from exercising its powers, including the power to make an award.
4. As soon as the decision of the court finding that there is no arbitration agreement or that the agreement is null and void, ineffective or unenforceable becomes final, the arbitral proceedings shall terminate and the award rendered therein shall be of no effect.
5. The court shall dismiss out of hand an action for simple examination which has as its autonomous object the issues of the existence, nullity, ineffectiveness and unenforceability of an arbitration agreement, as well as interim proceedings in which the claimant, raising the same issues, seeks to prevent the court from constituting or operating an arbitral tribunal.

Article 13

Compatibility between the existence of an arbitration agreement and the application for provisional measures in the courts

1. Notwithstanding the provisions of paragraph 4 of the preceding article, the existence of an arbitration agreement shall not prevent the parties from applying to the courts, before or after the arbitral proceeding on which they are dependent, for any of the interim relief provided for in Chapter VI.
2. Regardless of the place of arbitration, the existence of an arbitration agreement shall not affect the power of the courts to order provisional measures dependent on arbitral proceedings, under the procedural rules applicable to them, before or after the commencement of such proceedings, and even before the constitution of the arbitral tribunal.
3. In considering the interim measures provided for in the preceding paragraph, the courts shall take into consideration, if appropriate, the specific characteristics of international arbitration or foreign arbitration.

CHAPTER III

CONSTITUTION OF THE ARBITRAL TRIBUNAL

Article 14

Composition of the arbitral tribunal

1. The parties are free to determine the number of arbitrators of the arbitral tribunal.

2. In the absence of an agreement of the parties on the subject matter, the arbitral tribunal shall consist of three arbitrators.
3. Unless otherwise agreed by the parties, no person shall be barred from being appointed as an arbitrator by reason of his nationality.
4. Where the arbitration agreement results in one of the parties having a preponderant position in the arbitrator designation procedure that may jeopardise the impartiality of the arbitral tribunal, the other party may, within 10 days from knowing the full composition of the arbitral tribunal, request the President of the Supreme Court of Justice to replace the appointed arbitrator(s) or to determine an appointment procedure other than that provided for in the arbitration agreement.
5. The decision of the President of the Supreme Court of Justice shall not be subject to appeal, and the provisions of Article 12(3) and (4) shall apply, with the necessary adaptations.

Article 15

Appointment of arbitrators

1. Arbitrators shall be appointed in accordance with the procedure stipulated by the parties, directly or by referring to the regulations of institutionalized arbitration centers.
2. In the absence of an agreement of the parties on the procedure for the appointment of the arbitrators, the following rules shall apply:
 - a) In the event that the tribunal is to consist of three or more arbitrators:
 - i) Each party shall appoint an equal number of arbitrators and the arbitrators so appointed shall choose another arbitrator, who shall act as chairman of the arbitral tribunal;
 - ii) If either party fails to make its own designation within 30 days from the receipt of the request addressed by the other party for such purpose, or if the arbitrators appointed by the parties fail to appoint the presiding arbitrator within 30 days from the appointment of the last of them, either party may request the President of the Supreme Court of Justice to appoint the missing arbitrator or arbitrators;
 - b) In the event the arbitral tribunal is to consist of a sole arbitrator, any party may, in the absence of an agreement on the appointment, request the President of the Supreme Court of Justice to appoint such arbitrator.
3. Where the parties have agreed upon the procedure for the appointment of the arbitrators, but the appointment of any arbitrator is missing, as a result of the omission of any of them or of a third party, or in the absence of an agreement between them or between the arbitrators, any of them may, unless otherwise stipulated, request the President of the Supreme Court of Justice to appoint an arbitrator.
4. When appointing an arbitrator, the Chief Justice shall take into account the qualifications agreed upon by the parties and ensure his independence and impartiality.
5. In the case of international arbitration, when appointing a sole arbitrator or a third arbitrator, the President of the Supreme Court of Justice shall also consider that it is advisable that the appointment be made by an arbitrator who is not a national of any of the parties.

6. The decisions of the President of the Supreme Court of Justice provided for in the preceding paragraphs shall not be subject to any appeal.

Article 16

Appointment of arbitrators in the event of plurality of claimants and respondents

1. In the event of plurality of claimants or respondents, and if the arbitral tribunal is composed of three arbitrators, the first arbitrators shall jointly appoint an arbitrator, and the second arbitrators shall jointly appoint another.
2. If the claimants or the respondents cannot agree on the arbitrator to be appointed, it shall be incumbent upon the President of the Supreme Court of Justice, at the request of any of the parties, to appoint the missing arbitrator.
3. In the case foreseen in the previous paragraph, the President of the Supreme Court of Justice may, if it is shown that there are conflicting interests between claimants or between respondents on the merits of the case, appoint all of the arbitrators and from among them the Chairman, in which case the appointment of the arbitrator that one of the parties has made in the meantime shall be null and void.
4. The provisions of this article may be set aside or waived by agreement of the parties.

Article 17

Acceptance of appointment

1. The effectiveness of the designation depends, in any event, on the designated party's acceptance.
2. Once the designation has been accepted, an excuse shall only be legitimate if grounded on the demonstration of the existence of a supervening fact that makes the arbitrator unable to perform his duties, or on the non-conclusion of the agreement referred to in article 25, paragraph 1.
3. Unless otherwise agreed upon, the appointee shall, within 15 days of being notified of his appointment, state in writing that he accepts it, informing the appointee in writing.
4. If the statement referred to in the previous paragraph is not communicated within the period indicated therein, the designation shall be deemed not to have been accepted, unless the appointee discloses, by means of conclusive behaviors, the intention to act as arbitrator.
5. Illegitimate excuse shall render the arbitrator liable for the damages caused thereby.

Article 18

Duty of disclosure and refusal of arbitrators

1. Whoever becomes aware, through an invitation or other preliminary contacts, that someone intends to appoint him/her as an arbitrator, shall immediately disclose all circumstances that may raise grounded doubts as to his/her impartiality and independence.
2. An arbitrator shall, throughout the arbitral proceedings, disclose without delay to the parties and to the other arbitrators any circumstances referred to in the preceding paragraph which are supervening or which come to his knowledge only after he has accepted the appointment.
3. An arbitrator may be challenged only on the basis of circumstances which give rise to justifiable doubts as to his impartiality or independence, or if he does not possess the qualifications which the parties have agreed upon.

4. A party may not refuse an arbitrator whom it has appointed, or in whose appointment it has participated, unless it shows that it only became aware of the grounds for refusal after the appointment.

Article 19

Procedure for refusal

1. Without prejudice to paragraph 3, the arbitrator refusal procedure shall follow the rules agreed upon by the parties, either directly or by referring to the rules of an institutionalized arbitration center.
2. In the absence of agreement, the following rules shall apply:
 - a) A party wishing to refuse an arbitrator shall submit a written request to the arbitral tribunal, specifying the grounds for refusal, within 15 days from the date on which it became aware of the constitution of the arbitral tribunal or the date on which it became aware of the circumstances which it invokes as grounds for refusal;
 - b) If the arbitrator who has been refused does not resign from the mandate for which he has been appointed, nor the parties agree on its termination, the arbitral tribunal shall decide on the claim for refusal.
3. If, in any of the cases provided for in paragraphs 1 and 2, the arbitrator's claim for refusal is not acted upon, the party that requested the refusal may, within 15 days after being notified of the decision to refuse, challenge it by means of an application addressed to the President of the Supreme Court of Justice, whose decision may not be challenged.
4. While the proceedings are pending before the Supreme Court of Justice, the arbitral tribunal, including the rejected arbitrator, may continue the arbitral proceedings and render an award.
5. The refused arbitrator shall have the right to resign from the mandate for which he was appointed, without having to invoke any grounds.
6. The term of office of a challenged arbitrator shall expire in any of the following situations
 - a) The arbitrator exercises his or her right of resignation;
 - b) The parties agree on the cessation;
 - c) The Court grants the claim for recusal;
 - d) The President of the Supreme Court of Justice shall grant the impugnation provided for in paragraph 3.

Article 20

Impossibility or default of the arbitrator

1. If an arbitrator becomes unable, either in law or in fact, to perform his duties, or if he fails to perform them with reasonable diligence and in due time, his term of office shall cease as soon as he resigns, or as soon as the parties so agree.
2. In any of the cases provided for in the preceding paragraph, if the arbitrator does not resign, or if there is no agreement between the parties, any party may request the President of the Supreme Court of Justice to determine the termination of his term of office, and his decision may not be appealed.

- 3 The fact that an arbitrator resigns in the cases provided for in paragraph 1 of this Article and in paragraph 2 of the preceding Article shall not be construed as acceptance of the facts or circumstances imputed to him, nor as recognition of any liability.

Article 21

Replacement of the arbitrator

1. In all cases where, for any reason, the term of office of an arbitrator terminates, namely in the cases provided for in the preceding articles, a replacement arbitrator shall be appointed in accordance with the rules applied to the appointment of the replaced arbitrator.
2. Once the replacement arbitrator is in office, the Arbitral Tribunal, after hearing the parties, shall decide whether, in view of his new constitution, any procedural acts shall be repeated or not.

CHAPTER IV

REQUIREMENTS, DUTIES, LIABILITY, AND RIGHTS OF ARBITRATORS

Article 22

Requirements

1. Only fully capable natural persons may be arbitrators.
2. Without prejudice to the freedom of choice of the parties and to the provisions of articles 15(4) and 15(5), no person may not be appointed as arbitrator on the basis of gender or nationality. 4 and 5 of article 15, no person may not be appointed as arbitrator on the grounds of gender or nationality.

Article 23

Independence, impartiality and diligence

Arbitrators shall exercise their functions with high standards of diligence, be independent and act with absolute impartiality, treating the parties equally.

Article 24

Responsibility

1. Arbitrators shall not be liable for the damages resulting from their decisions, unless they acted with intent or gross negligence.
2. Where arbitrators have been appointed by third parties, including arbitration centers or other arbitrators, such arbitrators shall only be liable to the parties when they have themselves acted with intent or gross negligence in the selection of arbitrators.
3. When such liability exists, the liability referred to in the previous paragraph is joint and several.

Article 25

Arbitrators' fees and expenses

1. If the parties have not regulated such matter in the arbitration agreement, the arbitrators' fees, the mode of reimbursement of their expenses and the mode of payment by the parties of any advance payments on account of such fees and expenses shall be subject to a written agreement between the parties and the arbitrators, concluded prior to the acceptance of the last of the appointed arbitrators.

2. If the matter is not regulated in the arbitration agreement and if it has not been agreed between the parties and the arbitrators, the arbitrators shall fix the amount of their fees and expenses, taking into account the complexity of the issues to be tried, the value of the claim and the time spent and to be spent from the commencement to the termination of the arbitration proceedings, as well as determine the payment by the parties of the advance on their fees and expenses, by means of one or more separate decisions from those ruling on procedural issues or on the merits of the case.
3. In the case provided for in the preceding paragraph, any party may request the President of the Supreme Court of Justice to reduce the amounts of the fees or expenses and respective costs fixed by the arbitrators, and the latter may, after hearing the arbitrators, fix the amounts he deems appropriate.
4. In the event of non-payment of any advance on fees and expenses which have been previously agreed upon or fixed by the arbitrators or by the President of the Supreme Court of Justice, the latter may, once the reasonable additional period of time granted by them to the defaulting party or parties for such purpose has elapsed, suspend or terminate the arbitral proceedings, without prejudice to the provisions of the following paragraph.
5. If, within the period of time fixed in accordance with the preceding paragraph, any party fails to pay its advance, the arbitrators, before deciding to suspend or terminate the arbitral proceedings, shall grant the other parties an additional period of time so that they may, if they so desire, make up for the default in the payment of the unpaid advance.

CHAPTER V

JURISDICTION OF THE ARBITRAL TRIBUNAL

Article 26

Competence of the tribunal to decide on its own jurisdiction

1. The arbitral tribunal shall have jurisdiction to rule on its own jurisdiction, including the power to determine the existence, validity, effectiveness and enforceability of the arbitration agreement.
2. An arbitration agreement that constitutes a clause in another contract is independent from the latter, and the arbitral tribunal's decision finding it invalid or ineffective does not, of itself, render the arbitration agreement invalid or ineffective.

Article 27

Extension

Within the limits of the arbitration agreement, the tribunal has jurisdiction to hear all questions, whether substantive or procedural, preliminary or incidental, the resolution of which is necessary for the normal and expeditious development of the arbitral proceedings and the determination of the case.

Article 28

Invoking the issue of lack of jurisdiction of the arbitral tribunal, its decision and its challenge

1. The lack of jurisdiction of the arbitral tribunal to rule on all or part of the subject matter of the dispute may only be invoked by the respondent, under penalty of preclusion of the right to do so later, until the presentation of the defense on the merits or together with the defense.
2. The fact that a party has appointed an arbitrator or participated in his appointment does not deprive him of the right to invoke the lack of jurisdiction of the arbitral tribunal.

3. When, in the course of the arbitral proceedings, a question arises the knowledge of which may exceed the jurisdiction of the arbitral tribunal, the party concerned shall immediately plead its lack of jurisdiction, failing which the right to do so at a later date shall be precluded.
4. Upon a duly reasoned request by an interested party, the arbitral tribunal may admit the submission of a plea of lack of competence beyond the time limits set out in paragraphs 1 and 3 when it considers that, in view of the circumstances and taking into account standards of normal diligence, the party was not required to do so earlier.
5. The arbitral tribunal may decide on its jurisdiction either by interlocutory decision or in the award on the merits.
6. The interlocutory decision by which the arbitral tribunal declares that it has jurisdiction may, within 30 days after its notification to the parties, under penalty of forfeiture, be challenged in court.
7. Pending the judicial challenge referred to in the preceding paragraph shall not prevent the arbitral tribunal from continuing the arbitral proceedings and making an award on the merits of the case.
8. If the court finds the arbitral tribunal lacking jurisdiction, the arbitral proceedings shall be terminated and the award rendered therein shall be of no effect.
9. Jurisdiction for hearing an appeal lies with the Supreme Court of Justice, and the provisions of Article 63, with the necessary adaptations and safeguarding the special provisions of the three previous numbers, shall apply.

CHAPTER VI

PROVISIONAL MEASURES AND PRELIMINARY ORDERS

Section I

Provisional Measures

Article 29

Interim measures ordered by the arbitral tribunal

1. Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of a party, at any time before the rendering of the award on the merits of the case, order interim measures, ordering any of the following
 - a) Maintain or restore the previously existing situation while the dispute is not adjudicated;
 - b) Abstaining from acts that may cause prejudice to the arbitration proceeding itself or the practice of acts capable of preventing it;
 - c) Preserve assets that may ensure the execution of the judgment to be rendered;
 - d) Preserve evidence relevant to the resolution of the dispute.
2. Before the arbitral tribunal is constituted, the provisional measures provided for in the preceding paragraph may be ordered by the emergency arbitrator.

Article 30

Requirements for the decree of interim measures

1. The granting of interim measures provided for in paragraphs a), b) and c) of subsection 1 of the preceding article shall be subject to proof of the following requirements

- a) It is probable that failure to enact the measure would cause the applicant harm not adequately redressable by way of compensation and that such harm is substantially greater than that which might result to the defendant from the enactment of the measure;
 - b) There is a reasonable possibility that the arbitral proceedings will be successful.
2. The evaluation of probability referred to in subparagraph b) of the preceding paragraph shall not bind the arbitral tribunal with respect to the judgment of the case.
 3. With respect to the interim measure referred to in subparagraph (d) of paragraph 1 of the preceding Article, the requirements set out in paragraph 1 of this Article shall apply only to the extent that the arbitral tribunal considers them appropriate to the nature of the measure.
 4. The arbitral tribunal may require the applicant for the interim measure to provide appropriate security.

Section II

Preliminary orders

Article 31

Application for and requirements of preliminary orders

1. Unless otherwise agreed by the parties, either party may, when applying for an interim measure, simultaneously request the arbitral tribunal to make, without prior hearing of the other party, a preliminary order to ensure the effectiveness of the interim measure applied for.
2. The arbitral tribunal may make the preliminary order when it considers that a prior hearing of the respondent is likely to frustrate the purpose of the interim measure requested.
3. The requirements set out in Article 30(1) shall apply to the making of any preliminary order, the damages referred to in paragraph 1(a) of that provision being deemed, in the case of the preliminary order, to be those that may result from it being or not being made.

Article 32

Procedure and expiration

1. Immediately after the arbitral tribunal has made its decision on a request for a preliminary order, it shall notify all parties of the application for interim measure, the request for a preliminary order, the preliminary order, if any, and all other communications, including oral communications, that have taken place between any party and the arbitral tribunal in that regard.
2. At the same time, the arbitral tribunal shall give the party against whom the preliminary order has been issued an opportunity to state its case and shall allow it as speedily as possible to do so.
3. The arbitral tribunal shall decide promptly upon any objection to the preliminary order.
4. The arbitral tribunal shall require the applicant for the preliminary order to provide appropriate security, unless it considers it inappropriate or unnecessary to do so.
5. The preliminary order shall expire 20 days after the date on which it was issued by the arbitral tribunal.

6. Notwithstanding the provisions of the preceding paragraph, the arbitral tribunal may, after hearing the respondent on such possibility, make an interim order incorporating or modifying the contents of the preliminary order.
7. The preliminary order is binding on the parties but is not enforceable by the courts.

Section III

Rules Common to Provisional Measures and Preliminary Orders

Article 33

Modification, suspension and revocation

The arbitral tribunal may modify, suspend or revoke an interim measure or a preliminary order that has been ordered or issued, at the request of any party, or, in exceptional circumstances and after hearing the parties, on its own initiative.

Article 34

Duty of disclosure

1. The court may order the parties to disclose promptly any significant change in the circumstances on the basis of which the provisional measure was requested or ordered.
2. The party seeking a preliminary order shall disclose to the arbitral tribunal all circumstances that may be relevant in deciding whether to issue or maintain it, and this duty shall continue until the party against whom the order has been directed has had an opportunity to comment on it, after which time the provisions of paragraph (1) shall apply.

Article 35

Liability of the claimant

1. If the arbitral tribunal finds that, under the circumstances actually existing before it, the interim measure or the preliminary order should not have been issued or ordered, the party seeking it shall be liable for any costs or damages caused thereby to the other party.
2. The arbitral tribunal may, in the case provided for in the preceding paragraph, order the requesting party to pay the corresponding compensation at any stage of the proceedings.

Section IV

Confirmation and enforcement by the courts of the decisions of arbitral tribunals ordering interim measures

Subsection I

Enforcement of national arbitral awards ordering interim measures

Article 36

Regime

1. Without prejudice to the provisions of the following numbers, the regime established in Chapter X shall apply, with the necessary adaptations, to the enforcement of arbitral awards awarding interim measures issued in arbitrations seated in Timor-Leste.
2. The arbitral tribunal may, in its decision granting the interim measure, exclude its enforcement in the courts of law.

3. The party seeking enforcement of an arbitral award granting an interim measure shall promptly inform the court of any revocation, suspension or modification by the arbitral tribunal.
4. The court seized of an application for enforcement of an arbitral award granting an interim measure may, if it considers it appropriate, order the applicant to provide appropriate security, unless the arbitral tribunal has already made a determination in that respect.
5. In any case, the court shall order the provision of security where such security is necessary to protect the rights of third parties.

Subsection II

Confirmation and enforcement of foreign arbitral awards awarding interim measures

Article 37

Regime

To the extent not inconsistent with the provisions of this subsection, the provisions of Chapter XI shall apply to the confirmation and enforcement of foreign arbitral awards granting interim measures.

Article 38

Proceedings

1. At the request of the party concerned, and unless the arbitral tribunal itself determines otherwise, a foreign arbitral award granting an interim measure may be confirmed and enforced by the courts.
2. Both during the proceedings for confirmation or enforcement of the arbitral award granting the interim measure and after the award confirming or ordering its enforcement has been issued, the party seeking confirmation or applying for enforcement shall promptly inform the court of any decision to revoke, suspend or modify the interim measure taken by the arbitral tribunal which issued it.
3. The court to which confirmation or enforcement of the arbitral award granting the measure is sought may, if it considers it appropriate, order the claimant to provide appropriate security, unless the arbitral tribunal has already made a decision in that respect.
4. In any case, the court shall order the provision of security where such security is necessary to protect the rights of third parties.
5. Confirmation proceedings shall be urgent, and the respective acts shall precede any other non-urgent judicial service, and the time limits provided for in article 69 shall be reduced by half.

Article 39

Grounds for refusal of confirmation and for opposition to enforcement of the confirmed decision

1. Confirmation of a foreign arbitral award that orders an interim measure may only be refused on one of the following grounds
 - a) Occurrence of any of the events set out in subparagraphs (a), (b), (c), (d) or (e) of Article 70(1);
 - b) Non-compliance with the decision of the arbitral tribunal that has determined that the claimant shall provide security

- c) Revocation or suspension of the interim measure by the arbitral tribunal or, if competent, by a court of the foreign State where the arbitration takes place or of the State under whose law the measure was granted;
 - d) It is an interim measure that could not be ordered by the courts of Timor-Leste under Timorese law, unless the court decides to convert the interim measure into another measure that is admissible under Timorese law, provided that the latter retains the essence and utility of the arbitral measure the confirmation of which is sought;
 - e) Occurrence of any of the hypotheses foreseen in subparagraphs g) and h) of paragraph 1 of Article 70. 2 - The court may only cognize the grounds for refusal foreseen in sub-paragraphs a), b) and c) of the preceding paragraph if invoked by the respondent, whereby the grounds foreseen in sub-paragraphs d) and e) of the preceding paragraph are cognizable of its own motion.
- 3. The decision of the court, which shall refrain from making a review of the merits of the interim measure by the arbitral tribunal, shall not take effect outside the confirmation proceedings, without prejudice to the provisions of the following paragraphs.
 - 4. The distrainee may only invoke, in the opposition to the enforcement of the confirmed arbitral award, the grounds provided for in paragraph 1, with the exception of the following:
 - a) Grounds on which he did not rely in the proceedings for confirmation of the enforceable decision, but which he could have relied on, with the exception of those set out in paragraph 1(d) and (e);
 - b) Grounds that have been held to be unfounded in the decision of the court confirming the enforceable arbitral award.
 - 5. The enforcement court may, of its own motion, hear the matters under paragraphs (d) and (e) of subsection 1, unless the court that confirmed the arbitral award has already ruled thereon.

CHAPTER VII

COMMENCEMENT, CONDUCT AND DEVELOPMENT OF THE ARBITRAL PROCEEDINGS

Article 40

Fundamental principles and representation of the parties

- 1. In conducting and managing the proceedings, as well as in resolving the issues arising therefrom, the arbitral tribunal shall respect the following principles:
 - a) Principle of impartiality, which obliges the arbitral tribunal to objectively consider, without bias or prejudice, the positions and arguments of both parties on the issues it considers relevant and pertinent to the decision of the case, not excluding from the outset, when judging according to the constituted law, any legally plausible solution;
 - b) The principle of equality, which requires the court to afford the parties the same opportunities for procedural intervention and to allow them, within a reasonable time, to present their main or counterclaims and their defense in full, depending on the case;

- c) Principle of adversarial proceedings, which obliges the arbitral tribunal to grant the parties, throughout the proceedings, the opportunity to comment in advance on any issues it should resolve, subject to the exceptions provided for in this legal regime;
 - d) Principle of free legal representation, which ensures the parties the right to be represented by counsel.
- 2. Without prejudice to the provisions of paragraph d) of the preceding number, and unless otherwise agreed upon by the parties, the parties may litigate in their own cause and be represented by any person of their choice, even if not a lawyer.
 - 3. In the case of international arbitration, and unless otherwise agreed by the parties, any of the parties may be represented by a foreign lawyer not registered in Timor-Leste, regardless of the State from which he or she comes.
 - 4. For all purposes, the persons referred to in paragraph 2 and the foreign lawyers not registered in Timor-Leste referred to in paragraph 3 above shall be deemed to be acting lawfully when representing any of the parties in arbitral proceedings, and the prohibition of unlawful representation shall not apply to them.

Article 41

Determination of the rules of the arbitral proceeding

- 1. With due regard for the principles set out in the preceding article, the parties are free to establish, by agreement, up to the time of acceptance of the first arbitrator, the rules to be observed by the arbitral tribunal in the conduct and management of the arbitral proceedings.
- 2. Failing agreement by the parties, and in all matters not regulated by the present legal regime, the arbitral tribunal may conduct and manage the proceedings in the manner it considers most appropriate to the nature and degree of complexity of the dispute, ensuring its expeditious progress and deciding on the admissibility, relevance and value of any evidence produced or to be produced.
- 3. In exercising the power provided for in the previous paragraph, the arbitral tribunal may also refer to the regulations of institutionalised arbitration centers, to model schemes recommended by international organisations, to civil procedural law in force in Timor-Leste or, in the case of international arbitration, to a foreign procedural law in force in a jurisdiction which is more closely connected with the dispute.

Article 42

Privacy and confidentiality

- 1. Unless otherwise agreed by the parties, all meetings and hearings in the arbitral proceedings shall be held in private.
- 2. The arbitrators, the parties and, if applicable, the institutionalized arbitration center are bound to keep confidential all information and documents of which they become aware and obtain through the arbitral proceedings.
- 3. The duty of secrecy imposed on the parties in the previous paragraph ceases, and the disclosure or publication of any of the information or documents referred to in the previous paragraph becomes lawful, in the following situations:

- a) Disclosure or publication is necessary for the defense of its rights and legitimate interests;
 - b) The disclosure or publication is necessary to challenge or enforce an arbitral award;
 - c) There is a duty, imposed by law, to communicate or disclose;
 - d) The disclosure is made pursuant to an order of the arbitral tribunal itself, provided that the order was issued at the request of one party and after hearing the other party
 - e) The disclosure is made to those who are legally obliged to maintain secrecy, namely lawyers.
4. If none of the parties opposes it, the publication of arbitral awards is lawful, provided they are free from elements that make it possible to identify the parties.

Article 43

Place of arbitration

1. The place of arbitration is fixed by agreement of the parties, who are free to determine it.
2. In the absence of an agreement of the parties, the place of arbitration shall be fixed by the arbitral tribunal, taking into account the circumstances of the case, including the convenience of the parties.
3. Notwithstanding the provisions of the preceding paragraphs, the arbitral tribunal may, unless otherwise agreed by the parties, meet at any place other than the place of arbitration as it considers appropriate for holding hearings, depositions, inspection of things, inspection of documents and other evidentiary measures, as well as for making any decisions.

Article 44

Language of proceedings

1. The parties may, by agreement, freely choose the language or languages to be used in the arbitral proceedings.
2. Failing agreement by the parties, the arbitral tribunal shall establish the language or languages to be used in the proceedings.
3. In any of the circumstances set out in the preceding paragraph, and unless a specific rule is included in the parties' agreement or in the decision of the arbitral tribunal, the determination of the language or languages to be used in the proceedings shall apply to the written submissions and requests of the parties, to hearings, to expert reports and to decisions, communications and notices of the arbitral tribunal.
4. The arbitral tribunal may order that any document, including written statements, be accompanied by a translation into the language or languages to be used in the arbitral proceedings.
5. Notwithstanding the provisions of the preceding paragraph, the witnesses may, in their testimonies, orally or in writing, use their own language, in which case the arbitral tribunal may require the party indicating it to provide a suitable interpreter, failing which the testimony will not be admitted.

Article 45

Commencement of the proceedings

1. Unless otherwise agreed by the parties, arbitral proceedings are deemed to commence on the date the respondent receives the request to submit the dispute to arbitration.

2. The petition to submit the dispute to arbitration shall contain the identification of the parties, a brief statement of the subject matter of the dispute and reference to the arbitration agreement that covers it.

Article 46

Petition and answer

1. Within the periods of time agreed upon by the parties or fixed by the arbitral tribunal, the claimant and the respondent shall submit the claim and the response.
2. Unless otherwise agreed by the parties with respect to the content of each of the pleadings, the statement of claim shall contain the wording of the claim and a description of the essential facts supporting it, and the answer shall contain the defendant's defence with respect to each of the elements of the claim, as well as any counterclaim that the defendant may wish to make, which shall be admissible under the terms of the following paragraph.
3. In the answer, the defendant may make counterclaims, provided that the object of the counterclaim is covered by the arbitration agreement.
4. The parties may accompany their pleadings with any documents they consider relevant and refer therein to documents or other evidence they still wish to submit.
5. Unless otherwise agreed by the parties, any party may, in the course of the arbitral proceedings, modify or supplement the documents originally filed, unless the arbitral tribunal disallows it on the ground that it is unduly delayed.

Article 47

Hearings and written procedure

1. Unless otherwise agreed by the parties, the arbitral tribunal shall decide whether hearings for the production of evidence and oral arguments shall be held or whether the proceedings shall be limited to written submissions and documents and other evidence.
2. The tribunal shall, however, hold one or more hearings at the request of a party, unless the parties have previously waived such hearings.
3. The parties shall be given sufficient advance notice of any hearings and other meetings convened by the arbitral tribunal for the purposes of evidence or oral argument.
4. All written submissions, documents or information supplied to the arbitral tribunal by a party, as well as any expert report or evidence which may form the basis of the tribunal's decision, shall be communicated to the other party.

Article 48

Omissions and default of appearance of the parties

Unless otherwise agreed by the parties, the following rules shall apply to parties' omissions and defaults in appearance

- a) If the claimant fails to file its claim in accordance with Article 46(1), the arbitral tribunal shall declare the arbitral proceedings closed;

- b) The failure of the respondent to file its Statement of Defence in accordance with Article 46(1) shall not prevent the proceedings from continuing, and the arbitral tribunal may not regard this failure as in itself an acceptance of the claimant's contentions or claims
- c) If a party fails to appear at a hearing or to produce documentary evidence within the time limit, the arbitral tribunal may continue the proceedings and make the award on the basis of the evidence available
- d) If it finds that the omission or failure to appear is justified, the tribunal may disregard it, allowing the party to perform or repeat the omitted or imperfectly performed act.

Article 49

Appointment of experts by the arbitral tribunal

1. Unless otherwise agreed by the parties, the arbitral tribunal, on its own initiative or at the request of the parties, may appoint one or more experts for the preparation of a written or oral report on specific issues defined by the tribunal.
2. In the case referred to in the preceding paragraph, the arbitral tribunal may order any party to provide or grant the experts access to any information, documents or objects which it considers relevant for the decision of the case.
3. Unless otherwise agreed by the parties, at the request of any party or on the initiative of the arbitral tribunal, a hearing shall be held to which the experts shall be summoned in order to be questioned by the arbitral tribunal and by the parties on their report and the issues raised therein.

Article 50

Co-operation of the judicial courts in the production of evidence and in other steps of the arbitral proceedings

1. The arbitral tribunal or any of the parties with its authorization, namely when one of them or a third-party refuses to co-operate, may request the competent judicial tribunal to carry out any measures of production of evidence or other procedural steps which the arbitral tribunal alone is not permitted to take.
2. If the court considers the requested steps to be admissible, it shall order them to be taken, subject to applicable Timorese procedural law.
3. Without prejudice to the fact that they shall take place under the presidency of the judge of the judicial tribunal, under the terms of the applicable Timorese procedural law, the arbitrators may take part in the evidentiary proceedings and question the witnesses therein.
4. For the purposes of the provisions of this article, the District Court of Dili shall have jurisdiction.
5. The provisions of the preceding paragraphs shall apply to requests for the production of evidence addressed to a Timorese court by an arbitral tribunal in foreign arbitrations.

Article 51

Intervention of third parties

1. In arbitral proceedings underway, only third parties originally bound by the arbitration agreement on which the proceedings are based or by subsequent accession are admitted to intervene.

2. The accession referred to in the previous paragraph requires the consent of all the parties to the arbitration agreement and may have effects restricted to the arbitral proceeding in question.
3. Once the arbitral tribunal has been constituted, only the spontaneous or provoked intervention of a third party who states that he or she accepts all the arbitrators that comprise it shall be admitted, and, in the case of spontaneous intervention, such acceptance shall be presumed.
4. The arbitral tribunal may only admit the intervention if it does not unduly disturb the normal course of the arbitral proceeding and if there are relevant reasons that justify it, being considered that, provided the request is not manifestly impracticable, this shall be deemed to happen when one of the following situations occurs, namely
 - a) The third party has in relation to the subject matter of the dispute an interest equal to that of the claimant or respondent, which would initially allow voluntary co-partnership or would impose necessary co-partnership between one of the parties to the arbitration and the third party;
 - b) The third party wishes to formulate, against the respondent, a claim that has the same object as the claimant's claim but is incompatible with it;
 - c) The respondent, against whom a claim with plurality of creditors is invoked, intends, when there is joint and several among them, that the other joint creditors be bound by the final decision issued in the arbitration;
 - d) The respondent wishes that third parties against whom it may have a right of recourse as a consequence of the total or partial granting of the claimant's request, be summoned.
5. When there is counterclaim, the provisions of the preceding paragraphs shall apply, with the necessary adaptations, to the counterclaimant and the counterclaimant.
6. If intervention is permitted, the provisions of Article 46, with the necessary adaptations, shall apply.
7. Without prejudice to the provisions of the following paragraph, the intervention of third parties prior to the constitution of the arbitral tribunal may only take place in institutionalised arbitration and provided that the applicable arbitration rules ensure observance of the principle of equal participation of all parties, including members of plural parties, in the choice of arbitrators.
8. The parties may agree to regulate the intervention of third parties in arbitrations already underway in a manner different from that established in the previous paragraphs, either directly, with observance of the principle of equal participation of all parties in the appointment of the arbitrators, or by referring to an institutionalized arbitration regulation that admits such intervention.

CHAPTER VIII

ARBITRATION AWARD AND END OF THE PROCEEDINGS

Article 52

Applicable law and irrevocability

1. The arbitral tribunal may decide according to equity only and only when the parties expressly so agree.
2. In the case of internal arbitration, the arbitral tribunal shall judge the case in accordance with Timorese law and, if there is an express agreement of the parties so to do, and provided that such

agreement pre-dates the acceptance of the first arbitrator, the arbitral tribunal shall judge the case in accordance with the local or community custom specifically identified in such agreement.

3. In the case of international arbitration, and subject to paragraph 1, the arbitral tribunal shall decide in accordance with the following criteria
 - a) In accordance with the rules, whether or not forming part of state legal systems, chosen by agreement of the parties;
 - b) In the absence of an agreement of the parties, in accordance with the state law determined by the conflict rule that the court considers applicable to the case;
 - c) In any of the cases referred to in the preceding paragraphs, the arbitral tribunal shall consider the contractual stipulations of the parties and the relevant commercial usages.
4. Where the parties, pursuant to the provisions of subparagraph a) of the preceding paragraph, choose the law of a given State, it shall be understood, unless otherwise expressly stipulated, that they are referring directly to the substantive law of that State and not to its conflict of laws rules.
5. The award, in part or in full, and the other decisions made by the arbitral tribunal, with the exception of the cases specifically provided for in this regime, may only be appealed to the competent court if expressly provided for in the arbitration agreement and if the case is not one in which the parties have agreed to judgement according to equity or local or community customs.
6. When, once the assumptions set forth in the preceding paragraph are verified, the award is appealable, the Supreme Court of Justice shall have jurisdiction to hear the appeal.

Article 53

Decisions made by a collegiate arbitral tribunal

Unless otherwise agreed by the parties, when the arbitral tribunal is composed of more than one arbitrator, the formation of its decisions shall be subject to the following rules

- a) Decisions shall be made by a majority of its members;
- b) If a majority cannot be reached, the award shall be made by the chairman of the tribunal;
- c) If an arbitrator refuses to take part in the voting of the decision, the other arbitrators may render the decision without him
- d) In the case referred to in the preceding paragraph, the arbitrators intending to make the decision without the participation of the refusing arbitrator shall inform the parties in advance of their intention
- e) If the other arbitrators grant him/her such power, the matters relating to the management and conduct of the proceedings may be resolved by a sole decision of the presiding arbitrator.

Article 54

Settlement

1. If the parties, during the course of the arbitral proceedings, put an end to the dispute, partially or wholly, by means of a settlement agreement, the arbitral tribunal may, at the request of both parties, render an award in the precise terms of the settlement, unless the content of such agreement infringes

imperative rules of Timorese law, or, in the case of international arbitration to be conducted under Timorese law, violates the international public order of the State of Timor-Leste.

2. Where the settlement terminates the dispute in its entirety, the proceedings shall terminate, under the terms of subsection 57.1, when the award referred to in the preceding paragraph is rendered or, under the terms of subsection 57.2, when the award is not rendered.
3. Where the settlement is partial, the proceedings shall continue for trial of that part of the subject matter of the dispute not covered by the settlement.
4. The award rendered under the terms of the settlement agreed upon by the parties shall be subject to the provisions of the following article and shall have the same nature and the same effects as any other award rendered on the merits of the case.

Article 55

Form and content and effectiveness of the award

1. The award shall be made in writing, and shall be signed by the sole arbitrator or by all arbitrators forming the arbitral tribunal, when the latter is collegiate, or only, in the latter case, by the presiding arbitrator, when the latter is competent to make the award. However, the signatures of the majority of the members of the collegiate arbitral tribunal shall be sufficient, provided that the reason for the omission of the other signatures is mentioned in the award itself.
2. The arbitral tribunal shall state the reasons for the award, unless the parties waive this requirement or in the case of an award made under paragraph 1 of the preceding article.
3. The award shall state the date on which it was made, as well as the place of arbitration, as determined in accordance with article 43, being deemed, for all purposes, to have been made at that place.
4. Unless the parties have agreed otherwise, the award shall state the allocation of costs incurred as a direct result of the arbitral proceedings among the parties, as well as the order that one or some of the parties, if and to the extent appropriate to their procedural behaviour, shall pay to another party or parties compensation for all or part of the reasonable costs and expenses that it or they show they have incurred as a result of their intervention in the arbitration.
5. Where, at the time of the award, the court does not yet have the necessary elements to decide thereon, such matters may be the subject of an additional award.
6. As soon as the award is rendered, each party shall be immediately notified of the award, which shall be accompanied by a copy signed under the terms of paragraph 1.
7. The award shall become effective on the date of its notification, without prejudice to the provisions of the following paragraph.
8. An arbitral award that is not subject to appeal and is no longer subject to amendment under the terms of article 58 shall have the same binding effect and legal force between the parties as that which the law attributes to final and unappealable decisions handed down by courts of law.
9. Unless otherwise agreed by the parties, the arbitral tribunal may decide the case in a single award or, when it considers it more appropriate to the status of the proceedings and to its efficient management, in several awards, each of them resolving a part of the subject matter of the dispute and each of them

subject to the provisions of the preceding paragraphs, with the exception of paragraphs 4 and 5, which apply only to the last award.

Article 56

Deadline for handing down the sentence

1. Unless the parties, until the acceptance of the first arbitrator, have agreed upon a different time limit, the arbitral tribunal shall notify the parties of the final award, whether or not there have been previous partial awards rendered pursuant to paragraph 8 of the preceding article, within 12 months from the date of acceptance of the last arbitrator.
2. The period defined in accordance with paragraph 1 may be freely extended by agreement of the parties, one or more times.
3. The arbitral tribunal may also determine the extension of such term for 6 months as from the end of the initial term or as from the end of the extension agreed upon by the parties, by means of a duly reasoned decision.
4. Failure to notify the final award within the maximum period determined under the terms of the preceding paragraphs shall automatically terminate the arbitration proceedings, also terminating the arbitrators' jurisdiction to hear the dispute.
5. Without prejudice to the provisions of the previous paragraph, the arbitration agreement shall remain effective, and any party may, based thereon, commence a new arbitration proceeding in respect of the same dispute.
6. Once the general assumptions of the obligation to indemnify for breach of obligations have been verified, the arbitrators who caused the failure to observe the deadlines established in this article shall be liable for the damages suffered by the parties.

Article 57

Termination of proceedings

1. Arbitral proceedings terminate with the rendering of the final award or with the decision declaring the termination of the proceedings, under the terms of the following paragraph.
2. The arbitral tribunal shall declare the proceedings terminated in any of the following situations
 - a) The claimant withdraws his claim, unless the respondent objects to this and the arbitral tribunal recognizes that the respondent has a legitimate interest in having the dispute definitively settled by an award deciding the merits of the case;
 - b) The parties agree to a settlement which terminates the dispute in its entirety by not making the request set forth in Article 54(1)
 - c) The parties agree to terminate the proceedings and request the arbitral tribunal to declare so
 - d) The continuation of the proceedings has for any other reason become useless or impossible.
3. Once the arbitral proceeding is terminated by virtue of the rendering of the final award or of the decision declaring it terminated, the mandate of the arbitrators shall cease and their powers shall be extinguished, without prejudice to the provisions of the following article and of article 63, paragraph 8.

4. Unless the parties have agreed otherwise, the president of the arbitral tribunal shall preserve the original of the arbitral file for a minimum period of one year after the notification of the final award or the last additional award and the original of the arbitral award for a minimum period of three years.

Article 58

Rectification, clarification and supplementation of award

1. Unless the parties have agreed upon another time limit for this purpose, within 30 days after the notification of the award, either party may, with notice to the other, request the arbitral tribunal
 - a) To rectify in the text of the award any miscalculation, clerical or typographical error or mistake of a similar nature;
 - b) Clarify any obscurity or ambiguity in any part of the award;
 - c) Renders an additional ruling on any claim or issue that, although raised in the case, was not decided in the final or previous partial ruling.
2. If the request is admitted, the arbitral tribunal shall make the rectification or clarification, which shall be deemed to be part of the award, within a maximum of 30 days, and the additional award within a maximum of 60 days, both as from the receipt of the respective requests, and the provisions of article 56 shall apply.
3. The arbitral tribunal may also, on its own initiative, within 30 days from the date of notification of the award, rectify any of the errors referred to in paragraph 1(a).
4. The arbitral tribunal may extend, if necessary, the time limit it has to rectify, clarify or supplement the award, pursuant to the preceding paragraphs, subject to compliance with the maximum time limit set forth in Article 56.

CHAPTER IX

CHALLENGE OF THE ARBITRAL AWARD IN THE JUDICIAL COURTS

Article 59

Exclusivity of the action for annulment

With the exception of the cases in which the parties, under the terms of Article 52, paragraph 5, agree on its appealability, the challenge of an arbitral award in the courts of law is only admissible by means of the action for annulment regulated in this Chapter.

Article 60

Grounds for setting aside an arbitral award rendered in domestic arbitration

1. In the case of internal arbitration, the arbitral award may only be annulled by the competent judicial court on the sole basis of one of the following grounds
 - a) Incapacity of the party to the arbitration agreement, ascertained at the time of the conclusion of the arbitration agreement, requesting the annulment;
 - b) Invalidity of the arbitration agreement under the law to which the parties have subjected it or, in the absence of a choice by the parties, under Timorese law;
 - c) Violation of any of the fundamental principles referred to in article 40

- d) Non-conformity of the constitution of the arbitral tribunal with the rules stipulated by the parties
 - e) Non-compliance of the conduct and proceedings of the arbitral tribunal with the rules stipulated by the parties, provided such non-compliance had a determining influence on the resolution of the dispute;
 - f) The award deals with claims or issues not covered by the arbitration agreement;
 - g) The award awards a higher amount or an object different from the request, deals with matters of which it could not take cognizance, or does not rule on matters that it should resolve;
 - h) Violation of the provisions of Articles 53 and 55 (1), (2) and (3);
 - i) Service of the award on the parties after the expiration of the maximum period established in accordance with the provisions of Article 56;
 - j) The dispute is not arbitrable under Timorese law;
 - k) The award violates imperative norms of Timor-Lesteese law or offends the principles of international public order of the Timorese State.
2. The court may only cognize the grounds for annulment provided for in subparagraphs a) to i) of the preceding paragraph upon the plaintiff's allegation, without prejudice to the provisions of Section 6, whereby the grounds provided for in subparagraphs j) and k) of the preceding paragraph shall be cognized of its own motion.
3. The District Court of Dili has jurisdiction for hearing annulment actions.

Article 61

Grounds for setting aside an award rendered in international arbitration

1. In the case of international arbitration, an arbitral award may only be annulled by the competent court on the sole and exclusive ground of one of the following
- a) Incapacity of the party to the arbitration agreement requesting the annulment, verified at the time of its conclusion;
 - b) Invalidity of the arbitration agreement under the law to which the parties have subjected it or, in the absence of a choice by the parties, under Timorese law
 - c) The party to the arbitral proceeding seeking annulment was not given an opportunity to assert its rights therein, either because it was not duly informed of the appointment of an arbitrator or of the arbitral proceeding, or for another reason;
 - d) The award deals with claims or issues not covered by the arbitration agreement or contains decisions that go beyond its scope, subject to paragraph 3;
 - e) The establishment of the tribunal or the arbitral proceedings do not conform to the rules agreed upon by the parties or, in the absence of such an agreement, to the law of the State where the arbitration took place
 - f) The dispute is not arbitrable under Timorese law;
 - g) The sentence violates the principles of public order of the Timorese State.

2. The court may only cognize the grounds for annulment provided for in subparagraphs a) through e) of the preceding paragraph upon the plaintiff's allegation, without prejudice to the provisions of Article 6, and the grounds provided for in subparagraphs f) and g) of the preceding paragraph shall be cognizable by the court of its own motion.
3. When, with respect to the hypothesis foreseen in paragraph 1(d), the decisions contained in the arbitral award that exceed the scope of the arbitration agreement are separable from those that fall within it, the annulment may be reduced to the latter.
4. When the arbitral tribunal has applied non-Timorese law in judging the merits of the case, the provisions of paragraph (g) of no. 1 shall not apply, but in this case, if the award has to be enforced in the national territory or if it produces other effects in the Timorese legal system, its annulment is possible when it leads to a result that is manifestly incompatible with the principles of international public order of the Timorese State.
5. The District Court of Dili has jurisdiction for hearing annulment actions.

Article 62

Renunciation of the right to request annulment of the award

1. Without prejudice to the provisions of Article 6, the right to request the the arbitral award is unwaivable.
2. However, in the case of international arbitration, and provided that none of the parties has East Timorese nationality Timorese nationality, habitual residence, head office or permanent establishment Timor-Leste, the parties may agree, expressly and in the parties may agree, expressly and in writing, to waive each other's the right to request the annulment of the award.

Article 63

Proceedings and powers of the judicial court

1. Under penalty of forfeiture, an application to set aside an arbitral award must be filed with the competent judicial court within 60 days from the date the claimant was notified of the award, or, where applicable, from the date of notification of the decisions referred to in Article 58, paragraph 1.
2. The annulment action shall not suspend the enforceability of the arbitral award.
3. The petition shall be accompanied by a certified copy of the award and, if written in a foreign language, a translation into one of the official languages of Timor-Leste.
4. All evidence must be submitted or requested in the petition for setting aside.
5. After being summoned, the defendant shall have 20 days to present the answer, to which the provisions of the preceding subsection shall apply.
6. If the defendant invokes any exception, the plaintiff may, within 10 days, file an answer, which must be limited to the exception or exceptions invoked.
7. Upon receipt of the plaintiff's answer, or after expiration of the time period for its submission, the court, if the nature of the evidence filed or requested so requires, shall set a date for a hearing.

8. Where it appears appropriate in the circumstances of the case, namely in view of the nature of the defects imputed to the arbitral award as grounds for the application for annulment, the court may, at the request of any party, grant the arbitral tribunal an appropriate period of time for the performance of the steps and acts which the tribunal considers capable of remedying such defects.
9. If the merits of the action for annulment affect only a part of the award which is severable from the others, only that part of the award may be annulled.
10. When setting aside the arbitral award, or in so far as it sets it aside, the court of law may not rule on the merits of the case or on any question which has been decided by the arbitral tribunal.
11. As regards anything not provided for in the preceding paragraphs, the provisions governing the appeal shall apply, subsidiarily, with the necessary adaptations.

Article 64

Continuance of the arbitration agreement

1. Unless the parties have agreed otherwise, setting aside the arbitral award shall not affect the arbitration agreement, and a new arbitration may be commenced to settle a dispute with the same object.
2. The provisions of the preceding paragraph are excepted in the case where the basis for the annulment award is the non-arbitrability of the dispute, the invalidity of the arbitration agreement, or the incapacity of any of the parties to it.

CHAPTER X

ENFORCEMENT OF NATIONAL ARBITRAL AWARDS BY THE COURTS

Article 65

Enforceability of arbitral award

1. An arbitral award issued in arbitration taking place in Timor-Leste, whether domestic or international, shall be enforceable in the courts of law under the same terms as decisions made by the courts.
2. The enforcer shall attach to the petition for enforcement the original award or a certified copy thereof, as well as, if it is not written in one of the official languages of Timor-Leste, a certified translation into one of the official languages of Timor-Leste.
3. Should the award contain a general condemnation, its payment shall be made in accordance with article 690 of the Code of Civil Procedure.
4. Notwithstanding the provisions of Article 63(2), if an action for annulment of the arbitral award is pending, the defendant may apply for stay of execution under the terms of Article 696 of the Code of Civil Procedure by posting a bond.
5. Enforcement shall only be stayed if the defendant posts the bond determined for him or her within the time period set by the court.
6. The District Court of Dili shall be responsible for the enforcement of arbitral awards.

Article 66

Grounds for opposing enforcement of an arbitral award rendered in domestic arbitration

1. The defendant may oppose enforcement based on an arbitral award rendered in internal arbitration by the same procedural means and on the same grounds provided for in the Code of Civil Procedure for enforcement based on an award rendered by a court of law.
2. In addition to those referred to in the preceding paragraph, the enforcer may also oppose enforcement of the arbitral award on the grounds provided for in Article 60(1).
3. However, the defendant may not
 - a) Invoke any of the grounds provided for in Article 60(1)(a) to (i), if, at the time of filing the opposition, his right to seek annulment of the arbitral award has already lapsed by exhaustion of the time limit provided for in Article 63(1)
 - b) Invoking fundamentals that have been judged unfounded by a sentence pronounced in an action for annulment of the arbitral award which has already become final on the date of filing of the opposition.
4. Even if the right to request annulment has lapsed, the court may, of its own motion, hear the causes for annulment of the arbitral award provided for in Article 60(1)(j) and (k).

Article 67

Grounds for opposing the enforcement of an arbitral award rendered in international arbitration

1. The enforcer may oppose enforcement based on an arbitral award rendered in international arbitration by the same procedural means provided for in the Code of Civil Procedure for awards rendered by courts of law, but based solely and exclusively on one of the following grounds
 - a) Incapacity of the party to the arbitration agreement against whom enforcement is sought, ascertained at the time of its conclusion;
 - b) Invalidity of the arbitration agreement under the law to which the parties have subjected it or, in the absence of a choice by the parties, under Timorese law
 - c) The party to the arbitral proceeding against whom enforcement is sought was not given an opportunity to assert its rights therein, or because it was not duly informed of the appointment of an arbitrator or of the arbitral proceedings, or for another reason;
 - d) A sentença arbitral conhece de pedidos ou de questões não abrangidos pela convenção de arbitragem ou contém decisões que exorbitam do seu âmbito, sem prejuízo do disposto no n.º 3;
 - e) The award has not yet become binding on the parties, or has been set aside or suspended by a court of the State of the place where the award was made or of the State under whose law the arbitration took place;
 - f) The constitution of the court or the arbitral proceedings were not in accordance with the rules agreed upon by the parties or, in the absence of such an agreement, with the law of the State where the arbitration took place;
 - g) The dispute is not arbitrable under Timorese law;
 - h) The award violates the principles of public policy of the Timorese State.

2. The court may only cognize the grounds for opposition to enforcement provided for in paragraphs a) through f) of the preceding number upon the claimant's allegation, without prejudice to the provisions of section 6, whereby the grounds provided for in paragraphs g) and h) of the preceding number are cognizable by the court of its own motion.
3. When, in relation to the case provided for in paragraph 1(d), the decisions contained in the arbitral award that lie outside the scope of the arbitration agreement are separable from those that fall within it, enforcement may be reduced to the latter.
4. Where the enforceable arbitral award has applied non-Timorese law in judging the merits of the case, the provisions of paragraph (h) of subsection 1 shall not apply, but in such a case, the court may reject the enforcement if it would lead to a result manifestly incompatible with the principles of international public policy of the Timorese State.

CHAPTER XI

CONFIRMATION AND ENFORCEMENT OF FOREIGN ARBITRAL AWARDS

Article 68

Necessity of confirmation

1. Without prejudice to the provisions of treaties or conventions binding the Timorese State, foreign arbitral awards, including those that have been rendered in arbitrations held in States that are party to the said treaties or conventions, shall only be valid in Timor-Leste, whatever the nationality of the parties, if they have been previously confirmed by the competent judicial court, through the confirmation process regulated in the following article.
2. The Supreme Court of Justice shall be competent for the confirmation process of foreign arbitral awards.

Article 69

Confirmation process

1. An application for confirmation of a foreign arbitral award shall be accompanied by the original or certified copies of the award and of the arbitration agreement, and, if any of these documents is not written in one of the official languages of Timor-Leste, a certified translation into one of the official languages of Timor-Leste shall also be attached to the application.
2. Once the petition for confirmation, accompanied by the documents mentioned in the previous paragraph, has been presented, the opposing party shall be summoned to answer.
3. The period of time for presentation of the answer shall be 20 days as of the date of service.
4. Once the pleadings have been concluded and any steps deemed indispensable by the rapporteur have been taken, the case shall be open to the parties and the Public Prosecution Service for a period of 20 days to examine the case for their allegations.
5. Judgment shall be carried out according to the rules for appeals.

Article 70

Grounds for denial of confirmation

1. Confirmation of a foreign arbitral award may only be refused by the competent court on the sole basis of one of the following grounds
 - a) Incapacity of the party to the arbitration agreement against whom the request for confirmation is directed, ascertained at the time of its conclusion;
 - b) Invalidity of the arbitration agreement under the law to which the parties have subjected it or, in the absence of a choice by the parties, under the law of the State of the place where the arbitral award was made
 - c) The party to the arbitral proceeding against whom the application for confirmation is made was not given an opportunity to assert its rights therein, or because it was not duly informed of the appointment of an arbitrator or of the arbitral proceedings, or for another reason;
 - d) The award deals with claims or issues not covered by the arbitration agreement or contains decisions that fall outside its scope, subject to paragraph 2;
 - e) The establishment of the tribunal or the arbitral proceedings do not conform to the rules agreed upon by the parties or, in the absence of such an agreement, to the law of the State where the arbitration took place
 - f) The award has not yet become binding on the parties, or has been set aside or suspended by a court of the State of the place where the award was made or of the State under whose law the arbitration took place;
 - g) The dispute is not arbitrable under Timorese law;
 - h) The confirmation or subsequent enforcement of the award would lead to a result manifestly incompatible with the international public policy of the Timorese State.
2. When, in relation to the hypothesis foreseen in sub-paragraph d) of the previous paragraph, the decisions contained in the arbitral award that exceed the scope of the arbitration agreement are separable from those that fall within it, confirmation may be reduced to the latter.
3. The court may only cognize the grounds for refusal of confirmation provided for in paragraphs 1(a) to 1(f) upon allegation by the party against whom the application for confirmation is directed, and the grounds provided for in paragraphs 1(g) and 1(h) shall be cognized of its own motion.
4. Where an application for annulment or suspension of an arbitral award is pending before a court of one of the States referred to in paragraph 1 (f), the court, if it considers it appropriate, may stay the confirmation proceedings and, on application by the party seeking confirmation, order the opposing party to give appropriate security.

Article 71

Execution

1. Foreign arbitral awards shall only become enforceable with the transit in res judicata of the decision of the Timorese court confirming it, rendered in the process regulated by article 69.
2. The Dili District Court shall have jurisdiction for the enforcement of foreign arbitral awards.

Article 72

Grounds for opposing enforcement of a foreign award

1. The defendant may oppose enforcement based on a foreign arbitral award through the same procedural means provided for in the Code of Civil Procedure for enforcement based on a judgment rendered by a court of law.
2. The garnishee may only invoke, in the opposition to enforcement, the grounds provided for in Article 70(1), with the exception of the following
 - a) Grounds that he has not raised in the proceedings for confirmation of the enforceable judgment, but which he could have raised, with the exception of those provided for in Article 70(1)(g) and (h);
 - b) Grounds that have been dismissed in the decision of the court that confirmed the arbitral award.
3. The enforcement court may, of its own motion, hear the matters referred to in Article 70(1)(g) and (h), unless the court that confirmed the arbitral award has already ruled thereon.
4. If, after the expiration of the time limit for objection in the confirmation proceedings, an application for annulment or suspension of the enforceable arbitral award has been made to a court of one of the States referred to in Article 70 (1) (f), the court, if it considers it appropriate, may stay the enforcement proceedings and, on application by the enforcing party, order the opposing party to give appropriate security.

CHAPTER XII

INSTITUTIONALIZED ARBITRATION CENTERS

Article 73

Institutionalised arbitration centers

The establishment of institutionalised arbitration centers depends on the authorisation of the Government, to be granted by resolution under the terms of the regulation to be approved.