Arbitration Law

Chapter I
General Provisions

Section 1. Purpose and Scope of Application of This Law

(1) The purpose of this Law is to prescribe the procedures for setting up courts of arbitration and the basic principles of their activity in order to ensure efficient and fair settlement of civil legal disputes through arbitration.

(2) The provisions of this Law shall apply to arbitration proceedings in Latvia.

Section 2. Court of Arbitration and Establishment of a Court of Arbitration

(1) Court of arbitration may be established in accordance with the procedures laid down in this Law for resolving a specific civil legal dispute (hereinafter – ad hoc arbitration), or for permanent operation (hereinafter – permanent court of arbitration).

(2) A permanent court of arbitration may be established by an association registered with the Register of Enterprises (founder of the permanent court of arbitration), whose purpose of activity is the operation of a permanent court of arbitration.

(3) An ad hoc arbitration may be established on the basis of an agreement between the parties.

Section 3. Legal Framework of a Court of Arbitration

(1) A permanent court of arbitration shall operate in accordance with this Law and on the basis of its rules of procedure, whereas an ad hoc arbitration shall be carried out in accordance with this Law.

(2) A court of arbitration shall resolve civil legal disputes on the basis of an agreement between the parties, insofar as it is not in contradiction with the Constitution of the Republic of Latvia, this Law, as well as other laws and regulations.

(3) Organisation of arbitration proceedings and resolution of disputes through arbitration is not considered a commercial activity.

Section 4. Organisation of a Permanent Court of Arbitration

(1) The founder of a permanent court of arbitration shall ensure for the permanent court of arbitration:

1) separate premises suited for the operation of a court of arbitration;
2) the personnel necessary for record-keeping and receiving of visitors;
3) the maintenance of a website.

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(2) A permanent court of arbitration shall publish the following information on its website:
   1) the name and address of the permanent court of arbitration;
   2) the place and office hours;
   3) the costs of arbitration proceedings and the account number to which payments for
      arbitration proceedings shall be transferred;
   4) the rules of procedure of the permanent court of arbitration;
   5) a list containing a minimum of 10 arbitrators of the permanent court of arbitration,
      specifying their given names and surnames;
   6) contact information (address, telephone number, e-mail address);
   7) other necessary information.

Section 5. Jurisdiction of a Court of Arbitration

(1) A court of arbitration shall resolve any civil legal disputes, provided that the parties have
    voluntarily agreed upon and concluded an arbitration agreement, except for the following
disputes:
    1) the adjudication of which may infringe the rights of such person who is not a party
to the arbitration agreement;
    2) where at least one of the parties is a State or local government authority, or an
       award regarding which by the court of arbitration may infringe the rights of the State or local
       government authority;
    3) related to entries made in the Civil Records Register;
    4) on the rights and obligations, or interests protected by law, of such persons who are
       under guardianship or trusteeship;
    5) over the establishment, alteration or termination of property rights in regard to
       immovable property, if a party to the dispute is a person whose rights to acquire the
       immovable property for ownership, possession or use are restricted by law;
    6) regarding the eviction of natural persons from residential premises;
    7) between an employee and an employer, provided that the dispute has arisen due to
       concluding, amending, terminating or fulfilling an employment contract, or due to applying or
       interpreting legal norms, or the provisions of a collective agreement or work procedure
       regulations (individual employment relations dispute);
    8) regarding the rights and obligations of persons who have entered into insolvency
       procedures.

(2) A court of arbitration shall not adjudicate any disputes related to matters to be examined
under special forms of procedure.

Chapter II
Operation of a Court of Arbitration and the Basis for Termination Thereof

Section 6. Registration of a Permanent Court of Arbitration

(1) A permanent court of arbitration shall commence operations after its registration in the
    Arbitration Court Register maintained by the Register of Enterprises.
(2) A State fee shall be paid when making an entry in the Arbitration Court Register. The
    amount of the State fee and its payment procedures, as well as the procedures for registering a
    permanent court of arbitration with and exclusion thereof from the Arbitration Court Register
    shall be stipulated by the Cabinet.
Section 7. Name of a Permanent Court of Arbitration

(1) The name of a permanent court of arbitration may not coincide with a name of a court of arbitration already registered or currently under registration with the Arbitration Court Register, or with a name (firm name) currently under registration or already registered with any of the registers maintained by the Register of Enterprises, and it may not include any misleading information regarding the purpose of operation, type and legal form of the permanent court of arbitration.

(2) The restrictions and provisions for the distinction specified for merchants in respect of selecting a name (firm name) shall also apply to the names of permanent court of arbitration.

(3) The name of a permanent court of arbitration may not be contrary to moral principles.

(4) Only letters of the Latvian or Latin alphabet may be included in the name of a permanent court of arbitration.

Section 8. Rules of Procedure of a Permanent Court of Arbitration

(1) The rules of procedure of a permanent court of arbitration shall specify:

1) the founder of the permanent court of arbitration;
2) the name of the court of arbitration. In addition to the name of the court of arbitration in Latvian, the rules of procedure of the permanent court of arbitration may also indicate the translation of the name of the court of arbitration in one or several foreign languages;
3) the procedures for appointing and terminating the office of arbitrators;
4) the procedures for the court of arbitration proceedings and the settlement of disputes — procedural deadlines, the procedures for submitting counterclaims, the procedures and bases for examining or postponing disputes, and suspending and restoring arbitration proceedings. The rules of procedure of a permanent court of arbitration may also set out other procedural matters in accordance with this Law;
5) the procedures by which signatures of arbitrators on awards shall be certified;
6) the costs of arbitration proceedings, arbitrator fees and procedures for the payment thereof, as well as the procedures for reimbursing the costs of arbitration proceedings;
7) other provisions governing the operation or procedures of a court of arbitration.

(2) A list of at least 10 arbitrators shall be attached to the rules of procedure of a permanent court of arbitration.

(3) The rules of procedure and the list of arbitrators, as well as a confirmation certifying that the arbitrators included in the list meet the requirements of Section 14, Paragraphs two and four of this Law, and that no restrictions referred to in Section 15 of this Law apply to them, as well as documents proving the qualification of the arbitrators shall be submitted to the Register of Enterprises.

(4) The rules of procedure of a permanent court of arbitration shall be signed by the founder of the permanent court of arbitration.

(5) If amendments are made to the rules of procedure of a permanent court of arbitration, the founder of the permanent court of arbitration shall, not later than within seven days after the amendments, submit to the Register of Enterprises the updated text of the rules of procedure, and, if amendments are made to the list of arbitrators of the permanent court of arbitration, submit the list of arbitrators along with evidence that the arbitrators included in the list meet the requirements of Section 14, Paragraphs two and four of this Law, and that no restrictions referred to in Section 15 of this Law apply to them, as well as documents proving the qualification of the arbitrators.

(6) Once a year, by 1 March, the founder of the permanent court of arbitration shall submit to the Register of Enterprises a confirmation that the list of arbitrators is up to date.
(7) The Register of Enterprises shall ensure that the rules of procedure of the permanent courts of arbitration registered with the Arbitration Court Register maintained by the Register of Enterprises are available on the website of the Register of Enterprises free of charge.

Section 9. Grounds for Terminating the Operation of a Court of Arbitration

(1) The operation of a permanent court of arbitration shall be terminated with a decision of its founder or the Register of Enterprises.

(2) If a permanent court of arbitration does not meet the requirements of Section 2, Paragraph two of this Law, or if the founder of the permanent court of arbitration fails to submit a confirmation that the list of arbitrators is up to date, the Register of Enterprises shall take a decision to exclude the court of arbitration from the Arbitration Court Register.

(3) The operation of an ad hoc arbitration shall be terminated when the dispute for the resolution of which the arbitration institution was established is resolved.

Chapter III
Arbitration Agreement

Section 10. Concept of an Arbitration Agreement

(1) An arbitration agreement is an agreement entered into between the parties in accordance with the procedures laid down in this Law in order to refer a civil legal dispute for resolution by a court of arbitration.

(2) The parties may agree to refer for resolution by a court of arbitration a civil legal dispute which has already arisen or may arise in future.

Section 11. Parties to an Arbitration Agreement

An arbitration agreement may be entered into by any natural person with the capacity to act, a legal person governed by private law, or a legal person governed by public law in the private law area.

Section 12. Form and Content of an Arbitration Agreement

(1) An arbitration agreement shall be entered into in written form. It may be included as a separate provision (arbitration clause) in any agreement that contains a liability, in relation to which a civil legal dispute has arisen or may arise in the future, taking into account the restrictions set out in Section 5, Paragraph one of this Law. An arbitration agreement may be modified or cancelled according to an agreement made in writing between the parties.

(2) Such agreement, which has been entered into by exchange of items sent via post or by means of electronic communication by the parties and ensuring that the intent of both parties to refer an existing or possible civil legal dispute for resolution to a court of arbitration is recorded with a safe electronic signature, shall also be considered an agreement in writing.

(3) The parties may agree on the following in an arbitration agreement:

1) a permanent court of arbitration or an ad hoc arbitration;
2) the location of the arbitration proceedings;
3) the language of the arbitration proceedings;
4) the number of arbitrators in the composition of the court of arbitration in conformity with the provisions of Section 29 of this Law;
5) the procedures for covering the costs of a court of arbitration;
6) other conditions which the parties regard as important.
Section 13. Validity of an Arbitration Agreement

(1) Persons who have entered into an arbitration agreement in order to refer a civil legal dispute for resolution to a court of arbitration are not entitled to withdraw from such agreement, unless the arbitration agreement is modified or revoked in accordance with the procedures laid down in the law or by the agreement.

(2) An arbitration agreement shall be valid as long as the legal relationship, due to which it has been entered into, has not been terminated.

(3) If an arbitration agreement has been included in another agreement as a separate provision, the arbitration agreement shall be considered as an independent agreement. The arbitration agreement shall remain in effect, if the agreement, in which it is included, has expired or is declared null and void.

(4) If a claim is assigned, the right of claim shall pass to the assignee apart from the arbitration clause regarding the resolution of a civil legal dispute in a court of arbitration as included in the agreement.

Chapter IV
Arbitrator

Section 14. Requirements for an Arbitrator

(1) An arbitrator shall be a person who conforms to the provisions of this Law and is appointed to resolve a civil legal dispute in accordance with an arbitration agreement and the provisions of this Law.

(2) Any person of legal age may be appointed as an arbitrator, provided that such person has agreed in writing to be included in the list of arbitrators of a permanent court of arbitration and provided that he or she meets the following requirements:

   1) a trusteeship has not been established for him or her;
   2) he or she has an impeccable reputation;
   3) he or she has acquired higher vocational or academic education (except first-level vocational education) and the qualification of a lawyer;
   4) he or she has at least three years of practical work experience in working in a position of academic staff specialising in law at an institution of higher education or in another position specialising in law.

(3) If a person who may work as an advocate in accordance with the Advocacy Law, except for assistants to sworn advocates, has agreed in writing to act as an arbitrator of a permanent court of arbitration, and no restrictions set out in Section 15 of this Law apply to him or her, the conformity of this person with the requirements laid down in Paragraph two of this Section shall be considered verified as of the moment when such person has been included in the list of sworn advocates.

(4) An arbitrator of a permanent court of arbitration may not be included in lists of more than three permanent court of arbitration.

(5) Arbitrators shall resolve civil legal disputes in an independent, objective and fair manner.

Section 15. Persons who May Not be Appointed as Arbitrators

The following persons may not be appointed as arbitrators:

1) who do not conform to the requirements laid down in Section 14, Paragraph two of this Law;

2) who have been recognised as suspects or accused in criminal proceedings regarding commitment of an intentional criminal offence;
3) against whom criminal proceedings regarding commitment of an intentional criminal offence have been terminated for reasons other than exoneration;
4) who have been punished for committing an intentional criminal offence — regardless of the conviction being extinguished or removed;
5) who have been convicted of committing an intentional criminal offence, even if they have been released from serving the punishment due to a limitation period, clemency or amnesty;
6) who have had insolvency proceedings of a natural person proclaimed within the last five years.

Section 16. Arbitrators Not Allowed to Participate in Adjudication of a Matter and Recusal of an Arbitrator

(1) An arbitrator is not entitled to participate in the adjudicating of a matter if he or she:
   1) has been a representative of any of the parties, or an expert or witness in a matter where the same parties have participated;
   2) is in a relationship of kinship to the third degree, or relationship of affinity to the second degree, with any participant in the matter or representatives thereof;
   3) is in a relationship of kinship to the third degree, or relationship of affinity to the second degree, with any arbitrator who is a member of the arbitration panel adjudicating the civil legal dispute;
   4) is in an employment relationship with any participant in the civil legal dispute or their representative, or if the arbitrator provides legal assistance to any of the parties;
   5) or his or her spouse, or kin to the third degree, or commercial company, which is a party to the civil legal dispute and whose participant, shareholder, member, or member of supervisory, control or executive body is this arbitrator or his or her kin to the third degree, has financial interest in the outcome of the civil legal dispute.

(2) An arbitrator shall, not later than within five days from the day when the arbitrator finds out about his or her appointment, or from the day when the arbitrator finds out about any circumstances which could cause reasonable doubt as to the objectivity and independence of the arbitrator, recuse himself or herself by stating the reasons for such recusal.

(3) If an arbitrator has recused himself or herself, a new arbitrator shall be appointed in accordance with the procedures laid down in the agreement or the rules of procedure of the permanent court of arbitration.

Section 17. Removal of an Arbitrator

(1) A party to the case may remove an arbitrator if:
   1) the restrictions referred to in Section 16, Paragraph one of this Law regarding participation of an arbitrator in the adjudication of a matter apply to him or her and the arbitrator has not recused himself or herself;
   2) the arbitrator does not conform to the requirements of this Law;
   3) the arbitrator does not conform to the requirements agreed upon by the parties;
   4) there are other circumstances that cause reasonable doubt as to the objectivity and independence of the arbitrator.

(2) A person who is asked to consent to their appointment as an arbitrator must disclose to the parties any circumstances, which may cause reasonable doubt as to the objectivity and independence of this person. If such circumstances have arisen or have become known after initiation of arbitration proceedings, but before completion thereof, the arbitrator shall disclose them to the parties without delay.
(3) A party may remove the arbitrator whom it has appointed, or in whose appointment it has participated, only where the grounds for refusal have become known to such party after appointment of the arbitrator.
(4) Parties may agree on the procedures for the removal of an arbitrator in an agreement. Where a permanent court of arbitration is resolving a dispute and the parties have not agreed on the procedures for the removal of an arbitrator, they shall be determined in accordance with this Law.
(5) A party may apply for the removal of an arbitrator within five days from the day, on which the party has become informed regarding the appointment of the arbitrator, or becomes informed regarding any of the circumstances referred to in Paragraph one of this Section, by sending a notice to the court of arbitration specifying the arbitrator that the party wishes to remove and the grounds for the removal.
(6) If the arbitrator to whom removal has been declared does not withdraw from performing his or her duties, the arbitration panel or the arbitrator himself or herself shall decide on the removal within five days after receipt of the notice.
(7) If a removal of an arbitrator is accepted, a new arbitrator shall be appointed in accordance with the procedures laid down in the agreement or the rules of procedure of the permanent court of arbitration.

Section 18. Termination of the Term of Office of an Arbitrator

(1) The term of office of an arbitrator shall be terminated:
   1) if the refusal of the arbitrator has been accepted;
   2) if the arbitrator has recused himself or herself from resolving a civil legal dispute;
   3) if the parties have agreed on the dismissal of the arbitrator;
   4) if the arbitrator is subject to the restrictions specified in Section 15 of this Law;
   5) with his or her death;
   6) in other cases laid down in the rules of procedure of the permanent court of arbitration.
(2) Parties may freely agree on the procedures for terminating the term of office of an arbitrator. If the parties have not agreed thereon and a permanent court of arbitration examines the civil legal dispute, the provisions of the rules of procedure of the permanent court of arbitration court shall apply.
(3) If an arbitrator’s term of office is terminated, a new arbitrator shall be appointed in accordance with the procedures laid down in Section 30 of this Law.

Chapter V
Principles of Arbitration Proceedings

Section 19. Equality of Parties

Parties to the arbitration proceedings shall have equal procedural rights. The arbitration panel shall ensure that the parties have equal opportunity to exercise their rights for the protection of their interests.

Section 20. Adversarial Proceedings

In the course of reviewing a civil legal dispute, the parties shall exercise their procedural rights in the form of adversary proceedings. In adversary proceedings, the parties may submit evidence, provide explanations and applications addressed to the arbitration panel, participate in the examination and assessment of evidence, and take other procedural actions.
Section 21. Right to Freely Determine Arbitration Proceedings

The parties are entitled to freely determine the procedures for arbitration proceedings within the framework of this Law. The procedures of a permanent court of arbitration shall be organised according to the rules of procedure of the permanent court of arbitration, unless the parties have agreed upon other procedures for arbitration proceedings in an arbitration agreement, insofar as it is not in contradiction with the rules of procedure of the permanent court of arbitration.

Section 22. Independence of an Arbitrator

An arbitrator shall perform his or her duties in good faith, without being subject to any influence. An arbitrator shall be objective and independent in his or her operations and decision-making.

Section 23. Confidentiality of Arbitration Proceedings

1. Arbitration proceedings shall be confidential, unless the parties have agreed otherwise.
2. Court of arbitration sittings shall be closed, and the arbitration panel shall not disclose to any third parties or publish the information concerning the arbitration proceedings, unless the parties have agreed otherwise. Persons who are not parties to the arbitration proceedings may only be present at a court of arbitration sitting with the consent of the parties.
3. Information regarding arbitration proceedings shall be provided to persons who are entitled to receive such information for the performance of functions laid down in the law.

Chapter VI
Preparation of Arbitration Proceedings

Section 24. Determination of Jurisdiction over a Dispute

1. The arbitration panel shall decide on the arbitral jurisdiction of a civil legal dispute, including the validity of an arbitration agreement. The arbitration panel may decide on a matter concerning the jurisdiction over a dispute at any stage of the arbitration proceedings.
2. An application regarding the fact that a civil legal dispute is not subject to court of arbitration may be submitted by a party until the term for submission of a reference expires. [Paragraph one, insofar as it denies the right to dispute the competence of a court of arbitration in a general jurisdiction court, has been recognised to be in conflict with the Constitution of the Republic of Latvia with the Constitutional Court judgement of 28 November 2014, which entered into force on 28 November 2014.]

Section 25. Location where Pre-trial Procedures are to Take Place

The arbitration panel has the right to freely determine the location of arbitration proceedings, taking into account efficiency considerations, if it has not been agreed upon by the parties.

Section 26. Determining the Procedures for Arbitration Proceedings

1. Arbitration proceedings shall be organised in accordance with the provisions of the arbitration agreement, the rules of procedure of a permanent court of arbitration, laws and regulations, and general legal principles.
(2) If parties have agreed to refer a civil legal dispute for resolution to a permanent court of arbitration, but have not agreed on the procedures for arbitration proceedings, the civil legal dispute shall be resolved according to the procedures laid down in the rules of procedure of the permanent court of arbitration and this Law.

(3) If a civil legal dispute is to be resolved by an ad hoc arbitration and the parties have not agreed on the procedures for arbitration proceedings, the ad hoc arbitration panel shall determine the procedures for arbitration proceedings in accordance with this Law.

(4) The chairperson of an arbitration panel may independently decide on procedural matters, if he or she has been entrusted with this by the parties or other arbitrators.

Section 27. Language of Arbitration Proceedings

(1) The parties have the right to agree on the language of arbitration proceedings. If the parties have not agreed thereon, the language of the arbitration proceedings shall be determined by the arbitration panel.

(2) An arbitration panel may require from parties a translation of any documentary evidence into the language, in which the arbitration proceedings are conducted.

Section 28. Deadlines of Arbitration Proceedings

The arbitration panel shall determine the procedural deadlines, and the procedures for the extension or renewal thereof, within the limits of the deadlines laid down in this Law or the rules of procedure of the permanent court of arbitration. Until the arbitration panel is approved, the procedural deadlines, and the procedures for the extension or renewal thereof, shall be established in accordance with the rules of procedure of the permanent court of arbitration.

Section 29. Number of Arbitrators in an Arbitration Panel

(1) The parties may agree on the number of arbitrators in an arbitration panel, and the number of arbitrators shall be comprised of an odd number. If the parties have not agreed on the number of arbitrators, and if the rules of procedure of the permanent court of arbitration do not provide otherwise, the court of arbitration shall consist of three arbitrators.

(2) A court of arbitration may consist of one arbitrator, if the parties so agree.

Section 30. Appointing of Arbitrators

(1) The procedures for appointing arbitrators shall be determined by the parties.

(2) The parties may entrust the appointing of arbitrators to any natural person with the capacity to act or legal person.

(3) If the parties have agreed that a civil legal dispute shall be referred for resolution by a permanent court of arbitration, the arbitrators shall be appointed from the list of arbitrators of the permanent court of arbitration in accordance with the rules of procedure of the permanent court of arbitration, taking into account the equality of the parties.

(4) If the parties have agreed that a dispute shall be referred for resolution by an ad hoc arbitration, each party shall appoint one arbitrator. Both arbitrators shall, by mutual agreement, appoint the third arbitrator, who shall be the chairperson of the arbitration panel. An arbitration panel may consist of one arbitrator, if the parties so agree.

(5) If a party appoints an arbitrator and notifies the other party thereof, it may not dismiss such arbitrator without the consent of the other party.
Section 31. Court of Arbitration Notifications and Mailings

(1) The documents prepared by a court of arbitration (judgements, decisions, notifications, etc.) shall be sent by mail or by electronic mail. Any documents (statements of claim, responses to a claim, etc.) prepared and submitted to the court of arbitration by a party, if so specified in the rules of procedure of the court of arbitration, shall be delivered to the other party by the court of arbitration by mail or by electronic mail, or the other party shall be informed regarding their receipt by the court of arbitration and the possibilities to acquaint itself with these.

(2) The documents referred to in Paragraph one of this Section shall be sent to a natural person by registered mail to the declared place of residence of the person, but in cases where an additional address is indicated in the declaration — to the additional address, unless the natural person has indicated another address to be used for correspondence with the court of arbitration; to a legal person, documents shall be delivered to its legal address.

(3) The documents referred to in Paragraph one of this Section shall be delivered by electronic mail, provided that the party has notified the court of arbitration that he or she agrees to use electronic mail for correspondence with the court of arbitration. In this case, the court of arbitration shall send the documents to the electronic mail address indicated by the party. If the permanent court of arbitration experiences technical obstacles with the delivery of documents by electronic mail, they shall be sent by registered mail.

(4) Notification of the first court of arbitration sitting shall be sent to the parties as registered mail not later than 15 days in advance, unless the parties have agreed on a shorter time period. The time periods and the procedures, by which notifications of other court of arbitration sittings are sent, shall be determined in accordance with the rules of procedure of the permanent court of arbitration.

(5) The documents referred to in Paragraph one of this Section shall be considered received on the date of issue, provided that they are delivered and issued to the addressee personally. If they are sent by mail, they shall be considered as received on the seventh day after sending, but if they are sent by electronic mail, they shall be considered as received within two working days after sending.

Section 32. Representation of Parties

(1) Natural persons shall conduct their matters in a court of arbitration themselves or through an authorised representative. Matters of legal persons shall be conducted in a court of arbitration by their official acting within the scope of his or her authorisation provided for in the law, articles of association or statutes, or by an authorised representative of the legal person.

(2) Any natural person may act as an authorised representative, except for the persons who:
   1) have not attained legal age;
   2) are under trusteeship;
   3) a person who, according to the judgment of a court, has been deprived of the right to conduct the matters of other persons;
   4) are in a relationship of kinship up to the third degree, or in a relationship of affinity up to the second degree, with an arbitrator resolving the civil legal dispute;
   5) have rendered legal assistance to the other party to the civil legal dispute in this matter or in another matter related thereto;
   6) have participated in mediation in this matter or in another matter related thereto.

(3) Upon ascertaining that the circumstances referred to in Paragraph two of this Section exist, the arbitration panel shall not allow such persons to participate at the adjudication of a civil legal dispute.
(4) A person who is or during the last five years has been on the list of arbitrators of the relevant permanent court of arbitration may not represent a party, and he or she may not be invited to render legal assistance in proceedings of this permanent court of arbitration. 

(5) Parties may invite advocates to render legal assistance during arbitration proceedings.

Chapter VII
Resolution of a Dispute by a Court of Arbitration

Section 33. Securing a Claim before the Claim is Raised in Disputes which are Subject to Resolution by a Court of Arbitration

(1) According to an application by a potential plaintiff, a district (city) court may, according to the location of the debtor or the location of the property of the debtor, secure a claim before it is raised in accordance with the procedures laid down in the Civil Procedure Law. The same district (city) court shall, according to a petition by a party or an arbitration panel, decide as to setting aside or varying the security for the claim.

(2) An application for the securing of a claim or an application for varying the security of a claim shall not be considered as failure to observe the arbitration agreement and shall not impede the resolution of a civil legal dispute by a court of arbitration.

Section 34. Initiation of an Arbitration Proceedings

(1) Proceedings in a permanent court of arbitration or an ad hoc arbitration, provided that the parties have agreed on the composition of the court of arbitration in the arbitration agreement, shall commence upon submission of a statement of claim.

(2) Proceedings of an ad hoc arbitration which has been established for the resolution of a specific dispute, if the parties have not agreed on the composition of the court of arbitration in the arbitration agreement, shall begin from the time when the defendant receives a copy of an application for a claim and a notification of the appointment of an arbitrator.

(3) Proceedings in a permanent court of arbitration, if the parties have not agreed on the composition of the court of arbitration in the arbitration agreement, shall commence upon submission of a statement of claim.

Section 35. Submitting an Application for a Claim

(1) An application for a claim shall be submitted to a court of arbitration in writing.

(2) An application for a claim shall include:

1) the given name, surname, personal identity number, declared place of residence, but if none, the place of residence, of a plaintiff; for a legal person — the name, registration number and registered office. The plaintiff may indicate his or her telephone number or electronic mail address, if he or she agrees to use telephone or electronic mail for correspondence with the court of arbitration;

2) the given name, surname, personal identity number, declared place of residence and additional address indicated in the declaration, but if none, the place of residence of the defendant; for a legal person — the name, registration number and registered office. The personal identity number or registration number of the respondent shall be included, if such is known;

3) if the action is brought by a representative — the given name, surname, personal identity number and address for correspondence with the court of arbitration of a plaintiff; for a legal person — the name, registration number and registered office;

4) in claims for the recovery of monetary amounts — the name of the credit institution and account number, to which payment is to be made, if any;
5) the claim subject, sum of the claim, the calculation of sum of the claim;
6) the grounds for the claim and evidence proving it;
7) claims raised by the plaintiff;
8) a list of attached documents;
9) other information, if such is necessary for the adjudication of the case.

(3) An application for a claim shall be accompanied by:
1) an arbitration agreement, unless it is included in an agreement, in connection with which the dispute has arisen;
2) the agreement, in connection with which the dispute has arisen;
3) documents referred to by the plaintiff in the statement of claim.

(4) A statement of claim shall be submitted to the court of arbitration, appending therewith as many true copies as there are participants in the matter.

Section 36. Notification of Initiation of Arbitration Proceedings

Immediately after initiation of arbitration proceedings, the court of arbitration shall send to the defendant a notification of initiation of arbitration proceedings and a true copy of the statement of claim, explaining the right of the defendant to submit a written response to the claim.

Section 37. Response to a Claim

(1) The defendant shall submit a response to a claim within the time period specified by the parties or by the court of arbitration. The time period for the submission of the response may not be less than 15 days, counting from the day of sending the statement of claim to the defendant.
(2) In the response to a claim, the defendant shall indicate:
   1) whether he or she admits the claim fully or partially;
   2) his or her objections to the claim;
   3) the circumstances justifying his or her objections, and evidence, which certify his or her objections;
   4) other circumstances, which he or she considers to be important in the examination of the civil legal dispute;
   5) his or her telephone number or electronic mail address, if he or she agrees to use telephone or electronic mail for correspondence with the court of arbitration.
(3) Failure to submit a response to a claim is not an impediment to the adjudicating of a civil legal dispute.
(4) A response to a claim shall be submitted to the court of arbitration, appending therewith as many true copies as there are participants in the matter.

Section 38. Counterclaim

(1) The parties may freely agree on the procedures for submitting a counterclaim, provided that the subject of the counterclaim is included in an arbitration agreement. If the parties have agreed to refer a civil legal dispute for resolution to a permanent court of arbitration, but have not agreed on the procedures for submitting a counterclaim, these shall be determined by the rules of procedure of the permanent court of arbitration. A counterclaim shall be submitted in accordance with general rules for submitting a statement of a claim.
(2) If a dispute is resolved by an ad hoc arbitration and the parties have not agreed on the procedures for submitting a counterclaim, the defendant is entitled to submit a counterclaim not later than within the time period specified for the submission of a response.
(3) A counterclaim shall be submitted to the court of arbitration, appending therewith as many true copies as there are participants in the matter.

Section 39. Amendment and Supplementation of a Claim

(1) Unless otherwise agreed by the parties, a party has the right to amend or supplement a claim in writing until resolution of the subject-matter of the civil legal dispute has commenced.
(2) If the basis of a claim is amended or supplemented, the defendant has the right to submit a written response within the time period specified by the arbitration panel. The provisions of Section 37 of this Law are applicable to the submission of the response.

Section 40. Court of Arbitration Sitting

(1) An arbitration panel, according to the arbitration agreement entered into by parties, shall resolve a civil legal dispute in an oral or written procedure.
(2) In an oral procedure, the arbitration panel shall hold sittings to hear explanations and objections of the parties and to examine evidence.
(3) In a written procedure, the arbitration panel shall resolve a dispute on the basis of documentary evidence and materials submitted only.
(4) The arbitration panel shall resolve a civil legal dispute in an oral procedure, if the parties have not agreed on the type of proceedings in the arbitration agreement, but where one of the parties, until the making of an award, requests oral proceedings.
(5) An arbitration panel shall acquaint the parties with submissions, documents and other information, which it has obtained, as well as with expert opinions and other evidence.

Section 41. Evidence and Evidentiary Means

(1) Evidence is information, on the basis of which an arbitration panel determines the existence or non-existence of such facts that are significant in the adjudication of a civil legal dispute.
(2) Evidence shall be submitted by the parties. Each party shall prove the circumstances used by it to justify its claims and objections.
(3) Evidentiary means in a court of arbitration may consist of explanations of the parties, documentary evidence (written documents, audio recordings, video recordings, electronic data carriers, digital video discs, etc.), real evidence, and expert opinions.
(4) Documents shall be submitted in the form of an original or in the form of a duly certified true copy, copy, or extract. If a party submits a true copy, copy or extract of a document, an arbitration panel may itself, or upon request of the other party, require that the original document be submitted. The arbitration panel shall return the original document to the person who submitted it, upon request of this person, adding a duly certified true copy, copy or extract of the document to the materials of the arbitration proceedings.
(5) An arbitration panel shall determine the admissibility and eligibility of evidence.

Section 42. Assessment of Evidence

(1) No evidence shall have any predetermined effect as would be binding upon the arbitration panel.
(2) An arbitration panel shall set out in the reasoned part of the judgement made by it as to why it has given preference to one body of evidence in comparison to another, and why it has found certain facts as proven, and others as not proven.
Section 43. Documentary Evidence Requests

(1) An arbitration panel is entitled to request, upon substantiated request from a party, that documentary evidence in the possession of the other party be submitted.
(2) The party requesting the arbitration panel to request documentary evidence shall describe such evidence and provide reasons for presuming that the evidence is in the possession of the other party.
(3) If a party refuses to submit the documentary evidence requested by the arbitration panel within the time period provided by it, without denying that the party possesses such evidence, the arbitration panel may admit as proven the facts, which the opposite party sought to prove by referring to such documentary evidence.

Section 44. Expert-examination

(1) Unless an arbitration agreement provides otherwise, the arbitration panel may, upon request of a party, order an expert-examination and assign its performance to one or several experts.
(2) The parties shall, upon request of the arbitration panel, submit the necessary information or documents, or present goods or other items, to the expert.
(3) Upon request of a party, the arbitration panel shall invite the expert to participate in an court of arbitration sitting. Parties are entitled to ask questions to the expert about the expert opinion.

Section 45. Costs of an Arbitration Proceedings

(1) Costs of arbitration proceedings shall include the costs relating to examination of a civil legal dispute, and fees paid to arbitrators.
(2) The amount of costs of arbitration proceedings, as well as the term and procedures for payment thereof shall be determined by the court of arbitration, taking into account the amount claimed, the complexity of the civil legal dispute, the provisions of the arbitration agreement, as well as other significant circumstances.
(3) Unless otherwise agreed upon by the parties in the arbitration agreement, payment for the performance of an expert-examination, participation of a secretary, interpreter or expert in arbitration proceedings, as well as other costs of arbitration proceedings shall be made in accordance with the procedures specified by the court of arbitration, by the party who submitted the request regarding participation of a secretary, interpreter or expert, as well as regarding performance of an expert-examination during arbitration proceedings. If such request has been submitted by both parties, they shall pay the costs equally.

Section 46. Consequences of a Party not Participating in Arbitration Proceedings

If a party, without justified cause, fails to attend a court of arbitration sitting or to submit documentary evidence, the arbitration panel shall continue arbitration proceedings and resolve the civil legal dispute on the basis of the evidence at its disposal.

Section 47. Procedural Consequences of Withdrawal of a Party

(1) The fact that a natural person who is a party dies or a legal person who is a party has ceased to exist, shall not in itself terminate an arbitration agreement, unless otherwise agreed upon between the parties and the disputed legal relations allow for the taking over of rights.
(2) The arbitration panel shall suspend arbitration proceedings until a successor in rights of the party is determined.
(3) Cession of a claim shall be the basis for termination of arbitration proceedings, unless the parties have agreed upon resolution of the civil legal dispute by a court of arbitration anew.

Section 48. Right to Object

(1) A party has the right to submit objections, if any of the provisions of this Law, the rules of procedure of the permanent court of arbitration, or the arbitration agreement has been breached or has not been conformed to. A party shall submit objections to the arbitration panel and to the other party in writing, as soon as such breach has come to their knowledge.
(2) If a party does not submit any objections, it shall be deemed that the party has waived the right to raise such objections, except for cases where the party has not raised such objections due to reasons beyond its control.
(3) The arbitration panel shall decide whether the objections are well founded.

Section 49. Minutes

(1) Minutes of a court of arbitration sitting shall be taken only if a party so requests.
(2) Minutes shall be taken by the secretary appointed by the court of arbitration.
(3) Minutes shall be signed by all arbitrators and the secretary. The minutes shall be signed not later than within three days after the court of arbitration sitting.
(4) The parties are entitled to acquaint themselves with the minutes and, within five days after signing thereof, submit written objections stating the faults found in the minutes. The validity of objections shall be decided upon by the arbitration panel.

Section 50. Archiving of Arbitration Proceedings Documents after Completion of an Arbitration Proceedings

(1) If a dispute is resolved by a permanent court of arbitration, it shall store the court of arbitration documents for 10 years after completion of the arbitration proceedings in accordance with the procedures laid down in the laws and regulations regarding storage of archival documents.
(2) If a permanent court of arbitration ceases to exist, its founder shall hand over the documents of arbitration proceedings for storage to the State Archives of Latvia. The expenses of storage of arbitration proceedings documents shall be covered by the founder of the permanent court of arbitration.
(3) If a dispute is resolved by an ad hoc arbitration, arbitration proceedings documents shall be drawn up in such number of copies as there are parties in the matter. After completion of arbitration proceedings, they shall be issued to each party.

Chapter VIII
Awards of a Court of Arbitration

Section 51. Making of Awards by a Court of Arbitration

(1) All awards of a court of arbitration consisting of three or more arbitrators shall be made by a majority vote, except the case referred to in Section 26, Paragraph four of this Law.
(2) An award of a court of arbitration shall come into effect on the day it is made. An award of a court of arbitration may not be appealed.

Section 52. Decisions of a Court of Arbitration
An arbitration panel may take a decision to postpone the resolution of a civil legal dispute and other procedural issues, without adjudicating the subject-matter of the civil legal dispute.

Section 53. Settlement

(1) Settlement shall be permitted in any civil legal dispute, except in the case referred to in Paragraph two of this Section.
(2) Settlement shall not be permitted, if the terms of the settlement infringe on the rights and interests protected by law of another person.
(3) If during an arbitration proceedings the parties enter into a settlement, the arbitration panel shall terminate the arbitration proceedings and, if so requested by the parties and agreed upon with the arbitration panel, draw up a settlement in the form of a court of arbitration judgement setting out the provisions on which an agreement has been reached.
(4) Such court of arbitration judgements shall have the same status and legal force as any other court of arbitration judgements resolving the subject-matter of a civil legal dispute.

Section 54. Judgement of a Court of Arbitration

(1) An arbitration panel shall issue a judgement within 14 days after the subject-matter of a civil legal dispute is reviewed.
(2) An arbitration panel shall issue a judgement in writing.
(3) If the arbitration panel consists of several arbitrators, the judgement shall be signed by all the arbitrators. If any of the arbitrators does not sign the judgement, the court of arbitration judgement shall specify the reasons why their signature is missing.
(4) The judgement shall specify:
   1) the composition of the court of arbitration;
   2) the date of rendering the judgement and the location where the arbitration proceedings took place;
   3) information regarding the parties — the given name, surname, personal identity number, other personal identification information and declared place of residence, or other address which can be used for correspondence of a natural person, or the name, registration number, other personal identification information and registered office of a legal person;
   4) the subject-matter of the dispute;
   5) reasons for the judgement, unless otherwise agreed by the parties;
   6) the conclusion regarding complete or partial satisfaction of the claim, or the complete or partial dismissal thereof, and the essence of the judgement;
   7) the amount to be recovered, if the judgement is rendered regarding recovery of monetary amounts, indicating separately the principal debt and the interest, the time period for which the interest has been adjudged, the rights of the plaintiff regarding receipt of interest for the time period prior to the execution of the judgement, including also a reference to the extent thereof;
   8) the specific property and the value thereof, which is to be recovered in the event that the property does not exist, if the judgement is rendered regarding recovery of property in specie;
   9) what actions, by whom, and within what time period are to be fulfilled, if the judgement imposes a duty to fulfil certain actions;
   10) what part of the judgement refers to each plaintiff, if the judgement is made for the benefit of more than one plaintiff, or what part of the judgement is to be fulfilled by each defendant, if the judgement is made against more than one defendant;
   11) the expenses of arbitration proceedings and the distribution of such expenses among the parties;
12) the expenses of legal assistance in the matter of the parties, if any, and the distribution of such expenses among the parties;
13) other information, which the arbitration panel considers necessary.

(5) A court of arbitration judgement shall be sent to the parties within three working days from the day of making thereof.

Section 55. Correction and Explanation of a Judgement and Making of a Supplementary Judgement

(1) An arbitration panel is entitled, on its own initiative or upon request of a party, to correct any clerical or mathematical calculation errors in a judgement. Such errors may be corrected without the participation of parties.
(2) Unless otherwise agreed upon by the parties, a party may, by informing the other party thereof, within 30 days after the date when a true copy of the judgement is sent or received, if delivered personally, request the arbitration panel to explain the judgement, without amending its contents. An explanation of a judgement shall become an integral part of the judgement from the moment of adoption thereof.
(3) Unless otherwise agreed upon by the parties, a party may, by informing the other party thereof, within 30 days after the date when a true copy of the judgement is sent or received, if delivered personally, request the arbitration panel to make a supplementary judgement, if any of the claims, for which evidence has been submitted, and for which the parties have provided explanations, has not been adjudged. If an arbitration panel finds the request substantiated, it shall make a supplementary judgement.
(4) The arbitration panel shall notify the parties of the court of arbitration sitting, in which the issue regarding correction or explanation of the judgement, or making of a supplementary judgement is to be decided, not later than 15 days in advance. If the operative part of the judgement may change as a result of correcting the judgement, but the essence of the judgement remains unchanged, the arbitration panel shall invite the parties to express their opinions. The failure of parties to attend is not an impediment to the correction or explanation of the judgement or making of a supplementary judgement. An arbitration panel shall make a supplementary judgement in accordance with Section 54 of this Law.

Section 56. Procedures for Certifying Signatures of Arbitrators on an Award

In a permanent court of arbitration, the procedures for certifying signatures of arbitrators on an award shall be determined by the rules of procedure of the permanent court of arbitration, but in an ad hoc arbitration, prior to an award being issued, the signatures of arbitrators shall be certified by a notary.

Section 57. Completion of Arbitration Proceedings

(1) An arbitration panel shall take a decision to terminate arbitration proceedings if:
   1) the plaintiff withdraws the claim;
   2) the parties agree on a settlement;
   3) the arbitration agreement has, in accordance with the procedures laid down in law or by the agreement, ceased to be in effect;
   4) the arbitration panel finds that the court of arbitration does not have jurisdiction over the civil legal dispute;
   5) a natural person who is one of the parties dies, or a legal person who is one of the parties ceases to exist, and the disputed legal relationship does not allow for the taking over of rights, or the parties have agreed that in such case the arbitration proceedings are to be terminated.
(2) If arbitration proceedings are terminated for the reasons set out in Paragraph one, Clause 1 or 2 of this Section, a repeated bringing before a court of arbitration or bringing before a district (city) court of a dispute between the same parties, over the same subject, and on the same basis shall not be permitted.

(3) If arbitration proceedings are terminated for the reasons set out in Paragraph one, Clause 3, 4 or 5 of this Section, a statement of claim may be brought before a district (city) court.

Section 58. Procedures for Enforcing a Court of Arbitration Judgement

(1) A judgement of a court of arbitration is mandatory for the parties and shall be complied with voluntarily within the time period stipulated in such judgement. The time period provided for the voluntary compliance with the judgement shall not be less than 10 days.

(2) If a judgement of a court of arbitration is to be fulfilled in Latvia but is not being complied with voluntarily, the interested party is entitled, in accordance with the procedures laid down in the Civil Procedure Law, file an application with a district (city) court for the issue of a writ of execution for compulsory enforcement of the judgement of a permanent court of arbitration.

(3) A permanent court of arbitration, upon request of a district (city) court, shall provide the requested information necessary for the taking of a decision to issue a writ of execution for compulsory enforcement of the judgement of a permanent court of arbitration, or a decision to refuse to issue a writ of execution for compulsory enforcement of the judgement of a permanent court of arbitration.

Transitional Provisions

1. The founder of a permanent court of arbitration registered in the Arbitration Court Register shall, by 1 June 2015, submit a certification to the Register of Enterprises confirming that the court of arbitration has complied with the requirements of Section 2, Paragraph two, and Sections 4 and 7 of this Law, appending the documents referred to in Section 8, Paragraph three.

2. If the founder of a permanent court of arbitration fails to submit the relevant certifications and documents within the term specified in Paragraph 1 of these Transitional Provisions, the Register of Enterprises shall, by 1 October 2015, decide on the exclusion of the permanent court of arbitration from the Arbitration Court Register, in accordance with the procedures laid down in the Cabinet regulations regarding the Arbitration Court Register.

3. The permanent court of arbitration, the founder of which has failed to submit the documents referred to in Paragraph 1 of these Transitional Provisions within the specified term, may complete the initiated arbitration proceedings, but not later than until the day when the Register of Enterprises has taken a decision to exclude the permanent court of arbitration from the Arbitration Court Register.

4. The founder of the permanent court of arbitration, which has been excluded from the Arbitration Court Register, shall hand over the documents of arbitration proceedings to the State Archives of Latvia by 1 November 2015 and cover the expenses for the storage thereof.

5. If parties have agreed to refer a civil legal dispute for resolution to a permanent court of arbitration, which has been excluded from the Arbitration Court Register in accordance with Paragraph 2 of these Transitional Provisions, or which has ceased its operation, the parties shall agree on referring the civil legal dispute for resolution to another court of arbitration. If
no agreement is reached, the dispute shall be resolved in court in accordance with the Civil Procedure Law.

6. The Cabinet shall issue the regulations referred to in Section 6, Paragraph two of this Law by 1 June 2015. Until the date of coming into force thereof, Cabinet Regulation No. 205 of 29 March 2005, Regulations Regarding State Fee for Making an Entry in the Arbitration Court Register, and Cabinet Regulation No. 204 of 29 March 2005, Regulations Regarding the Arbitration Court Register, shall apply, insofar as they are not in contradiction with this Law.

7. The Register of Enterprises shall ensure the availability of the information referred to in Section 8, Paragraph seven of this Law on its website by 1 July 2015, by publishing the rules of procedure of all the permanent courts of arbitration which are not excluded from the Arbitration Court Register by 1 July 2015.

This Law shall come into force on 1 January 2015.

This Law has been adopted by the Saeima on 11 September 2014.

Acting for the President,
Speaker of the Saeima, S. Āboltiņa

Rīga, 1 October 2014