

SHENZHEN COURT OF
INTERNATIONAL ARBITRATION
NEGOTIATION FACILITATION RULES

Effective as from 23 May 2023

**“Negotiation Facilitation + Arbitration”
Model Clause I : before the dispute**

"Any dispute arising from or in connection with this Contract shall be submitted to Negotiation Facilitation Centre of Shenzhen Court of International Arbitration (SCIA) for negotiation facilitation.

If the negotiation facilitation turns to a settlement, the parties agree to submit the settlement agreement to the SCIA to request that an arbitral award be rendered in accordance with the Arbitration Rules and based on the terms of the settlement agreement.

If any party quits the negotiation facilitation or the negotiation facilitation fails, the dispute shall be submitted to the SCIA for arbitration."

**“Negotiation Facilitation + Arbitration”
Model Clause II: before the dispute**

"Any dispute arising from or in connection with this Contract shall be submitted to Negotiation Facilitation Centre of Shenzhen Court of International Arbitration (SCIA) for negotiation facilitation.

If any party quits the negotiation facilitation or the negotiation facilitation fails, the dispute shall be submitted to the SCIA for arbitration."

“Negotiation Facilitation + Arbitration” Model Clause III: after the dispute

"The parties agree to submit the dispute to Negotiation Facilitation Centre of Shenzhen Court of International Arbitration (SCIA) for negotiation facilitation.

If the negotiation facilitation turns to a settlement, the parties agree to submit the settlement agreement to the SCIA to request that an arbitral award be rendered in accordance with the Arbitration Rules and based on the terms of the settlement agreement.

If any party quits the negotiation facilitation or the negotiation facilitation fails, the dispute shall be submitted to the SCIA for arbitration."

(Note: Even if there is neither Negotiation Facilitation Clause nor Arbitration Clause in the contract, any party has the right to submit the existing dispute, including infringement dispute, to Negotiation Facilitation Centre of Shenzhen Court of International Arbitration (SCIA) for negotiation facilitation.)

“Negotiation Facilitation + Arbitration” Model Clause IV: after the dispute

"The parties agree to submit the dispute to Negotiation Facilitation Centre of Shenzhen Court of International Arbitration (SCIA) for negotiation facilitation.

If any party quits the negotiation facilitation or the negotiation facilitation fails, the dispute shall be submitted to the SCIA for arbitration."

(Note: Even if there is neither Negotiation Facilitation Clause nor Arbitration Clause in the contract, any party has the right to submit the existing dispute, including infringement dispute, to Negotiation Facilitation Centre of Shenzhen Court of International Arbitration

(SCIA) for negotiation facilitation.)

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SCIA Negotiation Facilitation Rules

Article 1 Purposes

The Rules hereunder (the “Rules”) are enacted to regulate negotiation facilitation, clarify the negotiation facilitation procedures and facilitate the parties to settle their disputes or agree upon issues for negotiation in a prompt and friendly manner, in accordance with *the Provisions on the Administration of Shenzhen Court of International Arbitration (for Trial Implementation)* and *Shenzhen Court of International Arbitration Arbitration Rules*.

Article 2 Principles

The facilitation of negotiations shall follow the following principles:

- (1) conducted on a voluntary, equal and confidential basis; and
- (2) conducted in accordance with laws, regulations and policies.

Article 3 Application of the Rules

When the parties agree to submit the disputes or issues for negotiation to the Negotiation Facilitation Centre of the Shenzhen Court of International Arbitration (the “Centre”), or if the parties have de facto participated in the negotiation facilitation procedures at the Centre, the parties are deemed to have agreed to apply the Rules.

If the parties have agreed otherwise on the negotiation facilitation, their agreed rules shall apply.

Article 4 Scope of Application

The disputes or issues for negotiation under the Rules include but are not limited to disputes or issues concerning:

- (1) urban renewal or other kinds of reconstruction;
- (2) shantytown area reconstruction;
- (3) corporate governance;
- (4) debt restructuring;
- (5) intellectual property;
- (6) international investment or international trade;
and
- (7) other disputes or issues the Centre considers the Rules may apply to.

Article 5 Application to Initiate the Negotiation Facilitation Procedures

Any party from any dispute or issue under Article 4 of the Rules is entitled to submit an application to the Centre to initiate the negotiation facilitation procedures.

The parties shall submit a Negotiation Facilitation Application when they apply to initiate negotiation facilitation procedures at the Centre. The Negotiation Facilitation Application shall include a brief introduction, the relevant laws and regulations, all parties and their agents' contact information and other related documents.

Article 6 Acceptance of Unilateral Application

Upon acceptance of an unilateral application for negotiation facilitation, the Centre shall, within a reasonable amount of time after the application, send a copy of the Rules and other relevant documents to all other parties in an appropriate manner and request if they would consent to participate in the negotiation procedures.

The Centre may also directly intervene in the negotiated issues in an appropriate manner based upon one party's unilateral application.

Article 7 Acceptance of Multi-Parties' Application

If multiple parties apply to initiate the negotiation facilitation procedures, the Centre shall, within a reasonable amount of time upon acceptance of the negotiation facilitation application and in an appropriate manner, send the relevant documents to all other parties and invite them to participate in the negotiation facilitation procedures.

Article 8 Consultation Procedures

After the official commencement of the negotiation facilitation procedures, the Centre may set a certain period as the consultation period in accordance with the circumstances of the dispute or the issue for negotiation. During the consultation period, parties may hold private consultations among themselves and the Centre shall provide the necessary facilities and assistance for the consultations.

Article 9 Appointment of Negotiation Experts

If the parties consider it unnecessary to continue with the consultation, or if the parties fail to reach an agreement upon the expiration of the consultation period, the Centre shall initiate the negotiation facilitation procedures held by the appointed expert(s).

Based upon the actual needs of negotiation facilitation, the Centre may appoint one or more negotiation expert(s) to form a panel of negotiation experts (the “Panel”), unless otherwise agreed by the parties. The Centre may also form workgroups to facilitate the negotiations independently or to assist the Panel, or in any other appropriate manners.

The Centre may stipulate a name list of negotiation experts or provide the parties with a recommended name list of negotiation experts.

Article 10 Disclosure

The Panel shall promptly and proactively disclose to the Centre and the parties any situation that may affect his or her independence or impartiality.

Article 11 Challenge and Reappointment of Negotiation Experts

Before the negotiation facilitation of the Panel commences, the parties may challenge the negotiation expert(s). The Centre has the authority to decide on the challenge.

A negotiation expert shall be replaced in accordance with Article 9 of the Rules if he/she becomes unable to fulfill his/her functions due to being challenged or other reasons, unless otherwise agreed by all parties.

Article 12 Operation of the Panel

Once formed, the Panel may resort to approaches it considers beneficial for the parties to reach a consensus. The Panel may:

- (1) form question lists concerning the disputes or issues for negotiation and request the parties to respond thereto;
- (2) with due respect to all parties' opinions, propose an appropriate timeline to carry out the negotiation facilitation procedures and conduct the negotiation facilitation activities in accordance with the timeline;
- (3) respond to each party's concerns and needs and provide certain suggestions for their reference;
- (4) after hearing all parties' concerns and needs, host internal consultations and provide negotiation plans for all parties' reference;
- (5) after making preliminary decisions on the proposed negotiation plan, exchange opinions with all parties;
- (6) host negotiation attended by all parties;
- (7) invite relevant witnesses and appraisal experts;
and
- (8) take any other measure the Panel considers necessary to facilitate the negotiation.

Article 13 Agreement

Upon reaching a consensus, the parties shall draw up a negotiation agreement hosted by the Panel. The duly executed negotiation agreement shall take immediate legal effect and be binding on all signatories, unless otherwise agreed by all parties.

Article 14 Arbitral Award

Once the parties have reached a negotiation agreement, any party may make the negotiation agreement enforceable by invoking the arbitration clause in the negotiation agreement and applying for Shenzhen Court of International Arbitration to render a consent award in accordance with the content of the negotiation agreement.

Article 15 Termination of the Negotiation Facilitation Procedures

The pending negotiation facilitation procedures shall be terminated if any of the following circumstances occurs:

- (1) all parties have agreed on a negotiation agreement or a final and binding judicial/arbitral decision has been obtained;
- (2) any party has announced to withdraw from the negotiation in written forms;
- (3) any party has not replied in five (5) business days after reception of the letter of request to join the negotiation; or if any party has explicitly refused

- to join negotiations by any other means;
- (4) the Panel considers the negotiation facilitation to be unobtainable and has decided to terminate the procedures;
 - (5) the negotiation facilitation procedures have been undertaken for three months since the formation of the Panel, unless all the parties agree to extend the procedures; or
 - (6) under circumstances where the Centre considers the termination imperative.

Article 16 Confidentiality

Unless otherwise agreed by the parties or subject to the actual needs, the negotiation facilitation procedures shall not be open to the public.

The experts, parties and their agents, staff of the Centre and other persons involved in the negotiation facilitation procedures shall be obligated to keep the negotiation confidential, unless otherwise agreed by the parties or otherwise provided by law.

Article 17 Negotiation Facilitation Fees and Costs

The parties shall pay the negotiation facilitation fees in advance within a reasonable period from the date of receipt of the notice of payment issued by the Centre. In principle, the applicant shall pay the negotiation facilitation fees in advance. The Centre may determine which party to prepay the negotiation facilitation fees according to actual situations. The

parties' agreement on the proportion of the payment shall prevail.

The parties shall pay the negotiation facilitation fees and costs in accordance with the List of Fees attached.

Article 18 Third Party Funded Negotiation Facilitation Procedures

Based on sufficient and reasonable grounds, the Centre may accept a third party's application to fund the negotiation facilitation procedures.

Third party funded negotiation facilitation procedures may refer to the procedures under the Rules.

In the course of third party funded negotiation facilitation, the funding third party shall not be any party in the negotiation facilitation procedures, unless otherwise agreed by all the parties in writing.

Article 19 Independence of the Procedures

No party shall invoke any statement, self-admission, view, opinion, recommendation or feasibility report presented by any other party or negotiation expert in the course of negotiation facilitation as a basis to support its claims in any subsequent arbitration procedures, judicial process or any other proceedings.

A negotiation expert shall not be an arbitrator, agent of a party or witness in any other arbitration or litigation proceeding concerning the identical or related disputed facts, unless otherwise agreed by all the parties in writing.

Article 20 Implementation and Interpretation

The Rules shall be effective as from 23 May 2023 and shall be interpreted by the Centre.

Appendix

Schedule of Fees and Costs of Negotiation Facilitation

Amount in Dispute ("AID") ("RMB")	Administrative Fees ("RMB")	Remuneration for Negotiation Experts ("RMB")
500,000 and below	1,000	6,000
500,001 to 1,000,000	1,000 + 0.2% of the AID above 500,000	6,000 + 0.2% of the AID above 500,000
1,000,001 to 5,000,000	2,000 + 0.12% of the AID above 1,000,000	7,000 + 0.13% of the AID above 1,000,000
5,000,001 to 10,000,000	6,800 + 0.04% of the AID above 5,000,000	12,200 + 0.07% of the AID above 5,000,000
10,000,001 to 50,000,000	8,800 + 0.03% of the AID above 10,000,000	15,700 + 0.06% of the AID above 10,000,000
50,000,001 to 100,000,000	20,800 + 0.02% of the AID above 50,000,000	39,700 + 0.05% of the AID above 50,000,000

100,000,001 to 500,000,000	30,800 + 0.015% of the AID above 100,000,000	64,700 + 0.02% of the AID above 100,000,000
500,000,001 to 1,000,000,000	90,800 + 0.014% of the AID above 500,000,000	144,700 + 0.015% of the AID above 100,000,000
1,000,000,001 to 3,000,000,000	160,800 + 0.001% of the AID above 500,000,000	219,700 + 0.01% of the AID above 100,000,000
3,000,000,001 or above	180,800	419,700

Notes:

1. While applying for negotiation facilitation, the parties shall pay a registration fee of RMB 1,000 Yuan to the Centre. This fee is nonrefundable under any circumstances.
2. Where no monetary claim is specified or the amount in dispute is not clear at the time of application for negotiation facilitation, the Centre shall determine the amount of the negotiation facilitation fee to be collected in advance based on factors such as the specific rights and interests involved in the dispute, the complexity of the dispute, etc.
3. If the negotiation facilitation fee is charged in a foreign currency, an amount of the foreign currency equivalent

to the corresponding RMB value specified in this schedule shall be paid.

4. The Centre may charge other necessary expenses such as travel expenses of domestic or foreign negotiation experts, rental of foreign negotiation venues, etc. as needed to facilitate the negotiations.
5. If the parties and the negotiation experts have agreed otherwise on the remuneration of the negotiation experts, the agreement shall prevail, subject to the approval of the Centre.
6. If the parties agree to invite two or more negotiation experts, the remuneration of the negotiation experts shall be increased according to the number of extra negotiation experts invited.
7. If the negotiation fails, the Centre may issue a refund of the relevant fees as appropriate by considering factors such as the workload of the negotiation facilitation, the amount in dispute, the complexity of the dispute, etc., provided that the administrative fee collected is no less than RMB 1,000 Yuan and the remuneration of the negotiation experts is no less than RMB 6,000 Yuan.
8. If the parties apply for arbitration under the SCIA Arbitration Rules after the negotiation facilitation of the Centre, the administrative fees paid in advance may then be calculated as the arbitration fees of the corresponding amount.