

LMAA FALCA RULES

(Fast and Low-Cost Arbitration)

The incorporation of the FALCA Rules in a contract means that the parties have agreed that all disputes arising under or in connection with it shall be determined in accordance with English Law by reference to arbitration in London in accordance with the following Rules:

1. A party wishing to refer a dispute or matter to arbitration (the claimants) shall send to the opposing party (the respondents) a notice in writing requiring them to agree within fourteen days to the appointment of a sole arbitrator.
2. Unless an agreed sole arbitrator has been appointed within the fourteen days period stipulated in Rule 1, the claimants shall send to the President of the London Maritime Arbitrators Association ("the LMAA"), and send to the respondents in copy, a written request for the appointment of a sole arbitrator, giving the names and addresses of the parties to the dispute and a short statement of the nature of the dispute and the claims made.
3. The sending of a notice in writing under Rule 1 or, in a case where a sole arbitrator has been agreed between the parties prior to the despatch of such a notice in writing, the appointment of that sole arbitrator, shall constitute the commencement of the arbitration proceedings.
4. Within fourteen days of the receipt of the written request for the appointment of an arbitrator, the President of the LMAA or his nominee shall appoint a sole arbitrator to determine all disputes between the parties arising under or in connection with the contract that may be referred to him and shall notify both parties in writing of such appointment.
5. The President of the LMAA or his nominee may appoint any appropriate person as arbitrator including but not limited to any full or supporting Member of the Association.
6. Any arbitrator appointed pursuant to these Rules whether by agreement or otherwise shall have jurisdiction to determine his own jurisdiction, including in particular any question as to the existence or validity of the contract.
7. Unless the arbitrator orders otherwise, the timetable set out in Rules 8-15 shall apply.
8. Within two weeks of receipt of the notice of appointment of arbitrator, the claimants shall send to the respondents, with copies to the arbitrator, their written claim submissions, together with copies of the documents upon which they principally rely.
9. Within four weeks of the service of the claim submissions, the respondents shall send to the claimants, with copies to the arbitrator, their written defence submissions and counterclaim submissions (if any) together with copies of the documents on which they principally rely.
10. The sending of the respondents to the claimants of their counterclaim submissions shall constitute the commencement of proceedings in respect of the counterclaim and in such event the claimants shall, within four weeks, send their defence to counterclaim submissions

to the respondents, with copies to the arbitrator.

11. Within four weeks of defence submissions, or if there is a counterclaim within four weeks of defence to counterclaim submissions, there shall be mutual discovery between the parties by the exchange of copies of relevant documents.

12. Within two weeks of the exchange of discovery under Rule 11, either party may apply to the arbitrator for an order for discovery of a specific document or documents not included in the other party's original discovery. Such application shall specify the document(s) sought and their relevance to the dispute or matter before the arbitrator. The other party shall within seven days of the application either disclose a copy or copies of the document(s) or provide the applicant and the arbitrator with his reasons for not doing so. The applicant shall reply to the arbitrator and the other party within three days of receipt of such objection. The arbitrator shall rule on the issue on receipt of (or failing any) such reply.

13. Within six weeks of the exchange of discovery under Rule 11, the parties shall exchange copies of statements of witnesses and experts' reports (if any) and send copies to the arbitrator.

14. Within four weeks thereafter, the parties shall exchange final submissions, together with witness statements or experts' reports in reply (if any) and send copies to the arbitrator.

15. Subject to Rule 7 and the Rules which follow, the arbitrator shall make his award within seven months of the notice of his appointment if there is no counterclaim, and otherwise within eight months.

16. The arbitrator may, in his absolute discretion, take into account any evidence whether strictly admissible or not, and require the production of any document or the statement of any witness (whether sworn or otherwise).

17. There shall be no oral hearing in the arbitration proceedings unless and to the extent that the arbitrator in his absolute discretion requires oral hearings and/or requires the oral examination of any witness or expert. In the event that the arbitrator requires an oral hearing he may, if he thinks fit, order the provision of security for costs at a figure in excess of the sum referred to in Rule 18 and also require the payment of a non-returnable booking fee for each day reserved for the hearing.

18. The arbitrator shall have the power to order any party to provide security for the legal or other costs of any other party, but subject to Rule 17, each party by agreeing to these Rules waives any right to call for security for costs in excess of a sum of £7,500 in total insofar as such waiver may validly be made.

19. The award of the arbitrator shall be final and binding on the parties and by agreeing to these Rules the parties waive any right to any appeal or recourse to any court or judicial authority, insofar as such waiver may validly be made. The arbitrator may make such award as to costs as he may in his absolute discretion consider proper and shall tax all costs of the reference and of the award.

20. If any party shall fail to take any step in the arbitration required under these Rules or to comply with any order made by the arbitrator within the times stipulated, the arbitrator may in his absolute discretion:

- (i) reduce any right to costs to which that party might otherwise be entitled;
- (ii) deny that party the recovery of costs altogether;
- (iii) strike out any claim, counterclaim or defence;
- (iv) proceed to an award on such documents and evidence as may be before him, at such time as he may consider appropriate;
- (v) take any other measure he may think fit.

21. In the case of multi-party disputes in which the same arbitrator has been appointed, the arbitrator shall have the power to direct in appropriate cases that the references shall be heard concurrently and to give all such directions as to procedure as the interests of fairness, economy and expedition may require.

22. Should the amount, excluding interest, of the claimants' claim (by amendment or otherwise), or of the respondents' counterclaim, equal or exceed the figure referred to in the LMAA FALCA Clause, either party shall have the right to require:-

(i) that the tribunal be increased to a panel of three, one additional arbitrator being nominated by each of the parties and the additional arbitrators so nominated being appointed by the arbitrator appointed under Rules 1 or 4 who will act as third arbitrator and chairman of the tribunal; and/or

(ii) that Rules 7 to 21 inclusive shall cease to apply to the arbitration and instead the provisions of the LMAA Terms in force at the relevant time shall apply.

Provided that

(a) such right must be exercised not later than four weeks after the service of defence submissions under Rule 9, or if there is a counterclaim not later than four weeks after the service of defence to counterclaim submissions under Rule 11;

(b) if either of the parties fails to nominate an additional arbitrator under (i) within two weeks of being called upon to do so by the arbitrator appointed under Rules 1 or 4, the latter may appoint whomsoever he thinks fit.