Arbitration Procedures and Practice in Cyprus: Overview

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A Q&A guide to arbitration law and practice in Cyprus.

The country-specific Q&A guide provides a structured overview of the key practical issues concerning arbitration in this jurisdiction, including any mandatory provisions and default rules applicable under local law, confidentiality, local courts' willingness to assist arbitration, enforcement of awards, and the available remedies, both final and interim.

Legislative Framework

Applicable Legislation

1. What legislation applies to arbitration?

Principal Legislation

Sources of law. The following sources of law apply to arbitration in Cyprus:

- The *Arbitration Law 1944 (Cap. 4)* (Arbitration Law), which governs domestic arbitration.
- The International Commercial Arbitration Law (101/1987) (ICAL), which applies solely to arbitrations that are both international and commercial in nature (section 3(1), ICAL).
- The *New York Convention* (ratified in Cyprus by the Ratification Law (84/1979).
- The Foreign Courts Judgments (Recognition, Registration and Enforcement) Law of 2000 (Law 121(I)/2000), a procedural law which applies in recognition/enforcement proceedings of an award issued in a foreign country with which the Republic of Cyprus has concluded or is bound by a treaty on the mutual recognition and enforcement of judgments and arbitral awards.

Domestic or international. Cyprus distinguishes between domestic and international arbitration. The ICAL is limited to arbitrations that are both international and commercial. An arbitration is considered international if either:

- The parties to the arbitration agreement have, at the time of the conclusion of that agreement, their places of business in different states.
- One of the following places is situated outside the state in which the parties have their places of business:
    - the place of arbitration, if determined in the arbitration agreement;
    - any place where a substantial part of the obligations of the commercial relationship is to be performed or the place with which the subject matter of the dispute is most closely connected.
- The parties have expressly agreed that the subject matter of the arbitration agreement relates to more than one country.

An arbitration is considered commercial if it relates to issues of a commercial nature, contractual or not.

UNCITRAL Model Law on International Commercial Arbitration 1985 (UNCITRAL Model Law)

The ICAL is almost identical to the *UNCITRAL Model Law*. In February 2024, the ICAL was amended to bring it more in line with the amendments introduced to the UNCITRAL Model Law in 2006 (ICAL Amendment).

Mandatory Legislative Provisions

> 2. Are there any mandatory legislative provisions? What is their effect?

The parties generally have broad freedom to agree the rules and procedure governing an arbitration.

Mandatory rules are limited to issues relating to:

- The court's powers as these are determined in the laws.
- Immunity of arbitrators.
- The issue of the arbitral award, the challenge of its validity, and its recognition and enforcement by the national courts.

The following provisions of the ICAL are mandatory:

- **Article 2A.** Definition of international arbitration.
- **Article 5.** Waiver of the right to object.
- **Article 6.** Extent of court intervention.
- **Article 7.** Definition and form of the arbitration agreement.

- **Article 8.** Arbitration agreement and substantive claim before a court.
- **Article 12.** Grounds for challenge.
- **Article 14.** Failure or impossibility to act.
- **Article 16.** Competence of arbitral tribunal to rule on its jurisdiction.
- **Article 18.** Equal treatment of the parties.
- **Article 27.** Court assistance in taking evidence.
- **Article 31.** Form and contents of award.
- **Article 32.** Termination of proceedings.
- **Article 34.** Application for setting aside as exclusive recourse against an arbitral award.
- **Article 35.** Recognition and enforcement.
- **Article 36.** Grounds for refusing recognition or enforcement.

If the parties do not exclude in their agreement the court's power to issue interim provisional measures, then the following provisions of the ICAL are also mandatory:

- **Article 17A.** Conditions for granting interim measures.
- **Article 17C.** Specific regime for preliminary orders.
- **Article 17D.** Modification, suspension, and termination.
- **Article 17E.** Provision of security.
- **Article 17F.** Disclosure.
- **Article 17G.** Costs and damages.
- **Article 17H.** Recognition and enforcement.
- **Article 17I.** Grounds for refusing recognition or enforcement.
- **Article 17J.** Court-ordered interim measures.

3. Does the law prohibit any types of dispute from being resolved through arbitration?

Generally, all commercial matters are arbitrable.

The following disputes cannot be resolved through arbitration:

- Criminal matters.
- Matrimonial and family matters.
- Disputes concerning minors.
- Disputes with public policy implications.

The Arbitration Law does not apply in relation to proceedings of an arbitral tribunal under the Trade Disputes (Conciliation, Arbitration and Inquiry) Law, or in relation to any award that this kind of tribunal issues. In addition, a tribunal has limited powers to make orders that affect the status of a Cyprus company, such as a winding-up order or rectification of a company's register of members, although the substantive dispute may be arbitrable.

Limitation

4. Does the law of limitation apply to arbitration proceedings?

The law of limitation applying to court proceedings also applies to domestic and international arbitrations (Article 21, IACM Law; Article 24, Arbitration Law).

#he general limitation period is, unless provided otherwise by law, ten years from when the cause of the action was completed (Article 4, Limitation Law (L.66(I)/2012)). The Limitation Law provides different limitation periods for different causes of action (for example, six years in relation to general torts and breach of contract, but less in specific causes of actions such as negligence or contracts with certain service providers).

Commencement of arbitration proceedings interrupts the limitation periods (Article 17(d), Limitation Law).

Arbitration Institutions

5. Which arbitration institutions are commonly used to resolve large commercial disputes?

Arbitrations in Cyprus are usually ad hoc. However, the most commonly used arbitration institutions in Cyprus are:

- The *Cyprus Eurasia Dispute Resolution and Arbitration Centre* (CEDRAC).
- The *Cyprus Arbitration and Mediation Centre* (CAMC).

- The *ETEK ADR Center*, which offers alternative dispute resolution services (including arbitration) in the context of construction and technical contracts

Jurisdictional Issues

6. What methods are available for a party to challenge the tribunal's jurisdiction? Does the tribunal or the local court determine issues of jurisdiction?

The principle of kompetenz-kompetenz applies. It allows appointed arbitrators to determine their own jurisdiction to hear and decide the dispute before them, and to examine any objections raised about the existence or the validity of an arbitration agreement.

In relation to international arbitrations, section 16 of the ICAL explicitly provides that an arbitral tribunal has competence to rule on its own jurisdiction. No similar provision is contained in the Arbitration Law regarding domestic arbitrations, but caselaw recognises this doctrine and the courts apply it.

Where a party objects to the arbitral tribunal's jurisdiction, the plea must be raised no later than the submission of the statement of defence (section 16, ICAL). If the arbitral tribunal makes a preliminary ruling that it has jurisdiction to determine the dispute, any objecting party can request the Cypriot court to decide the issue of jurisdiction within 30 days of receiving the arbitral tribunal's notice on jurisdiction. The decision is final and is not subject to appeal. Further, the arbitral tribunal can continue the arbitration proceedings until the national court's determination on the issue.

Generally, in deciding on the validity of the arbitral tribunal's decision to seize jurisdiction, the court can do either of the following:

- Conduct a new complete review of the facts and circumstances of the dispute, the wording and validity of the arbitration agreement, the procedure for appointing the arbitral tribunal, and so on.
- Merely review the tribunal's decision, taking the presumption that the decision is correct.

The argument in favour of a complete review is that it is more likely to prevent a defective arbitration agreement from ultimately causing an award to be vacated, and therefore unnecessarily wasting the parties' time, effort and resources. Unfortunately, the issue has not yet been cleared by the Cypriot courts and there is no settled law on this point.

See also *Question 12, Arbitration in Breach of a Valid Jurisdiction Clause*.

There are also circumstances where the arbitration tribunal's jurisdiction can be questioned by the Cyprus courts, which also have the power to decide on the matter in the following cases:

- Where a respondent to arbitration proceedings omits to respond to the notice of arbitration, the initiating party must apply to the court for the appointment of an arbitrator, in which case the respondent party can oppose the application and challenge the jurisdiction of an arbitration tribunal to hear the dispute.
- A party to the arbitration agreement can choose to initiate litigation proceedings in breach of the arbitration agreement and the defendant can apply to the court for an order for stay of the proceedings in the light of the arbitration agreement. At the hearing of the application for stay, the court examines the arbitration agreement and decides on whether the specific dispute should be resolved through arbitration proceedings.
- After the award is issued, the courts can hear and decide an application to set aside or refuse to recognise an award on the ground that the tribunal lacked jurisdiction to hear the matter.

Arbitration Agreements

Validity Requirements

7. What are the requirements for an arbitration agreement to be valid and enforceable?

Substantive/Formal Requirements

Formal requirements. In both international and domestic arbitration, the arbitration agreement must be in writing (section 7, ICAL; section 2(1), Arbitration Law).

An agreement is deemed to be in writing if it is contained in:

- A document signed by the parties.
- The exchange of letters, telex, telegrams, or other means of telecommunication that provide a record of the agreement.
- An exchange of statements of claim and defence in which the existence of an agreement is alleged by one party and not denied by the other.

An arbitration agreement is also considered to be in writing if:

- It is included in electronic communication, if the information is accessible and usable for subsequent reference (section 7(4), ICAL).
- It is included in the exchange of statements of claim and defence, which include an allegation by one of the parties of the existence of an arbitration agreement, which is not rebutted by the other party (section 7(5), ICAL).

- A reference in a contract to any document containing an arbitration clause is such as to make that clause part of the contract (section 7(6), ICAL).

There are no other formal requirements.

Substantive requirements. An arbitration agreement is void if its terms are uncertain or if there is no clear reference to arbitration. (See *Finnegan v Sheffield City Council [1988] 43 B.L.R. 124* (English judgments are persuasive precedents for Cypriot courts).)

Separate Arbitration Agreement

The arbitration agreement can be either:

- An arbitration clause in the contract.
- A separate arbitration agreement.
- A reference in a contract to another document containing an arbitration clause, if the contract is in writing and the reference is such as to make the clause an integral part of the contract.

Unilateral or Optional Clauses

8. Are unilateral or optional clauses enforceable?

Although there is no case law on the matter, unilateral or optional clauses appear to be enforceable in view of the approach of the courts to enforce arbitration clauses in general. If litigation is initiated while the beneficiary of the optional clause wishes to proceed to arbitration, then on an application from the beneficiary, the court should stay the litigation proceedings and refer the disputes to arbitration.

Third Parties

9. Can a non-signatory to an arbitration agreement be joined to the arbitration proceedings?

Generally, a non-signatory to an arbitration agreement cannot be joined to the arbitration proceedings without their consent.

However, non-signatories to an arbitration agreement can be bound by the agreement by operation of the group of companies doctrine. Under this doctrine, obligations and duties deriving from an arbitration agreement between two parties can also in some circumstances bind other members of the same group of companies or by operation of the general principles of private law, such as assignment of a contract, agency, and succession.

10. Can a non-signatory compel a party to the arbitration agreement to arbitrate disputes under the arbitration agreement?

Apart from the circumstances set out in *Question 9*, a non-signatory cannot compel a party to the arbitration agreement to arbitrate disputes under the arbitration agreement.

Separability

11. Does the arbitration law recognise the separability of arbitration agreements?

Cyprus law recognises the separability of arbitration agreements. Section 16(1) of the ICAL states that an:

- Arbitration agreement that forms part of a contract is considered a separate agreement from the rest of the contract.
- Arbitral tribunal's decision that the contract is void at the outset does not necessarily affect the validity of the arbitration agreement.

The courts will uphold an agreement to arbitrate even when the contract of which it is a clause is breached by one of the parties or is declared invalid. The arbitration clause will survive even when the contract is deemed invalid, non-existent, or ineffective due to a mistake about the identities of the signatories, undue influence, non est factum (that is, where the contact is fundamentally different from what a party intended to execute), and so on. However, the arbitration agreement will not survive in cases where it is considered invalid or non-existent for the same reasons that the contract as a whole is invalid or non-existent. For example, an arbitration agreement will not survive when the whole contract containing the arbitration clause is a result of forgery, as the forgery will also nullify the arbitration agreement.

The court can order at its discretion that the arbitration agreement ceases to have effect when an issue of fraud on behalf of one of the parties is raised (section 9(2), Arbitration Law).

If the parties made an express choice of law to govern the arbitration agreement, then that law would apply. In the absence of an express choice of law, the courts examine whether the parties have made an implied choice of law and, if not, the courts apply the law with the closest and most real connection to the arbitration agreement. This will often be the law of the seat of arbitration.

Breach of Dispute Resolution Clause

12. What remedies are available where a party starts court proceedings in breach of an arbitration agreement or initiates arbitration in breach of a valid court jurisdiction clause?

Court Proceedings in Breach of an Arbitration Agreement

International arbitration. Where a dispute arising under an arbitration agreement is brought before a Cyprus court, a party can apply to the court and request that the dispute be referred for adjudication to arbitration (section 8, ICAL). On such a request, the court issues an order for a stay or dismissal of the proceedings before it, unless it finds that the agreement is null and void, inoperative, or incapable of being performed.

Domestic arbitration. Similar provisions apply to domestic arbitrations under section 8 of the Arbitration Law. However, the court has discretion to stay the proceedings.

Arbitration in Breach of a Valid Court Jurisdiction Clause

The arbitral tribunal can rule on its own jurisdiction (section 11, ICAL). Therefore, a party alleging that the arbitration proceedings were commenced in breach of a valid jurisdiction clause can file a relevant application before the tribunal and request a ruling that the tribunal has no jurisdiction to adjudicate the dispute. A plea that the arbitral tribunal does not have jurisdiction cannot be raised after the submission of the statement of defence.

The arbitral tribunal can rule on its own jurisdiction either as a preliminary question or in an award on the merits. If the arbitral tribunal rules as a preliminary question that it has jurisdiction, any party can request the court to decide the matter, within 30 days of having received notice of that ruling. This decision is not subject to appeal.

13. Will the local courts grant an injunction to restrain proceedings started overseas in breach of an arbitration agreement?

Cyprus courts can grant an injunction to restrain proceedings started overseas in breach of an arbitration agreement, but they are generally reluctant to grant them. These orders are issued against the party and not against the foreign court or tribunal, but they have the effect of restraining the continuation of the arbitration (as otherwise the party against whom the order is issued can be liable for breach of the court order and face contempt of court proceedings).

However, while Cypriot courts can stay proceedings before them in favour of arbitration, they cannot issue an anti-suit injunction restraining court proceedings commenced in another EU member state.

Arbitrators

Qualifications and Characteristics

14. Are there any legal requirements relating to the qualifications and characteristics of arbitrators?

Qualifications

There are no requirements regarding arbitrators' qualifications. Arbitrators do not require a licence to serve as an arbitrator in Cyprus. However, the parties can include requirements in their arbitration agreement. This is the same for international and domestic arbitration.

Characteristics

There are no requirements regarding arbitrators' characteristics. Arbitrators do not need to be a Cyprus national. However, the parties can include requirements in their arbitration agreement. This is the same for international and domestic arbitration.

Independence and Impartiality

15. Are there any requirements relating to arbitrators' independence or impartiality?

International Arbitration

Any person who is requested to be appointed as arbitrator must disclose any circumstances that are likely to give rise to justifiable doubts as to their impartiality or independence (section 12(1), ICAL). Arbitrators remain under this obligation following their appointment and until the completion of the arbitration proceeding.

The conditions that must be satisfied for the removal of an arbitrator and the procedure to be followed are provided in sections 12 to 14 of the ICAL.

Arbitrators, parties, and counsel often refer to the IBA Guidelines on Conflicts of Interest in International Arbitration to assess the impartiality and independence of arbitrators.

Domestic Arbitration

The domestic Arbitration Law does not include requirements relating to independence or impartiality. However, if it is revealed that an arbitrator is not impartial, the court can remove the arbitrator at a party's request and annul an arbitral award issued by the arbitrator (section 20, Arbitration Law).

The conditions that must be satisfied for the removal of arbitrator and the procedure to be followed are provided in sections 14 to 20 of the domestic Arbitration Law.

Appointment and Removal

16. Does the law contain default provisions relating to the appointment and removal of arbitrators?

Appointment of Arbitrators

Neither ICAL nor the Arbitration Law impose any limits on the parties' autonomy to select arbitrators.

International arbitration. The parties are free to determine the number of arbitrators and the appointment procedure, and can select anyone as arbitrator, irrespective of their nationality (sections 10, 11(1) and (2), ICAL).

If the parties do not determine the number of arbitrators, the arbitration will be carried out by three arbitrators (section 10(b), ICAL). In the absence of agreement between the parties, there are default provisions relating to the appointment of arbitrators:

- In an arbitration with three arbitrators:
    - each party must appoint one arbitrator;
    - the two arbitrators who are appointed then appoint the third arbitrator;
    - if a party fails to appoint the arbitrator within 30 days of the receipt of a request to do so from the other party, or if the two arbitrators fail to agree on the third arbitrator within 30 days of their appointment, the appointment will be made by the court, at the request of a party.
- In an arbitration with a sole arbitrator, if the parties are unable to agree on the arbitrator, the arbitrator will be appointed by the court at the request of a party.

(Section 11(3), ICAL.)

In certain circumstances, the Cypriot courts can intervene in the appointment process at the request of a party, unless otherwise agreed by the parties (section 11(4), ICAL).

Domestic arbitration. Cypriot courts can appoint an arbitrator, umpire, or third arbitrator where the appointment is not made within seven clear days after notice has been served (section 10(2), Arbitration Law).

Where the arbitration agreement provides for the appointment of two arbitrators (one appointed by each party), then unless the agreement expresses a contrary intention:

- If one of the two appointed arbitrators refuses to act or fails to act, the party that appointed that arbitrator can appoint a replacement arbitrator.
- If either party fails to appoint an arbitrator, either initially or as a replacement, within seven business days following the day on which the other party (having appointed its arbitrator) served notice on the party that has failed to make their appointment, the party that appointed their arbitrator can appoint that arbitrator as the sole arbitrator in the proceedings.

The court can annul any appointment made on the basis of these provisions.

(Section 11, Arbitration Law.)

Further, where the agreement provides for appointment of three arbitrators, one to be appointed by each party and the third to be appointed by the two parties, the agreement applies as if it provided for an umpire rather than a third arbitrator (section 12, Arbitration Law).

Removal of Arbitrators

Removal. There are default provisions relating to the removal of arbitrators:

International arbitration. The parties can agree on a procedure for challenging an arbitrator (section 13, ICAL). If a challenge under any procedure agreed on by the parties is not successful, the challenging party can request, within 30 days of receiving notice of the decision rejecting the challenge, the court to decide on the challenge. The court's decision is final and not subject to appeal. While such a request is pending before the court, the arbitral tribunal, including the challenged arbitrator, can continue the arbitral proceedings and make an award.

In the absence of agreement between the parties, there are default provisions relating to the challenge of arbitrators:

- A party can challenge the appointment of an arbitrator and seek their removal at the time the tribunal is constituted or later, if new facts come to light regarding their impartiality. In international arbitrations, an arbitrator can be challenged, where circumstances exist that give rise to justifiable doubts as to their impartiality or independence, or where the arbitrator does not possess the qualifications agreed by the parties (Article 12, ICAL).
- A party can challenge an arbitrator that they appointed (or in whose appointment they participated), only for reasons of which they become aware after the appointment has been made.
- Parties can agree to remove an arbitrator if the arbitrator becomes legally or factually unable to perform their functions or for other reasons fails to act without undue delay (section 14, ICAL). Otherwise, if disagreement remains concerning any of these grounds, any party can request the court to decide on the termination of the mandate, from which decision there is no appeal.

Domestic arbitration. A court can, on an application made by any party, remove an arbitrator who fails to act expediently in the proceedings and in issuing their decision (section 13, Arbitration Law).

Additionally, a court can remove an arbitrator who has misconducted themselves or the proceedings (section 20, Arbitration Law). In this case, any award made by the arbitrator will be cancelled. Misconduct includes:

- Behaviour that tends to destroy the trust that the litigants should have towards an arbitrator that they will reach a fair decision.
- Bribery of the arbitrator or the existence of a secret interest in the dispute.
- Morally or ethically improper behaviour.
- Wrongful admission or exclusion of evidence.
- The acceptance of extrinsic evidence for the interpretation of the contract.

Procedure

Commencement of Arbitral Proceedings

17. Does the law provide default rules governing the commencement of arbitral proceedings?

International Arbitration

Unless otherwise agreed by the parties, the arbitral proceedings commence on the date on which a request for the dispute to be referred to arbitration is received by the respondent (section 21(1), ICAL).

Domestic Arbitration

An arbitration is deemed to be commenced when one party to the arbitration agreement serves on the other party or parties a notice requiring them to appoint an arbitrator or, where the arbitration agreement names or designates a person, requiring them to submit the dispute to that person (section 24(3), Arbitration Law).

Applicable Rules and Powers

18. What procedural rules are arbitrators bound by? Can the parties determine the procedure that applies? Does the law provide any default rules governing procedure?

Applicable Procedural Rules

International arbitration. There are no specific procedural rules that apply in international commercial arbitrations and the parties can agree on the procedural rules that will be followed. The parties usually agree to adopt the rules of arbitral institutions, such as the Arbitration Rules of the International Chamber of Commerce (ICC) International Court of Arbitration or the UNCITRAL Arbitration Rules.

Domestic arbitration. The same applies in domestic arbitrations. The First Schedule of the Arbitration Law includes implied terms, which are considered part of the arbitration agreement unless the agreement explicitly provides otherwise.

Default Rules

International arbitration. In the absence of agreement between the parties, the arbitral tribunal can conduct the arbitration in any manner it considers appropriate.

Domestic arbitration. In the absence of any applicable rules on the matter, the First Schedule of the Arbitration Law includes implied terms, which are considered part of the arbitration agreement. The Civil Procedure Rules apply mutatis mutandis in relation to proceedings initiated under the Arbitration Law (section 30, Arbitration Law).

Evidence and Disclosure of Documents

19. Are there any mandatory or default rules governing disclosure or production of evidence? Can the parties set the rules on disclosure of documents and production of evidence by agreement?

International Arbitration

The parties can agree the rules and scope of disclosure.

If there is no agreement, the tribunal can determine the rules and procedure on the admissibility, relevance, and significance of any evidence brought before it (section 19 (2), ICAL). These rules can include provisions empowering the tribunal to issue orders binding the parties to the arbitration for disclosure of documents, attendance of witnesses, and so on.

In addition, unless otherwise agreed by the parties, the arbitral tribunal can appoint one or more experts to report to it on specific issues put to them by the arbitral tribunal (section 26, ICAL).

Further, the tribunal or any of the parties with approval from the tribunal may request a Cyprus court's assistance in taking evidence (section 27, ICAL) (see *Question 22*).

Domestic Arbitration

Among the provisions implied in the agreement to arbitrate, in the absence of a contrary agreement of the parties, the parties must produce all relevant documents that could form the basis of a request for production through a direction of the tribunal (Schedule A, Arbitration Law).

In addition, any party to an arbitration can apply to the court for the issue of a summons requiring any person to attend for examination or to produce any document, provided that no person will be compelled under any such writ to produce any document that they could not be compelled to produce on the trial of an action (section 17, Arbitration Law).

Further, third parties can be summoned to appear before the tribunal for the purposes of testifying or producing documents.

A party to arbitration proceedings in Cyprus who wishes to rely on section 17 of the Arbitration Law or section27 of ICAL can apply to the court for the issuance of a witness summons in the same manner as in court proceedings (Part 44.13, Civil Procedure Rules). The applicant must show that the application is filed with the arbitral tribunal's leave or with the agreement of all parties.

20. How, in practice, does the scope of disclosure in arbitrations compare with disclosure in domestic court litigation?

The general rules of evidence governing court proceedings apply to arbitrations (*DH.MA.RO LTD v Lakis Construction Ltd (2010) 1 SCJ 223*). The tribunal can order the disclosure of any documents that are deemed to be relevant to the subject matter of the dispute between the parties. Therefore, the scope of disclosure is very similar to that in court litigation.

However, if the parties have agreed to adopt the IBA Rules on the Taking of Evidence in International Arbitration, these rules will apply.

Confidentiality

21. Is arbitration confidential? If so, what is the scope of that confidentiality and who is subject to the obligation?

Neither the ICAL nor the Arbitration Law contain any express confidentiality provisions. However, arbitration is presumed to be confidential, as it is based on the agreement of the parties and is therefore a private mechanism for dispute resolution. The arbitrators and the parties must not divulge, disclose, or reveal information in relation to the proceedings, documents used in the proceedings, or the award.

Confidentiality in arbitration has been examined in various English cases, which form persuasive precedents in Cyprus. For example, in *Dolling-Baker v Merret [1990] 1 WLR 1205*, Parker LJ stated that although arbitration proceedings are consensual and wholly voluntary, their very nature implies an obligation on the parties not to disclose or use for any other purpose

information used, disclosed, or produced in the arbitration without the consent of the other party or under an order or leave of the court.

However, disclosure may be permissible in the following circumstances:

- Where it is reasonably necessary for the protection of the arbitrating parties (*Hassneh Insurance Co. of Israel v Stuart J. Mew [1993] 2 Lloyd's Rep.243 QB*).
- For the purposes of invoking the supervisory roles of the court over arbitration awards and for enforcing the award itself (*Hassneh Insurance Co. of Israel v Stuart J. Mew [1993] 2 Lloyd's Rep.243 QB*).
- The public interest or the interests of justice require it (*Emmott v Michael Wilson & Partners [2008] EWCA (Civ) 184 CA*).
- There is express or implied consent of the parties (*Emmott v Michael Wilson & Partners [2008] EWCA (Civ) 184 CA*).

In addition, some confidentiality may be lost where a party requests the court for registration and enforcement of a national or international arbitration award and the other side opposes, as court judgements are published.

Courts and Arbitration

22. What are the court's powers to intervene to assist arbitration proceedings seated in their jurisdiction?

There is no particular court that has jurisdiction over arbitration-related applications. Applications are made to the first instance civil courts, which are the District Courts of Cyprus. Section 21 of the Courts of Justice Law determines the territorial jurisdiction of the District Court of Cyprus. If there is no territorial connection with a specific District Court under section 21(1)(a)-(e) of the Courts of Justice Law, then section 21(3A) also provides that where the jurisdiction of the court arises under EU law, international law, or any law in force (including the provisions of the Civil Procedure Rules and the common law), the competent court is the Nicosia District Court, unless otherwise provided.

International Arbitration

A local court can intervene to assist arbitration proceedings seated in its jurisdiction, at the request of a party to the proceedings. In particular, the court can:

- Intervene in the arbitrator appointment process (section 11(4), ICAL) (see *Question 16*).
- Assist in the taking of evidence (section 27, ICAL).
- Order protective measures at any time before or during the arbitration proceedings, that support and are issued in parallel with the arbitration proceedings (section 9, ICAL). They usually relate to the protection of the subject matter of the arbitration proceeding.

- Issue interim measures in relation to arbitration proceedings (section 17J, ICAL).
- Order the recognition and enforcement of interim measures issued by an arbitral tribunal, irrespective of the country in which it was issued (section 17H, ICAL).

Domestic Arbitration

A local court can intervene to assist arbitration proceedings seated in its jurisdiction, at the request of a party to the proceedings. In particular, the court can:

- Intervene in the arbitrator appointment process (section 10, Arbitration Law).
- Order security of costs.
- Order the discovery of documents and interrogatories.
- Take and preserve evidence.
- Maintain, store, or sell any goods that are the subject matter of the arbitration.
- Secure the amount of the dispute.
- Detain, preserve, or inspect any property or thing that is the subject of the arbitration.
- Other interim relief or appointment of a receiver.

23. In what circumstances might a local court interfere to frustrate an arbitration seated in its jurisdiction?

Risk of Court Intervention

There are no reported cases of courts interfering to frustrate an arbitration.

Delaying Proceedings

In theory, it is possible to delay proceedings by making applications to the court. Depending on the type of application made to the court, the arbitration may be delayed for three to six months or more. However, parties rarely do this in practice.

Insolvency

24. What is the effect on the arbitration of pending insolvency of one or more of the parties to the arbitration?

Where an arbitration term is included in an agreement to which one of the parties is bankrupt, the agreement is enforceable against that party if the trustee in bankruptcy adopts the agreement (section 5, Arbitration Law). If this provision does not apply (for example, where the clause is included in a burdensome contract that relates to land), the trustee in bankruptcy or any other party to the agreement can apply to the court for an order referring any disputed matter covered by the agreement to arbitration, in accordance with the arbitration agreement.

If a party is declared insolvent during an arbitration, the trustee in bankruptcy or the appointed Receiver must request permission from the court to continue the arbitration in the name of the insolvent party.

Remedies

Interim Remedies

25. What interim remedies are available from the tribunal?

Interim Remedies

International arbitration. The provisions included in Chapter IV A of the UNCITRAL Model Law on interim measures and preliminary orders are incorporated into the ICAL in the following Articles:

- **Article 17.** Unless the parties agreed otherwise, the tribunal can, at the request of a party, grant interim measures. An interim measure is any temporary measure, whether in the form of an award or in another form, by which, at any time before the issuance of the award by which the dispute is finally decided, the arbitral tribunal orders a party to:
    - maintain or restore the status quo pending determination of the dispute;
    - take action that would prevent, or refrain from taking action that is likely to cause, current or imminent harm or prejudice to the arbitral process itself;
    - provide a means of preserving assets out of which a subsequent award may be satisfied; or
    - preserve evidence that may be relevant and material to the resolution of the dispute.

    The provisions of this Article apply mutatis mutandis in the event that the arbitration procedure, as determined by the parties, provides for the appointment of an interim arbitrator to resolve an urgent dispute.
- **Article 17A.** This provides the conditions for the issuance of interim measures.

- **Article 17B.** This allows a party, unless otherwise agreed by the parties, without notice to any other party, make a request for an interim measure together with an application for a preliminary order directing a party not to frustrate the purpose of the interim measure requested.
- **Article 17C.** This provides for the specific regime for preliminary orders.
- **Article 17D.** This provides for modification, suspension, and termination of interim measures or preliminary orders.
- **Article 17E.** This covers the provision of security.
- **Article 17F.** This provides that the arbitral tribunal may require:
    - any party to disclose promptly any serious change in the circumstances on the basis of which the measure was requested or granted; and
    - that a party applying for a preliminary order must disclose to the arbitral tribunal all circumstances that are likely to be relevant.

    This obligation continues until the party against whom the order has been requested has had an opportunity to present its case.
- **Article 17G.** This covers costs and damages.
- **Article 17H.** This covers recognition and enforcement of interim measures. Specifically, an interim measure issued by an arbitral tribunal is recognised as binding and, unless otherwise provided by the arbitral tribunal, enforced on application to the competent court, irrespective of the country in which it was issued. This is subject to the provisions of Article 17I and in accordance with the provisions of the Ratification Law 84/1979 by which the New York Convention was adopted in Cyprus.
- **Article 17I.** This covers the grounds for refusing recognition or enforcement.

Domestic arbitration. #he Arbitration Law does not contain similar extensive provisions. However, if the parties agree to allow the arbitrators to issue interim remedies or adopt rules that provide for the power to issue interim remedies, then these will be available.

Without Notice Applications

A party can, without notice to any other party, make a request for an interim measure together with an application for a preliminary order directing a party not to frustrate the purpose of the interim measure requested (Article 17B, ICAL).

The Arbitration Law does not include any provisions empowering the tribunal to grant interim relief on a without notice basis.

Security

Neither the ICAL nor the Arbitration Law gives the tribunal the power to award security for costs. The availability of this remedy depends on the arbitration rules chosen or adopted by the parties.

Final Remedies

26. What final remedies are available from the tribunal?

An arbitral tribunal can award any type of remedy, including damages, injunctions, specific performance, declarations, costs, and interest, except where:

- The existence or dissolution of a Cyprus company or the rectification of any of its registers is involved.
- A remedy would affect the registration of rights over immovable property situated in Cyprus.
- Other public policy reasons dictate that the relevant remedy can only be granted by the court.

Appeals

27. Can an arbitral award be appealed or challenged in the local courts? What are the grounds and procedure? Can the parties waive any rights of appeal or challenge to an award by agreement before the dispute arises?

Rights of Appeal or Challenge

International arbitration. An international arbitral award rendered in Cyprus can be annulled if one of the grounds in section 34 of the ICAL are fulfilled.

Domestic arbitration. An arbitral award rendered in Cyprus can be annulled if the provisions of section 20 of the Arbitration Law are fulfilled. The parties can appeal against the arbitral award to the District Courts of Cyprus if the arbitrator or the umpire has misconducted themselves, the proceedings, or the arbitration process, or the award was improperly issued (section 20). The latter ground is very wide and includes matters of jurisdiction and anything else that would render an award invalid or unenforceable.

General. There is no relevant case law relating to agreements to exclude any basis of challenge against an arbitral award that would otherwise apply by law. The general position is that parties cannot contract out of the law's protection, and therefore any provision that would prevent a party from challenging an award is unlikely to be enforceable.

Grounds and Procedure

International arbitration. The proceedings must be initiated before the relevant District Court, within three months of the arbitral award's notification (section 34(3), ICAL). The other party has the right to oppose this application, and following the filing of a Notice to Oppose, the application proceeds to a hearing.

An arbitral award can be annulled only if either:

- The applicant proves that:
    - one of the parties to the arbitration agreement lacked contractual capacity at the relevant time, or the arbitration agreement is invalid based on the applicable law that the parties chose or in the absence of a chosen applicable law, based on Cyprus laws;
    - the party was not notified in a timely manner and on a regular basis of the appointment of the arbitrator or the arbitral proceedings, or has by any other means been deprived of a chance to present their case;
    - the arbitral award refers to matters irrelevant to the terms of the submission to arbitration or contains decisions beyond the scope of the arbitration;
    - the composition of the tribunal or the procedure of arbitration was in breach of the agreement of the parties, unless their agreement is contrary to a mandatory provision of the ICAL, or in the absence of agreement between the parties, it was made contrary to the provisions of the ICAL.

    (Section 27, ICAL.)
- The court finds that:
    - the subject matter of the dispute is not arbitrable under Cypriot law;
    - the award is in conflict with the public policy of Cyprus.

Domestic arbitration. The proceedings must be initiated before the relevant District Court. There is no specific time limit under the Arbitration Law.

An arbitral award can be appealed if:

- The arbitrator or the umpire has misconducted themselves or the proceedings or arbitration process.
- The award has been improperly procured.

Waiving Rights of Appeal

The parties cannot waive their right to appeal or apply for an annulment of an award by agreement, if this right is provided by law. Any contractual restriction on the right to appeal is invalid. This applies to international and domestic arbitrations.

28. What is the time limit to challenge or appeal an arbitration award rendered inside your jurisdiction?

International Arbitration

The time limit to apply for annulment of an international arbitration award is three months from the date the arbitral award was notified to the parties (section 34(3), ICAL).

Domestic Arbitration

The Arbitration Law does not set a time limit. It should be assumed that such an application must be filed within a reasonable time from the issue of the domestic arbitral award.

Costs

29. What legal fee structures can be used? Are fees fixed by law?

Fee Structures

The parties are free to determine the fee structures for legal representation. The most usual fee structures used are hourly rates or task-based billing.

Contingency fees are not permitted.

Third Party Funding

Third party funding is not common in Cyprus. It is not regulated and the Cypriot courts have not examined this matter extensively. The concept of public policy and the equitable principles of champerty and maintenance may constitute impediments to the availability of third party funding, although the position is unclear. In *Kazakhstan Kagazy PLC a.o. # Arip a.o., General Application: 1/2020, 31/1/2022* (although in the context of recognition and enforcement of a foreign judgment under the relevant EU Regulation), the court examined an application to set aside an order for recognition and enforcement on the ground that it would be contrary to Cypriot public policy due to the existence of a third party funding agreement. The court held that the funding agreement did not in fact violate the doctrine of maintenance and champerty, by drawing guidance from a number of other common law jurisdictions and having in mind that in Cyprus there has never been such a prohibition by law. The decision was issued by a first instance court and is therefore of persuasive but not binding nature. The matter has not been examined by the Supreme Court.

30. Are there any mandatory or default rules governing the allocation of costs?

Cost Allocation

International arbitration. The ICAL does not regulate cost allocation.

The losing party generally bears the costs of the winning party. However, costs incurred for a specific part of the arbitration proceeding can be adjudicated against a specific party (even if the party is the winning party), if there are reasons supporting this (for example, if that party has caused unreasonable or intentional delay in the proceedings).

Domestic arbitration. The Arbitration Law does not regulate costs allocation. However, any provision in an arbitration agreement that provides that the parties or any of them must pay their own costs for the referral or the arbitration award, or any part of those costs, is void (section 23, Arbitration Law). This does not apply to costs provisions forming part of an agreement to submit to arbitration any dispute that arose before the signing of the agreement**.**

If the arbitral award does not make any provision for costs, either party can, within 14 days of the publication of the award or a longer period as the court may order, apply to the arbitrator for a costs order to be added to the decision.

Costs Calculation

The tribunal asks the winning party to provide information and receipts relating to the costs it incurs in the arbitration, and can issue an award for costs on the basis of this information. Costs include counsel fees, the fees for booking the venue for hearings and related costs, the costs for expert witnesses, and so on.

Factors Considered

The arbitration laws do not specify the factors to be considered. This may depend on the provisions of the procedural rules applicable to the arbitration. For example, under certain procedural rules, such as under Article 28.4 of the LCIA Arbitration Rules of 2020, the tribunal may take into account the conduct of the parties and that of their authorised representatives when issuing costs orders. Further, under Article 42 of the UNCITRAL Arbitration Rules and Article 41 of the Arbitration Rules of the Cyprus Eurasia Dispute Resolution and Arbitration Centre, the arbitral tribunal may take into account the circumstances of the case when allocating costs, which may include procedural conduct.

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