

**LAW OF MONGOLIA  
ON ARBITRATION**

May 9, 2003  
Ulaanbaatar city

(Turiin medeelel #20, 2003)

**CHAPTER ONE  
GENERAL PROVISIONS**

**Article 1. Purpose of the Laws**

1.1. The purpose of this Law is to regulate relations, pertaining to arbitrage proceedings of disputes over property or non-property rights between legal entities.

**Article 2. Legislation on Arbitration**

2.1. The legislation on arbitration shall consist from the Constitution of Mongolia, the Civil Code, Law on Decision of Civil Cases in the Court, Law on Court Decision Enforcement, this Law and other laws and other legislative acts issued in conformity therewith.

2.2. If an international treaty to which Mongolia is a party is inconsistent with this law, then the provisions of the international treaty shall prevail.

**Article 3. Scope of the Law**

3.1. This Law shall be applied in case when the arbitration which proposed to settle the dispute is located within the territory of Mongolia.

3.2. Arbitrage awards of a foreign country shall be recognized in Mongolia and enforcement proceedings shall be regulated in conformity with the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards and Chapter 8 of the present Law.

3.3. Mongolian Arbitration awards shall be recognized in a foreign state and enforcement proceedings shall be conducted according to the International treaties to which Mongolia is a party.

**Article 4. Definitions**

4.1. The following terms stipulated in this Law shall be understood as follows:

4.1.1. "permanent arbitration" means an arbitration, set up with a purpose of conducting arbitrage proceedings permanently;

4.1.2. "temporary arbitration" means an arbitration, set up with a purpose of settling a particular dispute at a time upon an agreement of parties concerned;

4.1.3. "arbitrage proceedings" means activities to settle disputes, have arisen between parties in accordance with the arbitration agreement and pertaining regulations stipulated in this Law;

4.1.4. "arbitration panel" means one or more arbitrators conducting arbitrage proceedings on a particular disputes;

4.1.5. "arbitrator" means an individual, appointed by authorized bodies, stipulated in this Law, to conduct arbitrage proceedings on a particular dispute;

4.1.6. "court" means a body, pertaining to general court system of Mongolia, provided by the Article 13 of the Law on Courts.

### **Article 5. Setting up an arbitration**

5.1. Arbitration shall be either permanent or temporary.

5.2. Permanent arbitration may be set up by the Chamber of Industry and Commerce, non-government organizations, carrying out activities on protection of rights of manufacturers and consumers and associations thereof.

5.3. It is prohibited to set up arbitration by the management of public and local administration and administration units or profit making bodies.

5.4. Particular arbitration is considered as set up if decisions of bodies, stipulated in the Article of this Law is made on setting up a permanent arbitration and the charter and list of member arbitrators thereof is approved.

5.5. Management, organizational structure of a permanent arbitration shall be determined by the Charter thereof.

5.6. A permanent arbitration may conduct arbitrage proceedings solely on any disputes subject to arbitration, provided by the Article 6 of this Law and on disputes over particular matters, such as intellectual property and foreign commerce.

5.7. A temporary arbitration shall be set up by a written agreement between litigant parties at a time.

5.8. Proceedings of a permanent and a temporary arbitration of settling disputes shall be done pursuant to the same principles.

### **Article 6. Disputes, subject to jurisdiction of an arbitration**

6.1. As provided in the Article 13.2. of the Law on Decision of Civil Cases in the Court, disputes on which parties have agreed to undertake arbitrage proceeding are subject to jurisdiction of an arbitration.

### **Article 7. Disputes, that are not subject to jurisdiction of an arbitration**

7.1. Disputes, stipulated in the Article 13.3 of the Law on Decision of Civil Cases in the Court and disputes, subject to court, other authorized bodies and officials are not subject to jurisdiction of arbitration.

### **Article 8. Court involvement in arbitration activities**

8.1. Provision of the Sections 15.5.-15.7, 17.4, 18.2, 20.6 and the Articles 13, 33, 40, 42, 43 of this Law shall be settled by a court of appeal where the arbitrage proceedings are conducted and provisions of the Article 12 shall be settled by the court, which initially accepted the claim.

8.2. A permanent arbitration may stipulate in its charter to have other bodies settle disputes that are supposed to be settled by a court as provided by the 15.5-15.7, 17.4, 18.2, 20.6 of the present law and in such a case, the decision of that body shall be considered as final.

8.3. A court may not be involved in arbitrage proceedings regarding disputes over matters other than those provided by this Law.

### **Article 9. Delivering documents**

9.1. Unless otherwise agreed, parties shall deliver relevant documents in person or by a certified postal parcel. In case of delivering by a post, it shall be posted to his/her permanent home or office address or if these addresses are not available, it shall be posted to the most recent address, known. The date of delivery shall be considered as a date of accepting the documents.

### **Article 10. Abstaining from right of refusal**

10.1. If one of the parties takes part at arbitrage proceedings without expressing its refusal though it was aware of the other's avoidance of implementing a certain provision of this Law or failure to meet any of rulings of an arbitration agreement, it is considered that the party is abstaining from the right of refusal.

## **CHAPTER TWO ARBITRATION AGREEMENT**

### **Article 11. Arbitration agreement and forms thereof**

11.1. Arbitration agreement /regardless of containing of agreement's nature and forms/ means a specific type of bargain concluded between parties with a purpose of settling a disputes over any matters, arisen or may arise out of legal relations or other particular type of dispute.

11.2. Arbitration agreement shall be made in written form and parties concerned may conclude such agreement at any time prior or after the occurrence of such disputes. However, in case of a contract with standards and conditions provided by the Civil Code, such arbitration agreements shall be made upon occurrence of the dispute.

11.3. Arbitration agreement shall consist of independent arbitration agreement /containing nature and certain form of contract/ signed by the parties concerned, and a letter, telegram, official note, fax or other similar documents that express agreed parties' willingness to conclude an arbitration agreement shall be considered as an arbitration agreement.

11.4. If any documents pertaining to the arbitration agreement is cited in the basic contract between the parties and this is specified in the contract as an inseparable part thereof, this shall be considered as an independent arbitration agreement between the parties concerned.

11.5. Regardless of effectiveness of the basic contract of the concerned parties, an arbitration agreement, which is an inseparable part thereof, shall be effective.

### **Article 12. Transferring an appeal to arbitration**

12.1. Although the parties initially appealed to a court, if they request for bringing the dispute to arbitration prior to making statement on claims and if the court considers the arbitration agreement of the parties is effective and viable to implementation, such dispute may be transferred to arbitration.

### **Article 13. Court's ensuring of arbitration award implementation**

13.1. Prior or during arbitrage proceedings, the parties may submit their request to a court of appeal to have measures taken for confirming arbitrage awards and a judge may take appropriate measures pursuant to the Article 69 of the Law on Decision of Civil Cases in the Court upon such a request and this shall not be considered as violating arbitration agreement.

## **CHAPTER THREE ARBITRATION PANEL AND PROCEDURE OF COMPOSING THEREOF**

### **Article 14. Arbitration panel**

14.1. Arbitration panel consists of one or more arbitrators.

14.2. Parties shall agree upon the number of arbitrators to conduct arbitrage proceedings on a particular dispute.

14.3. If parties have not agreed upon the number of arbitrators, there shall be three arbitrators to conduct arbitrage proceedings on a particular dispute.

### **Article 15. Procedure for appointment of arbitrators**

15.1. Authorized bodies, stipulated in this Law, may appoint anyone, who is not prohibited by laws, as an arbitrator.

15.2. The following persons shall not be appointed as an arbitrator:

15.2.1. A Member the Constitutional Court

15.2.2. A judge

15.2.3. A procurator

15.2.4. An enquiry officer

15.2.5. An investigator

15.2.6. A court decision enforcement officer

15.2.7. An attorney or a notary, who has previously rendered legal service to any party of this dispute

15.2.8. An official, who is prohibited by laws to be engaged in tasks or positions that are not within the scope of his/her duties, provided by laws.

15.3. The parties shall agree upon procedures for appointment of an arbitrator and in doing so, they shall follow the provisions of the Articles 15.4-15.10 of the present Law.

15.4. If the parties fail to agree upon procedures of appointing an arbitrator or fail to agree pursuant to the procedure, though agreed upon such procedure, the number of arbitrators for arbitrage proceedings shall be three. Each party shall appoint one arbitrator and those appointed shall agree on appointment of the third arbitrator, who shall preside the arbitration hearing.

15.5. If either party does not appoint its arbitrator after receiving the other's request to appoint an arbitrator or the appointed two arbitrators fail to agree on appointing the third one within 30 days, a court of appeal shall appoint them based on the request of the interested party.

15.6. If the parties agreed to have one arbitrator for arbitrage proceedings, they shall agree upon appointment of the arbitrator and in case of failure to reach an agreement, a court of appeal shall appoint him/her based on the request of the interested party.

15.7. In case of violation of procedure on arbitrator's appointment by either party, or failure of appointing an arbitrator pursuant thereto, or failure of an authorized body, stipulated in the permanent arbitration charter, to appoint an arbitrator, the party may appeal to a court to have the appropriate measures be taken.

15.8. The decision of a court of appeal regarding the dispute under the Articles 15.5-15.7 of this Law shall be considered as final.

15.9. In appointing an arbitrator, in accordance with this Law, a court of appeal shall consider the following as grounds for appointment:

15.9.1. whether the persons is viable for appointment as an arbitrator, in accordance with this Law;

15.9.2. whether he/she is competent of settling a dispute independently and impartially

15.9.3. whether he/she meets criteria, set forth by the parties concerned.

15.10. Both the parties and an authorized body, who is eligible for appointing an arbitrator pursuant to the Permanent arbitration charter, shall follow the Article 15.9 of this Law in appointing an arbitrator.

## **Article 16. Grounds for refusal**

16.1. A person, receiving a request for his/her appointment as an arbitrator, shall notify the party of request without delay, if he/she has any doubt about his/her competence of settling a dispute independently and impartially.

16.2. If such circumstances arise as may lead to any doubt on settling a certain dispute independently and impartially after arbitrator's appointment or

during the arbitrage proceedings, that arbitrator is obliged to notify the parties thereabout without delay.

16.3. The parties may withdraw an arbitrator, if clear circumstances arise to lead a doubt about the arbitrators' competence of settling a certain dispute independently and impartially. The above circumstances shall serve as grounds for making such a decision.

16.4. The parties may withdraw an arbitrator, whom they appointed or who was present at the appointment, only after appointment thereof.

### **Article 17. Procedure for withdrawal**

17.1. The parties shall agree upon the Procedure for arbitrator's withdrawal and such matter shall be pursuant to the Article 17.4 of this Law.

17.2. If the parties have not agreed upon the Procedure for withdrawal of an arbitrator or though agreed but fail to withdraw an arbitrator, after realizing the circumstances, stipulated in the Article 16.3 of the present Law or within 15 days after finding out that arbitrators are appointed, the interested party shall submit a written request for withdrawal of an arbitrator to arbitration panel.

17.3. Unless an arbitrator refuses from appointment thereof at his own will and this is accepted by the parties, the arbitration panel shall be the sole body to decide whether or not to withdraw an arbitrator.

17.4. If the interested party was not able to withdraw an arbitrator under the procedure set forth by the parties and the Articles 17.2, 17.3 of this Law, it may appeal on that matter to a court of appeal or authorized bodies stipulated in the Permanent arbitration Charter within 30 days since receiving decision of the arbitration panel.

17.5. Decision of the authorized bodies on the disputed matter, stipulated in the Article 17.4 of this Law shall be final.

17.6. Until the authorized bodies, stipulated in the Article 17.4 of this Law, make decision on the interested party's request for withdrawal of an arbitrator, that arbitrator shall stay in the arbitration panel and continue to conduct arbitrage proceedings.

### **Article 18. Failure or inability to exercise arbitrator's duties**

18.1. If an arbitrator fails or is unable to fulfill his/her duties due to particular reasons or refuses to be an arbitrator and this is accepted by the parties concerned, his/her rights and duties of working on that particular dispute shall be terminated.

18.2. Disputes, arisen out of the matters, stipulated in the Article 18.1. of the present Law, shall be settled by a court of appeal or authorized bodies, stipulated in the Permanent Arbitration charter and such a decision shall be regarded as final.

### **Article 19. Replacement of an arbitrator**

19.1. In replacing a new arbitrator to the post of the previous, whose rights and duties are terminated according to the Article 18.1 of this Law, the procedure set forth in the Article 15 of this Law shall be followed.

## **CHAPTER FOUR ARBITRATION PANEL'S POWER**

### **Article 20. Right of determining disputes jurisdiction**

20.1. The arbitration panel to conduct arbitrage proceedings on the particular dispute shall decide whether the dispute is subject to the jurisdiction of the arbitration stipulated in the Article 6 of this Law.

20.2. The arbitration panel shall determine whether the parties hold an arbitration agreement and such agreement is effective pursuant to the Articles 11.4 and 11.5 of this Law.

20.3. If the parties have complaint on the dispute's jurisdiction, they shall appeal to the arbitration panel prior to making explanations on the main claim.

20.4. If the parties realize that the arbitration panel is abusing their power, they should appeal to the arbitration panel itself at once.

20.5. The arbitration panel shall make a preliminary decision on the appeal according to the Articles 20.3, 20.4 of this Law or shall attach such as decision to the main arbitration award.

20.6. If the parties do not accept the decision, stipulated in the Article 20.5 of this Law, they may appeal to a court of appeal within 30 days after receiving thereof and the decision of the court shall be final.

20.7. Until the decision of a court of appeal is made, the arbitration panel shall continue its arbitrage proceedings.

### **Article 21. Arbitration panel's confirmation of implementation of arbitration awards**

21.1. Unless the parties have agreed otherwise, and the arbitration panel considers necessary for that particular dispute, the arbitration panel may assign responsibility of taking appropriate measures by the parties with a purpose of confirmation of arbitration awards' implementation based on the request of either party.

## **CHAPTER FIVE ARBITRAGE PROCEEDINGS**

### **Article 22. Equality of parties**

22.1. Parties shall be equal before arbitration and shall be ensured of rights to make explanation on demands of the claim, refusal, statement and other relevant evidencing documents.

### **Article 23. Determining Procedures for arbitration proceedings**

23.1. Procedures for arbitration proceedings shall be set forth upon agreement of parties concerned, pursuant to this Law.

23.2. If parties have not agreed upon Procedures for arbitration proceedings, arbitration panel shall conduct arbitration proceedings by the appropriate procedures, they see feasible pursuant to the pertaining Articles of this Law.

### **Article 24. Place of Arbitration**

24.1. The parties shall agree upon the place for Arbitration proceedings.

24.2. If the parties have not agreed upon the place for Arbitration proceedings, Arbitration Panel shall set a place of Arbitration, considering the dispute conditions.

24.3. Unless the parties agreed otherwise and if considered necessary, Arbitration Panel may hold such activities as consultation of the panel, hearing statements of a witness, an expert and parties, inspection of goods, property and documents in other places than the place of Arbitration proceedings.

### **Article 25. Opening of Arbitration hearing**

25.1. Unless parties have agreed otherwise, Arbitration proceedings shall commence from the date, when the defendant receives the plaintiff's appeal of bringing a dispute to Arbitration.

### **Article 26. Language of Arbitration proceedings**

26.1. The arbitration proceedings shall be conducted in the Mongolian language.

26.2. If the parties have agreed otherwise, the arbitration proceedings may be conducted in the languages other than Mongolian.

26.3. If the parties have agreed upon the language for arbitration proceedings specifically, the proceedings shall be conducted in that particular language.

26.4. Arbitrators have a right to ask the parties to translate any documents that shall serve as evidence to the language of arbitration proceedings.

### **Article 27. Plaintiff's claim and explanation of a defendant**

27.1. A claim shall be submitted to arbitration in written and shall be signed by a plaintiff or a representative thereof in arbitration proceedings.

27.2. Unless parties have agreed otherwise, claim contents shall be the same as stipulated in the Article 62 of the Law on Decision of Civil Cases in the Court.

27.3. A defendant has a right to accept the demands of the claim, execute it, conciliate, refuse to accept or make counter claim thereto.

27.4. A defendant shall make a written explanation to the claim on either of the grounds, stipulated in the Article 27.3 of this Law and submit it to the arbitration.

27.5. All relevant necessary documents shall be attached to the claim and explanation of a defendant and additional documents, explaining or evidencing thereof may be supplemented thereto.

27.6. Unless parties have agreed otherwise, parties may make amendments to claim or defendant's explanations during the arbitrage proceeding.

### **Article 28. Hearing of participants' explanation or making arbitration award based on the evidence without hearing**

28.1. Unless parties have agreed specifically whether to have a dispute settled based on available evidencing documents or have it settled by orally presenting evidencing documents to participants, arbitration panel shall decide how to conduct proceedings to settle a dispute.

28.2. Although parties have agreed to have a dispute settled based on the available evidencing documents, but either party submits a request, arbitration panel shall provide the parties with the opportunity to orally present evidencing documents and debate.

28.3. If arbitration panel carries out inspection on goods, property and documents, it is obliged to notify thereabout the parties in advance.

28.4. The parties shall deliver documents and other information pertaining to dispute which are submitted to arbitration, to each other.

28.5. Arbitration panel as well shall deliver experts' reports and other evidencing documents that are being used in making arbitrage awards to the parties concerned.

### **Article 29. Consequences of default by parties**

29.1 Unless parties have agreed otherwise and arbitration panel sees no good reasons for default by parties, it may take the following measures:

29.1.1. suspend the arbitration hearing if it considers appealed claim does not meet requirements, set forth by this Law;

29.1.2. continue to proceed regardless of whether a defendant's explanation meets requirements, set forth by this Law;

29.1.3. if either party fails to appear at the arbitration hearing or to submit necessary evidencing documents, may continue arbitrage proceedings and make an award based on the available evidencing documents.

### **Article 30. Appointing an expert**

30.1. Unless otherwise agreed upon by the parties, arbitration panel may appoint one or more experts to make a report on a particular issue.

30.2. Arbitration panel has a right ask the parties to provide experts with relevant documents pertaining to a dispute, with the opportunity of inspecting goods, property and documents.

30.3. Unless otherwise agreed upon by the parties, upon a request of an arbitration panel or either party, an expert is obliged to participate in the arbitration hearing, make explanations on his/her report, answer the questions of participants.

### **Article 31. Assistance from others**

31.1. If participants are not familiar with the language of arbitration proceedings, or unable to communicate orally or by writing due to being disabled, or if they need professional or other assistance, they may get assistance from relevant bodies /such as translator, interpreter, attorney, representative/.

31.2. Parties may pay directly to those, who rendered necessary assistance or services or may pay to arbitration panel conducting arbitrage proceedings on that particular dispute.

### **Article 32. Maintaining confidentiality**

32.1. Arbitration panel and participants are obliged to maintain confidentiality of secrets of state, organizations and individuals that were revealed during the arbitration proceedings.

### **Article 33. Assistance of a court in filing evidencing documents**

33.1. Arbitration panel or upon approval thereof either party may appeal to a court of appeal to submit evidencing documents pertaining to a dispute and the court shall execute such as request within the framework of its power, stipulated in the Article 46 of the Law on Decision of Civil Cases in the Court.

## **CHAPTER SIX**

### **MAKING ARBITRATION AWARD AND CLOSURE OF ARBITRAGE PROCEEDINGS**

#### **Article 34. Legal norms used in settling of a dispute**

34.1. The parties shall agree upon the legal norms to be used in settling a dispute and arbitration panel shall to settle a dispute using those norms.

34.2. When using the legal norms, agreed by the parties, arbitration panel, unless otherwise stipulated in such an agreement, shall consider and use it as material legal norms of the state.

34.3. If the parties have not agreed upon the legal norms to use in settling a dispute, arbitration panel shall use any other material legal norms that it sees feasible in settling a dispute.

34.4. In settling any disputes, arbitration panel shall take into its consideration of primary agreement concluded between the parties and customary commercial norms on that particular issue.

### **Article 35. Arbitration award**

35.1. A decision of arbitration panel shall be regarded as arbitration award and unless the parties agreed upon otherwise, arbitration panel passes arbitration award by majority of votes.

35.2. If arbitration panel voted unanimously, chairperson of arbitrage hearing may decide himself such matters as procedural issues that may arise during the arbitrage proceedings.

### **Article 36. Conciliation by the parties**

36.1. If the parties conciliate during the arbitrage proceedings, proceeding shall be terminated and conciliation conditions shall be stated and verified in the arbitration award.

36.2. The provisions of the Article 37 of this Law shall apply to the Arbitration decision, passed according to the Article 36.1 of this Law and such a decision shall be regarded effective as arbitration award.

### **Article 37. Arbitration award form and content**

37.1. Arbitration award shall be issued in written form and come into force after being signed by an arbitrator.

37.2. For arbitration award of arbitration panel with more than one arbitrator, it shall come into force after majority of arbitrators sign it and if any arbitrator refuses to sign, it shall state thereabout.

37.3. Content of arbitration award shall consist of the following:

37.3.1. arbitration panel or if there is only one arbitrator, name thereof, place and date of arbitration award;

37.3.2. unless the parties agreed upon otherwise or reached a conciliation, legal basis for arbitration award;

37.3.3. arbitration cost.

37.4. Arbitration award must be delivered to the parties concerned.

37.5. After an arbitration award comes into force, the parties or inheritors thereof do not hold a right to appeal to a court or arbitration on that particular dispute.

### **Article 38. Termination of arbitrage proceedings**

38.1. After arbitration award and a decision, stipulated in the Article 38.2 of this Law, is passed arbitrage proceedings shall be terminated.

38.2. Arbitration panel shall make a decision to terminate arbitrage proceedings on the following cases:

38.2.1. plaintiff withdraws its claim;

38.2.2. the parties have agreed upon to terminate arbitration proceedings;

38.2.3. arbitration panel considers not necessary or unable to continue arbitrage proceedings;

38.2.4. parties fail to make payments for arbitration cost, stipulated in the Article 41.6 of this Law, at the agreed time.

38.3. Although a plaintiff withdraw its claim if a defendant appealed to arbitration panel to have a dispute settled and this was accepted by arbitration panel, arbitrage proceedings shall continue and arbitration award shall be passed.

38.4. Upon termination of arbitrage proceedings, powers of that particular panel terminate as well and it may conduct only such activities as provided by the Article 39 of this Law.

### **Article 39. Amendments, explanations and supplementary decisions to arbitration award**

39.1. Unless parties set up a different date, either party may appeal to have corrections made on such errors as in spelling, calculation, printing and other similar ones within 30 days after receiving arbitration award and it shall notify the other party thereabout.

39.2. Appeal to make amendments on arbitration award shall not be made on other grounds than the ones stipulated in this Law and if such appeal is made, arbitration panel or a court shall not accept it.

39.3. Unless parties set up a different date, either party may appeal to arbitration panel to have explanations made on certain provision or paragraph of award within 30 days after receiving arbitration award and it shall notify the other party thereabout.

39.4. If arbitration panel sees appeals, stipulated in the Article 39.1, 39.3 of this Law have valid reasons; it shall make necessary amendments or explanations within 30 days from date of accepting an appeal and such explanation shall be a part of arbitration award.

39.5. Arbitration panel may make amendments, stipulated in the Article 39.1 of this Law, at its own initiative within 30 days from date of passing arbitration award.

39.6. Unless otherwise agreed upon by the parties, either party may demand a supplementary decision on a claim provision, that is omitted in the arbitration award though it was discussed at the arbitration hearing, within 30 days from date of receiving arbitration award and it must notify the other party thereabout.

39.7. If arbitration panel considers that demand, stipulated in the Article 39.6 of this Law has valid reasons, it shall make a supplementary decision within 60 days from date of acceptance of such demand.

39.8. If arbitration panel sees necessary, it may extend the timing, stipulated in the Article 39.4, 39.7 of this Law.

39.9. In making amendments, explanations or supplementary decision, the Article 37 of this Law shall apply as well.

## **CHAPTER SEVEN**

### **APPEAL TO ANNUL ARBITRATION AWARD**

#### **Article 40. Appeal to annul arbitration award**

40.1. Parties may appeal to a higher level court of the place of arbitrage proceedings to annul arbitration award only on grounds, as stipulated in the Article 40.2 of this Law.

40.2. A court of appeal has a right to annul arbitration award only on the following cases:

40.2.1. if one party to arbitration agreement did not have legal capability or, arbitration agreement was invalid under the laws of a state, agreed upon by parties, if not agreed upon so under the laws of Mongolia;

40.2.2. if arbitration panel failed to notify the parties concerned about the appointment of arbitrators and arbitration proceedings or failed to provide the parties with the opportunity to make explanations on appeal, refusal, statement and other evidencing documents;

40.2.3. if arbitration panel breached the procedure agreed upon by the parties on composing arbitration panel and arbitration proceedings;

40.2.4. if arbitration panel passed award on issues that are not relevant to arbitration agreement and if it not viable to separate such irrelevant parts in arbitration award from the other parts thereof and annul;

40.2.5. if a particular dispute has been proven as not subject to jurisdiction of an arbitration dispute;

40.2.6. if a particular arbitration award infringes interests and national security issues of Mongolia.

40.3. An appeal to annul arbitration award may be submitted within 3 months from date of acceptance of the award and if the parties appealed to arbitration panel on the grounds, stipulated in the Article 39 of this Law, this timing shall be determined starting at the date of settling an appeal.

40.4. If there was violation in annulling arbitration award and either party appealed to have such violation corrected by arbitration panel, a court of appeal may suspend court proceeding and set a timing to supervise arbitration award.

40.5. If arbitration panel fails to correct violation within the timing, set forth by a court according to the Article 40.4 of this Law, a court of appeal annul its decision on suspension and discuss the claim and make its decision thereon.

#### **Article 41. Arbitration cost**

41.1. Taking into account nature of a dispute and necessary timing for settling it, arbitration panel shall plan cost for arbitration proceedings.

41.2. Arbitration panel shall determine the actual cost of arbitration proceedings and state it in arbitration award

41.3. The following shall be parts of arbitration cost:

41.3.1. fees for arbitrators;

41.3.2. expense of arbitrator, incurred during arbitration proceedings;

- 41.3.3. unpaid expenses, stipulated in Article 31.2 of this Law;
- 41.3.4. expenses incurred in connection with witnesses;
- 41.3.5. other expenses from arbitration panel incurred during arbitration proceedings;
- 41.3.6. service fee to arbitration pursuant to the procedure as a permanent arbitration.

41.4. Unless otherwise agreed upon by parties or by arbitration panel , if a plaintiff's claim is fully satisfied, arbitration cost shall be paid by a defendant and if plaintiff's appeal was dismissed, such cost shall be paid by a plaintiff and if partially satisfied, payment shall be made proportionally by parties.

41.5. Due to circumstances such as parties conciliated before arbitration awards or plaintiff withdrew its claim or a defendant fully satisfied the claim or one arbitrator settled a dispute, if the planned cost for arbitration proceedings is less than the actual cost, arbitration panel shall refund the difference to the parties.

41.6. Arbitration panel may have the parties prepay the cost for arbitrage proceedings.

41.7. Arbitration panel shall determine the prepaid amount of arbitrage proceedings cost and if the parties fail to pay at a fixed timing, it shall serve as a ground to suspend or terminate arbitrage proceedings.

## **CHAPTER EIGHT**

### **ACCEPTANCE OF ARBITRATION AWARD AND ENFORCEMENT THEREOF**

#### **Article 42. Confirming of arbitration award and enforcement thereof**

42.1. The parties shall be obliged to fulfill the arbitration award.

42.2. If any of the parties fail to implement the award, the other may appeal to a court of appeal pursuant to the procedures on enforcement of a court decisions.

42.3. Unless otherwise stipulate in laws, international treaties to which Mongolia is a signatory, the period of limitation to appeal to a court, according to the Article 42.2 of this Law shall be 3 years from date of award's coming into force.

42.4. Timing of an appeal to a court about enforcement of foreign arbitration award shall be the same as provision in the Article 42.3.

42.5. The party, appealing for arbitration award enforcement, shall duly attach arbitration award, original copy of arbitration agreement or a certified copy pursuant to relevant procedures /according to laws of state, where arbitration award is passed/ to its appeal.

42.6. Arbitration award or agreement, written in the foreign language, shall be translated into Mongolian and notarized and attached to an appeal.

42.7. If a court of appeal consider an appeal to enforce arbitration award has good reasons, it shall certify that particular arbitration award and write

execution notification pursuant to the Section 184.3 of the Law on decision of Civil Cases in the Court.

42.8. Arbitration award, that came into force according to the Sections 37.1, 37.2 and Article 39 of this Law and enforcement notification thereon shall serve as grounds for enforcement of court decision and any documents, altering its content or deceiving thereof shall be regarded as illegal.

42.9. The fact that a court of appeal has not written enforcement notification based on legal grounds or for uncertain reasons, does not serve as grounds for not enforcing decisions thereof and in this case, court decision enforcement body shall carry out enforcement activities at its own initiative.

**Article 43. Refusal to confirm or enforce arbitration award**

43.1. A court of appeal may refuse to confirm or write enforcement notification for arbitration award on the following cases:

43.1.1. circumstances, stipulated in the Article 40.2, are identified;

43.1.2. if arbitration award has not come into force for parties concerned, or a court of a state, where arbitration award is passed suspended or annulled that particular award.

CHAIRMAN OF THE  
STATE IKH KHURAL

S.TUMUR-OCHIR