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Starting an Arbitration at the GCC Commercial Arbitration Centre

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Overview

- This Practice Note provides an overview of how to commence an arbitration at the Gulf Cooperation Council (GCC) Commercial Arbitration Centre (GCCCAC), including the process of appointing the arbitral tribunal.
- The process for commencing an arbitration is very similar to other arbitration centres around the world. However, the GCCCAC's jurisdiction is limited to hearing commercial disputes between GCC nationals or between GCC nationals and other nationals.
- Although the GCCCAC is based in Bahrain, it is a separate legal entity from the Kingdom of Bahrain and enjoys immunity.

Definitions

- GCC: Gulf Cooperation Council.
- GCCCAC: Gulf Cooperation Council Commercial Arbitration Centre.
- Secretary General: GCC Commercial Arbitration Centre's Secretary General.

Practical Guidance

Introduction

The GCCCAC was established in March 1995 by the GCC Supreme Council to provide companies operating in the GCC countries with a quick mechanism to resolve commercial disputes. The GCCCAC has jurisdiction to hear commercial disputes between GCC nationals or between them and other nationals, including natural and corporate persons (article 2 of the GCCCAC Constitution^[1 p.7]).

The GCCCAC is based in Bahrain and is considered an independent regional institution that enjoys immunity. This means it is not bound by or affiliated with Bahrain's national legal system. An award handed down by the GCCCAC will not be considered issued in the territory of the Kingdom of Bahrain.

Starting an arbitration at the GCCCAC

To initiate arbitration proceedings under the GCCCAC, the parties must first agree to submit their dispute to arbitration through an arbitration clause in the underlying contract or, after a dispute has arisen, with a submission agreement.

In addition, the parties must expressly state in such arbitration clause to have their dispute or controversy referred to and be settled in accordance with the GCCCAC Arbitration Rules [2 p.7]. If the parties have not explicitly done so, the GCCCAC can refuse to register the written application, or an arbitral tribunal formed under the GCCCAC Arbitration Rules [2 p.7] may well decline jurisdiction. Parties are encouraged to use the GCCCAC model arbitration clause under article 3(2) of the GCCCAC Arbitration Rules [2 p.7] which states that, "all disputes arising out of or relating to this contract will be definitively settled in accordance with the regulations of the GCC Commercial Arbitration Centre".

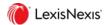
All agreements and stipulations referred to arbitration before the GCCCAC are presumed valid unless evidence demonstrates the invalidity of such agreements and stipulations (article 4 of the GCCCAC Arbitration Rules [2 p.7]). Regarding the conduct of an arbitration by the arbitral tribunal under the GCCCAC Arbitration Rules [2 p.7], the arbitral tribunal must ensure all rights of the defence for all parties to the dispute, by treating them on an equal basis and allowing all parties to fully present their case (article 16 of the GCCCAC Arbitration Rules [2 p.7]).

It is recommended that the parties to an arbitration at the GCCCAC specify the seat of the arbitration, the language, and the number of arbitrators in the arbitration clause or submission agreement. In the absence of any specification by the parties in relation to the seat and the language, the arbitral tribunal has the authority to determine same (articles 41-42 of the GCCCAC Arbitration Rules [2 p.7]). Further, in the event that the parties fail to agree on the number of arbitrators, the Secretary General will then form the arbitral tribunal with one arbitrator, unless the dispute involves a complex matter in which case three arbitrators will be appointed (article 18 of the GCCCAC Arbitration Rules [2 p.7]).

Written application for arbitration

Pursuant to article 12 of the GCCCAC Arbitration Rules [2 p.7], the claimant must submit a written application to the Secretary General of the GCCCAC to commence an arbitration. The written application must include the following:

- Claimant's name, surname, capacity, nationality, address and other contact address.
- Name of the respondent, surname, capacity, nationality, address and other contact address.
- Statement of the dispute, its facts, evidence thereof and specified claims.
- Name of the nominated co-arbitrator (if any).
- A copy of the arbitration agreement and the documents relating to the dispute.
- · Official agency.



The above list is not exhaustive, and parties may include additional details if they wish. The written application may also include the statement of claim.

The Secretary General will ensure all necessary documents are available to commence the arbitration proceedings. If the required documents are absent, the Secretary General will notify the claimant to produce them (article 12 of the GCCCAC Arbitration Rules [2 p.7]).

In accordance with article 67 of the <u>GCCCAC Arbitration Rules</u>^[2 p.7] and article 1 of the <u>Regulations Organising Arbitration</u> <u>Expenses</u>^[2 p.7], the claimant is required to pay a non-refundable registration fee of BHD 50 to initiate arbitration proceedings in the GCCCAC.

Following receipt of the written application and payment of fees, the Secretary General will notify the claimant that the application has been received and also notify the respondent by registered letter within seven days of receiving the application (article 14 of the GCCCAC Arbitration Rules [2 p.7]).

Respondent's reply memorandum

Pursuant to article 15 of the GCCCAC Arbitration Rules [2 p.7], the respondent must submit a reply within 20 days from being notified of the written application by the Secretary General. The reply should set out the following:

- The respondent's defence plea.
- Counter claims (if any).
- The name of the respondent's nominee as its co-arbitrator (if required) with supporting documents.

If the respondent fails to provide supporting documentation, the Secretary General may grant the respondent a grace period not exceeding 20 days to provide such documents (article 15 of the <u>GCCCAC Arbitration Rules</u>^[2 p.7]).

Appointment of an arbitral tribunal

Article 19(1) of the GCCCAC Arbitration Rules [2 p.7] provides that, if the arbitral tribunal consists of a sole arbitrator, the parties will agree on the arbitrator's appointment within 20 days of the respondent being notified of the written application. Pursuant to article 19(2) of the GCCCAC Arbitration Rules [2 p.7], if the parties fail to agree on a sole arbitrator, the Secretary General will appoint an arbitrator from the GCCCAC arbitrator's panel within two weeks from the end of the 20-day period. The Secretary General will notify the parties of the appointment.

If the arbitral tribunal consists of three arbitrators and the claimant fails to nominate its arbitrator within its written application, the Secretary General will within two weeks from the date of the application is received, provide the parties with the details of five arbitrators from the centre's list to select within three days, after which the Secretary General will appoint two of the selected arbitrators and notify the parties (article 19(3) of the GCCCAC Arbitration Rules[2 p.7]).

The Secretary General will invite the parties' nominated arbitrators to select a third arbitrator who will serve as the chairman of the arbitral tribunal. In case the nominated arbitrators fail to reach an agreement within 20 days from the date of invitation, the Secretary General will appoint the third arbitrator within two weeks from the expiration of the 20-day period (article 19(6) of the GCCCAC Arbitration Rules^[2 p.7]).

GCCCAC guidance when there are multiple parties

Article 23 of the GCCCAC Arbitration Rules [2 p.7] provides that when there are multiple parties, whether as claimants or as respondents, and where the dispute is referred to an arbitral panel of three arbitrators, the multiple claimants must jointly nominate one arbitrator, and the multiple respondents must jointly nominate one arbitrator. If the parties fail to appoint an Arbitrator, the Secretary General will appoint the arbitrator, including the presiding arbitrator of the tribunal.

Article 24 of the GCCCAC Arbitration Rules [2 p.7] provides that if a party disputes the appointment of one of the arbitrators, the Secretary General will settle the dispute within two weeks from when a party raises the dispute, provided that the dispute was raised before the arbitral tribunal held a preliminary hearing.

Following article 25 of the <u>GCCCAC Arbitration Rules</u>^[2 p.7], if an arbitrator dies, declines an appointment, or force majeure prevents the arbitrator from carrying out the arbitrator's duties, the party who nominated the arbitrator may nominate another Arbitrator in the same manner as provided above.

Moreover, article 36 of the GCCCAC Arbitration Rules [2 p.7] provides that the Secretary General will refer the file to the arbitral tribunal within seven days from the date the arbitral tribunal is formed. The arbitral tribunal is required to begin carrying out its mandate within 15 days from the date of receiving the file.

Related Content

Regulations

- GCCCAC Arbitration Rules^[2 p.7]
- GCCCAC Constitution^[1 p.7]
- GCCCAC Regulations Organising Arbitration Expenses^[2 p.7]

International Conventions



• <u>United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention)</u> [3 p.7]



Authors



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Areas of expertise

- · Tech Law
- Dispute Resolution
- Employment Law
- · Sports Law
- Entertainment and Fashion Law

Memberships

- Barrister in England & Wales.
- Fellow of Chartered Institute of Arbitrators.

Biography

Sarah Malik is an award-winning lawyer who founded SOL International Ltd, a boutique legal consultancy registered at the ADGM in 2018. Sarah received an honourable mention as *'Law Firm Leader of the Year'* category at the same awards. In March 2022, SOL was named by Legal 500 EMEA as *'A Firm to Watch in Dispute Resolution: Arbitration and International Litigation'*. In 2023 Sarah was listed as a *'Leading Practitioner'* in The Arbitration Powerlist: Middle East Legal 500 EMEA.

In March 2023, Sarah was appointed to the Inaugural Advisory Committee for the Dubai International Arbitration Centre (DIAC). In June 2024, Sarah was appointed as ICC UAE Delegate for the ICC Global Commission on Arbitration and ADR for a 3-year mandate between 1 July 2024 to 30 June 2027. She was nominated to serve at a global level for the UAE to examine issues concerning dispute resolution and arbitration.

Sarah is a member of the SIAC Users Council in the Middle East and is one of 20 appointed on the Lagos Panel of Arbitration Neutrals. Sarah is a Fellow of the Chartered Institute of Arbitrators and accepts appointments to sit as an Arbitrator.

Sarah undertakes international commercial arbitrations as Counsel (DIAC, ADCCAC, DIFC-LCIA, ICC) and practises commercial litigation at the DIFC and ADGM Courts. She deals with a varied arbitration caseload from construction through to international commercial arbitrations and has enjoyed successful awards in multi-million value.

Sarah partners with numerous academies worldwide including AIAC, AIFC, ADJD and DIFC to provide best practice and training on arbitration. She is regularly invited to speak at conferences within the UAE, GCC and internationally for various organisations including the ICC, CIArb and at the IBA.

In addition to practice, Sarah is appointed as Adjunct Faculty on the LLM programme at Middlesex University, Dubai, in International Commercial Litigation and Arbitration and for the DIFC Academy in relation to DIFC and UAE Arbitration Law. She has sat as an arbitrator at the Vis Pre-Moot conducted in 2022, 2023 and 2024 respectively.

Sarah has authored a text on a 'A Guide to GCC Arbitration'.



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Biography

Pavithra Rajendran joined SOL International Ltd in November 2024 and is currently a Trainee, focusing on dispute resolution, employment law, commercial law, fashion law, and sports law. Her work includes researching complex legal issues, drafting contracts, and supporting clients in dispute resolution. Pavithra holds a LL.M in International Business Law from Middlesex University and a B.A., LL.B (Hons) from the School of Law, Sastra University.

Pavithra has worked on intellectual property, employment law and arbitration matters. She has also had involvement in rental disputes, corporate acquisitions, and labour law compliance. Pavithra is currently assisting in a multimillion-dollar HKIAC arbitration case.



Notes

- 1. $^{[p.2][p.3]}$ https://www.gcccac.org/en/centres-constitution
- $\begin{array}{l} \textbf{2. \land [p.2] [p.2] [p.2] [p.2] [p.2] [p.2] [p.2] [p.2] [p.2] [p.3] [p.3$
- 3. ^ [p.4] https://www.newyorkconvention.org/english

