IRAN

CHAPTER PREPARED BY

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OF GHEIDI & ASSOCIATES

FOR FURTHER INFORMATION

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JURISDICTION INDICATIVE TRAFFIC LIGHTS

1. Law
   a. Framework
   b. Adherence to international treaties
   c. Limited court intervention
   d. Arbitrator immunity from civil liability

2. Judiciary

3. Legal expertise

4. Rights of representation

5. Accessibility and safety

6. Ethics

   Evolution of above compared to previous year

7. Tech friendliness

8. Compatibility with the Delos Rules

VERSION: 12 FEBRUARY 2024 (v01.02)

There have not been any material changes requiring an update to this chapter (including the traffic lights) since the date of the latest version. Nonetheless, please note that this chapter does not constitute legal advice and its authors, the contributing law firm and Delos Dispute Resolution decline any and all responsibility.
## IN-HOUSE AND CORPORATE COUNSEL SUMMARY

| Key places of arbitration in the jurisdiction? | Tehran. |
| Civil law / Common law environment? | The Iranian legal system is based on Islamic (Sharia) law with certain civil law inspirations. |
| Confidentiality of arbitrations? | While confidentiality is not explicitly provided for in the legislation, it is generally recognized in practice. |
| Requirement to retain (local) counsel? | No. |
| Ability to present party employee witness testimony? | Yes. In accordance with Articles 19 and 20 of the Law on International Commercial Arbitration (adopted in 1997) ("LICA"), parties may agree on the rules of procedure, including presentation of party employee witness testimony. Failing such agreement, the arbitrator shall conduct the procedure in an appropriate manner. Assessment of the relevance, materiality and weight of evidence offered is at the arbitrator’s discretion. |
| Ability to hold meetings and/or hearings outside of the seat and/or remotely? | Yes. In accordance with LICA Article 20, arbitration may take place at a venue (physical location) mutually agreed to by the parties; failing such agreement, the venue of arbitration shall be determined by the arbitrator with due consideration given to the circumstances of the case and accessibility for the parties. However, the laws do not specify if remote hearings qualify as a “hearing”. For instance, according to LICA Article 23, if a party requests a hearing to be held, the arbitrator must respect such request. Absent a clear regulation in law or guidance from courts whether a remote hearing qualifies as a “hearing” for the purposes of LICA and CPL, the tribunal's order for conduct a hearing remotely despite a party's objection may affect the recognition or enforceability of the award under LICA Articles 33 or 34. |
| Availability of interest as a remedy? | Yes. |
| Ability to claim for reasonable costs incurred for the arbitration? | Yes. |
| Restrictions regarding contingency fee arrangements and/or third-party funding? | No. |
| Party to the ICSID Convention? | No. |
| Compatibility with the Delos Rules? | Yes. |
| Default time-limitation period for civil actions (including contractual)? | Based on the applicable precepts of Islamic (Sharia) law, there is no time limitation period for civil actions in general so claimant can commence litigation anytime with no limitation, however there are some specific laws under which a time-limitation is defined for example in claims for negotiable instruments and insurance claims. |
| Other key points to note? | Arbitration is governed by Chapter 7 of the Iranian Civil Procedure Law ("CPL") (adopted in 2000), which applies to local disputes, and the LICA, which applies to international commercial disputes. The LICA is largely based on the UNCITRAL Model Law. According to Article 1(B) of LICA, “international arbitration is the case where one of the parties, at the time of conclusion of the arbitration agreement, is not a national of Iran under the Iranian laws.” The LICA applies to arbitration of disputes arising in international commercial relationships including, inter alia, sale of goods and services, transportation, insurance, financial matters, consulting, investment, technical cooperation, representation, factoring or similar activities as per Article 2(1). In practice, accepted principles and procedures of international arbitration are recognized and applied by arbitral tribunals seated in Iran. For example, although confidentiality of arbitration is not a requirement under the LICA, it is an accepted principle applied within arbitration proceedings. Importantly, where the dispute involves Iranian public and state properties, arbitrability is limited. In particular, Article 139 of the Iranian Constitutional Law provides that the referral of such disputes to arbitration is contingent on approval by the country's Board of Ministers (Government) and requires to be communicated to the Parliament to inform it and to request for its approval in case of important matters or where the other party is a foreigner. In case a party to the dispute is a foreigner, as well as in respect of important domestic cases, as is determined by the law, approval by the Parliament is required. The adoption of a new Comprehensive Arbitration Law, to regulate both domestic and international arbitration comprehensively and replace the existing regulation, is currently on the agenda of the Iranian Parliament. |

**World Bank, Enforcing Contracts: Doing Business** score for 2020, if available?  
**Score:** 58.2

**World Justice Project, Rule of Law Index: Civil Justice** score for 2023, if available?  
0.51
# Arbitration Practitioner Summary

<table>
<thead>
<tr>
<th>Date of arbitration law?</th>
<th>LICA: 17 September 1997, for international arbitration, and CPL: 2000, for domestic arbitration.</th>
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<tbody>
<tr>
<td>UNCITRAL Model Law? If so, any key changes thereto? 2006 version?</td>
<td>Yes, LICA and CPL are UNCITRAL Model Law-based (1985 version), although certain provisions differ from it and are specifically tailored to local requirements. For example, the LICA uses party nationality as the only factor to distinguish between domestic and international arbitration. There are also differences with the Model Law in the definition and criteria for arbitration agreement to be in written form, absence of provisions similar to Article 5 of the Model Law as to intervention of courts, and the grounds for annulment under the LICA are also broader than under the Model Law.</td>
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<tr>
<td>Availability of specialised courts or judges at the key seat(s) in the jurisdiction for handling arbitration-related matters?</td>
<td>Recently a few courts have been designated to deal with handling arbitration-related matters.</td>
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<td>Availability of ex parte pre-arbitration interim measures?</td>
<td>Based on Article 9 of LICA, each party may demand the interim measures independently. Under Article 314 and 315 of CPL, courts will call in the parties unless there is a necessity for expedited trial upon discretion of the same court.</td>
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<tr>
<td>Courts’ attitude towards the competence-competence principle?</td>
<td>Based on Article 16 of LICA, the arbitral tribunal is empowered to make a determination as to its own jurisdiction to adjudicate the substantive claims in dispute, and courts abide by this Article. In accordance with CPL, competence-competence principle is not applied to domestic arbitration.</td>
</tr>
<tr>
<td>May an arbitral tribunal render a ruling on jurisdiction (or other issue) with reasons to follow in a subsequent award?</td>
<td>Yes.</td>
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| Grounds for annulment of awards additional to those based on the criteria for the recognition and enforcement of awards under the New York Convention? | As compared with the criteria for the recognition and enforcement of awards under the New York Convention:  
- Awards in international arbitrations seated in Iran will be annulled on the following grounds, which appear as specific examples of the public policy exception:  
  - LICA Article 33 vs. New York Convention Article V.1  
    - “d) The requesting party could not proffer his evidence and documents due to reasons beyond his control;”  
    - “g) The arbitral award has received the concurrent and casting vote by an arbitrator whose challenge had been accepted by the authority specified in Article 6 (of LICA);”  
    - “h) The arbitral award is based on evidence proved, by a final judgment, to be a forgery;” |
i) After the issuance of the award, the evidence is found proving the entitlement of the objecting party, provided it is established that the other party had concealed, or caused to be concealed, such evidence

LICA Article 34 vs. New York Convention Article V.2

“2. The award is against the public policy or good moral respected in the country, or against any mandatory provisions of this Law.

3. The award with respect to immovable property located in Iran is incompatible with the mandatory provisions of the laws of the Islamic Republic of Iran, or with the official deeds unless, in the latter case, the arbitrator has been given the authority to make a compromise.”

- Awards in *domestic* arbitrations seated in Iran will be annulled under the CPL on the following additional or different grounds

“Where the award has been in contradiction with the laws of Iran, which create rights.”

“Where the arbitration award was issued and submitted after the expiration of any applicable deadline for rendering the award [e.g., the applicable deadline for issuance of domestic awards under the CPA is 3 months unless extended by the parties’ mutual agreement]”

“Where the arbitration award is in conflict with what has been recorded in Real Estate Register, or with what the parties to the dispute consented to and registered in notary public and which still is regarded as valid;”

| Do annulment proceedings typically suspend enforcement proceedings? | According to Article 35-2 of LICA, if one of the parties in an international arbitration requests the annulment of the award from the competent court and the other party applies for its recognition and enforcement, the court may, upon a request by the party applying for the recognition and enforcement, order the requesting party for the annulment to provide an appropriate security.

According to Article 493 of CPL, annulment proceeding may not be an impediment to the enforcement of the award unless supported by well-reasoned proof of challenging the arbitration, so annulment proceeding does not typically suspend enforcement in domestic arbitration. |
<p>| Courts’ attitude towards the recognition and enforcement of foreign awards annulled at the seat of the arbitration? | Courts will likely refuse to enforce foreign arbitral awards that have been annulled at the seat of arbitration by a competent authority, in application of the New York Convention. |
| If an arbitral tribunal were to order a hearing to be conducted remotely (in whole or in part) despite a party’s objection, would such an order affect the recognition or enforceability of the ensuing award in the jurisdiction? | There are provisions in the LICA and CPL regarding hearings, but these laws do not specify if remote hearings qualify as a “hearing”. Absent a clear regulation in law or guidance from courts whether a remote hearing qualifies as a “hearing” for the purposes of LICA and CPL, the tribunal’s order for conduct of a hearing remotely despite a party’s objection may affect the recognition or enforceability of the award under Article 33 or 34 of LICA. |</p>
<table>
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<tr>
<th>Key points to note in relation to arbitration with and enforcement of awards against public bodies at the jurisdiction?</th>
<th>Where public and state properties are involved, there are fundamental challenges to arbitrability. In particular, Article 139 of the Iranian Constitutional Law mandates as follows: &quot;The settlement of claims relating to public and state property or the referral thereof to arbitration is in every case contingent on the approval of the Board of Ministers, and the Parliament must be informed of these matters. In cases where one party to the dispute is a foreigner, as well as in important domestic cases, the approval of the Parliament must also be obtained. Law will specify the cases which are considered to be important.&quot; In line with Article 139 of the Constitutional Law, the CPL also establishes the same restriction in terms of arbitrability. Legal scholars and professionals have argued that it is advisable to limit the applicability of this provision, as it may discourage foreign investors seeking to refer their disputes to arbitration rather than Iranian domestic courts. However, this provision still remains in force.</th>
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<tr>
<td>Is the validity of blockchain-based evidence recognized?</td>
<td>Traditionally in Iran, the key source of evidence is documentary evidence. Since adoption of the E-Commerce Act, which has been enacted consistent with the UNCITRAL Model Law on electronic commerce and also with regard to the Model Electronic Signature Law, the positive value of electronic evidence is now accepted in Iran and generally, electronic evidence is recognized by courts and tribunals. However, there is no specific regulation or practice on blockchain, and it remains unclear whether blockchain documents will be recognized as documentary evidence (or other types of evidence) in Iran.</td>
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<tr>
<td>Where an arbitration agreement and/or award is recorded on a blockchain, is it recognized as valid?</td>
<td>No specific laws or court practice exists on blockchain in Iran. Arguably, based on E-Commerce Act, such arbitration agreement and/or award may be recognized as valid. However, it remains untested by courts and there is no assurance that blockchain award or arbitration agreement will be recognized as valid.</td>
</tr>
<tr>
<td>Would a court consider a blockchain arbitration agreement and/or award as originals for the purposes of recognition and enforcement?</td>
<td>The rule of accuracy and validity of the message data, which expresses the intention to conclude an agreement, can be implicitly inferred from the various articles of the E-Commerce Act. Therefore, as setting up an arbitration agreement is considered valid electronically, it also seems to be legal to identify and enforce it. In other words, in theory no distinction should be made between an electronic arbitration agreement and a written one. However, since electronic awards are not specifically regulated or even mentioned in Iranian laws, it remains untested whether such awards will be deemed equal to paper awards, and the risk of non-enforcement may not be ruled out.</td>
</tr>
<tr>
<td>Other key points to note?</td>
<td>Neither the LICA nor the CPL restrict party choice of arbitrators, except that persons who lack legal capacity or have been deprived of social rights (by court) cannot be appointed as arbitrators. The arbitrators’ powers under Iranian arbitration legislation are similar to judges’ powers, including the ability to issue an injunction upon request by a party in matters which require immediate action. However, the ability to issue pre-arbitration interim measures is not provided for in the law. The principle of Kompetenz-Kompetenz is codified in the LICA, which provides that an arbitrator may rule on his/her jurisdiction as well as on the question of the existence or validity of an arbitration agreement. The LICA also envisages, among other things, (i) party autonomy to agree on the procedure of arbitration proceedings, (ii) the recognition of institutional arbitration as well as recognition of ad hoc arbitration, (iii) the independence and impartiality of arbitrators, and (iv) arbitrator’s jurisdiction to identify the applicable law in the event that the parties have failed to do so.</td>
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JURISDICTION DETAILED ANALYSIS

1. The legal framework of the jurisdiction

1.1 Is the arbitration law based on the UNCITRAL Model Law? 1985 or 2006 version?

Iran has separate statutes on domestic and international arbitration. The present analysis focuses on Iran's statute dealing with international arbitration, the LICA. It is a modern arbitration law based on the UNCITRAL Model Law (the 1985 version), which entered into force in 1997.

1.2 If yes, what key modifications if any have been made to it?

LICA requires the below conditions to be fulfilled in order to be applicable to an arbitration:

- at least one of the parties is not an Iranian national, at the time of conclusion of the arbitration Agreement; and
- the dispute is related to commercial matters (as defined in Article 2 of LICA).

LICA encompasses internationally accepted arbitration principles contained in the Model Law such as autonomy of the parties to decide on the procedural aspects of the arbitral proceedings and in choosing the applicable law governing their disputes. Separability of the arbitration clause from the underlying agreement, competence of the arbitral tribunal to rule on its jurisdiction (Competence-Competence), and power of the arbitral tribunal to order interim measures are other internationally accepted principles which are incorporated in this Act. In addition, institutional arbitration is accepted under LICA and therefore, some important powers of courts (i.e. decision on challenge of arbitrator) are delegated to arbitration institutions. Certain provisions of LICA do not exactly reflect the UNCITRAL Model Law and instead are adapted to satisfy local requirements including the following:

- Nationality is the only factor to distinguish between domestic and international arbitration.
- Difference with Model Law in the definition and criteria for arbitration agreement to be in written.
- Non-existence of an article like Article 5 of Model Law as to intervention of courts.
- Expansion of circumstances resulting in annulment of award.

1.3 When was the arbitration law last revised?

LICA was adopted on 17 September 1997 and it has not been revised since then.

2. The arbitration agreement

2.1 How do the courts in the jurisdiction determine the law governing the arbitration agreement?

Under Iranian conflict of law rules, the law governing a contract is the law of the place of execution of the contract, except where both parties are foreigners (non-Iranian nationals) and have agreed on a law other than the laws of Iran. In other words, where a contract is concluded outside of Iran, it might be subject to foreign law even if the parties are Iranian (Article 968 of the Iranian Civil Code). (If the contract is executed electronically, the E-Commerce Act of Iran provides specific rules to define the place of execution depending on the circumstances.)

Unlike Iranian courts, arbitral tribunals in international arbitrations (that is when the seat is in Iran and at least, one of the parties to the dispute is not Iranian) do not have any restriction in ruling on the matter of

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1 Article 2.1 of LICA: “This law applies to arbitration in international commercial relationships including, inter alia, sales of goods and services, transportation, insurance, financial matters, consulting, investment, technical cooperations, representation, factoring, contract or ship and the like activities.”

the applicable law. Article 27 of LICA clearly provides that the arbitrator(s) shall issue its award in accordance with the laws mutually agreed by the parties:

1. **The arbitrator shall decide the dispute in accordance with rules of laws chosen by the parties to the substance of the dispute. Designation of law or legal system of a given state in any manner whatsoever shall be construed as referring to the substantive law of the state. This provision shall not cover the rules of conflict of laws unless the parties have agreed otherwise.**

2. **Failing designation of applicable law by the parties, the arbitrator shall apply the law which he/she considers appropriate in accordance with relevant rules of conflict of laws.**

On the other hand, in Iranian domestic arbitration (that is when the seat is in Iran and both parties are Iranian) there is no specific regulation regarding the choice of law. The principle of freedom of parties is a fundamental principle in arbitration, therefore, parties are free to choose the applicable law to their contract and the arbitrator shall decide in accordance with such chosen law.

Where the parties have not chosen what law applies to their arbitration agreement, the situation is as follows:

- In domestic arbitration, Article 968 of the Civil Code applies: “Obligation arising out of contracts subject to the laws of the place of the performance of the transaction except in cases where the parties to the contract are both foreign nationals and have explicitly or impliedly declared the transaction to be subject to the laws of another country.”
- In international arbitration, Article 27(2) of LICA applies: “Failing any designation by the parties, the arbitrator shall apply the law which he considers appropriate in accordance with relevant conflict of laws rules.”

### 2.2 In the absence of an express designation of a ‘seat’ in the arbitration agreement, how do the courts deal with references therein to a ‘venue’ or ‘place’ of arbitration?

Parties can choose a legal seat outside Iran for disputes that qualify under LICA (in domestic arbitration, the seat is in Iran and both parties are Iranian). If the parties have not made a choice then, under Article 20 of LICA, the place of arbitration shall be determined by the arbitral tribunal. Article 6 of LICA as well as a contrary reading of Article 20 would entail that the courts do not have an express statutory power to determine the place of arbitration and the absence of an express designation of a place of the arbitration does not affect the validation of the arbitration agreement. With regard to arbitral tribunal power to determine the place in the absence of an express designation of a seat, a reference to place or venue might be probably regarded as same with seat of arbitration.

### 2.3 Is the arbitration agreement considered to be independent from the rest of the contract in which it is set forth?

Yes, based on Article 16(1) of LICA, although the arbitration clause is a part of the underlying contract, it is essentially independent from the rest of the contract. In contrast, there are no such separability rules under the CPL. Therefore in international arbitration, a decision by the arbitrator that the contract is null and void shall not affect the validity of the arbitration agreement. In contrast, Article 461 of CPL provides that if there is any dispute as to the existence or validity of a contract itself, the court shall decide on this matter first, so separability is not accepted.

### 2.4 What are the formal requirements (if any) for an enforceable arbitration agreement?

Under Article 7 of LICA, the arbitration agreement shall be contained in a document signed by the parties, or in an exchange of letters, telex, telegrams or other means of telecommunication, which provide a record of the agreement, or in an exchange of statements of claim and defence in which the existence of an agreement is alleged by one party and is not de facto denied by another. The reference in a written contract to a document containing an arbitration clause constitutes an independent arbitration agreement.
2.5 To what extent, if at all, can a third party to the contract containing the arbitration agreement be bound by said arbitration agreement?

Under Iranian Civil Law, undertakings or contracts are only binding on the two parties concerned or their legal substitutes, except in cases coming under Article 196 of said law, which stipulates that anyone who makes a contract is deemed to be acting for himself, unless otherwise agreed or unless subsequent evidence to the contrary is established. When entering into a contract, however, anyone can include a provision for the benefit of a third person, which does not bind this person under the underlying contract or arbitration agreement as a clause to it.

2.6 Are there restrictions to arbitrability?

According to Article 139 of Iranian Constitution, “the conciliation of claims relating to public and state property or the referral thereof to arbitration is in every case dependent on the approval of the Council of Ministers, and the Islamic Consultative Assembly (Parliament) must be informed of these matters. In cases where one party to the dispute is a foreigner, as well as in important cases that are purely domestic, the approval of the Parliament must also be obtained. Law will specify the important cases intended here.”

Moreover, there are certain matters under the CPL (Article 496) and LICA (Article 34) that cannot be settled through arbitration. These matters are disputes regarding bankruptcy and some aspects of family relations including marriage, divorce and parenting. Only disputes of a private civil nature can be referred to arbitration.

3. Intervention of domestic courts

3.1 Will the courts stay litigation if there is a valid arbitration agreement covering the dispute?

In line with the UNCITRAL Model Law, according to the LICA, the main effect of the arbitration agreement is to deprive the court of the right to adjudicate the dispute. Based on Article 8 of LICA, if a dispute governed by an arbitration agreement arises in court, the court is required to refer the parties to arbitration irrespective of whether the seat of arbitration is within the jurisdiction or outside of it, unless the arbitration agreement is void or unenforceable. There is no difference between domestic and international arbitration. As to domestic arbitration court intervention is ruled by Articles 459-463 of CPL.

3.2 How do courts treat injunctions by arbitrators enjoining parties to stay litigation proceedings?

No provision or practice on this issue.

3.3 On what grounds the court (s) intervene in arbitrations seated outside of the jurisdiction? (Relates to anti-suit injunctions/anti-arbitration injunctions or orders, but not only)

No provision or practice on this issue.

4. The conduct of the proceedings

4.1 Can parties retain foreign counsel or be self-represented?

Yes, there are no restrictions to either.

4.2 How strictly do courts control arbitrators’ independence and impartiality? For example: does an arbitrator's failure to disclose suffice for the court to accept a challenge or do
courts require that the undisclosed circumstances be of a gravity such as to justify this outcome?

Article 33-1(g) of LICA prescribes that the arbitral award may be set aside by the competent court if it based on the vote by an arbitrator whose challenge had been accepted by the competent court. Courts may also accept a challenge only based on an arbitrator's failure to disclose if such failure is related to a subject which gives rise to justifiable doubts to impartiality and independence.

There is no defined legal standard in Iran whether a failure to disclose creates grounds for a challenge. Some prominent Iranian practitioners argue that it does, for instance it has been argued: “if any tiny matter, which by itself does not have any importance and cannot be a ground for challenge, is being concealed or not disclosed, can turn into a justifiable doubt as to the impartiality of independence of arbitrator and accordingly a ground for challenge.”

4.3 On what grounds do courts intervene to assist in the constitution of the arbitral tribunal (in case of ad hoc arbitration)?

According to Article 10 of LICA, the parties in dispute shall determine the number of arbitrators. Failing such determination, the number would be 3 members. Hence there is no limitation for the parties' choice.

According to Article 11 of LICA on appointment of arbitrators, the parties may agree on the procedure of appointing the arbitrator, however, failing such agreement, the following steps shall be taken:

- To appoint a panel of arbitrators, each party shall appoint his arbitrator, and the arbitrators thus appointed shall appoint the presiding arbitrator. If one of the parties fails to appoint his arbitrator to and obtain his acceptance within thirty days of the commencement of arbitral proceedings, or if the appointed arbitrators fail to agree on the presiding arbitrator and obtain his acceptance within thirty days of their appointment, an arbitrator for the failing party or the presiding arbitrator as the case may be, shall be appointed at the request of the other party by the competent court.

- In arbitration with a sole arbitrator, if the parties are unable to agree on the arbitrator the latter shall be appointed, on the request of a party, by the competent court.

Where a party fails to act as required under an appointment procedure agreed upon by the parties, or where the parties or the appointed arbitrators do not reach an agreement, or a third party - whether a natural or juridical person - fails to perform any function entrusted to it under such procedure, any party may refer to the competent authority to take decision, unless other means has been agreed upon by the parties

4.4 Do courts have the power to issue interim measures in connection with arbitrations? If so, are they willing to consider ex parte requests?

Yes, based on Article 9 of LICA, each party may demand, prior to or during arbitral proceedings, the issuance of interim measures from the relevant courts.

Based on Article 9 of LICA, each party may demand the interim measures independently. Under Article 314 and 315 CPL, courts will call in the parties unless there is a necessity for expedited trial upon discretion of the same court.

4.5 Other than arbitrators' duty to be independent and impartial, does the law regulate the conduct of the arbitration?

In general, parties are free to agree on a procedure of appointing the arbitrators. It could be said that the parties have the discretion to determine the type of arbitration (ad hoc arbitration or institutional arbitration)

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3 See, for example: https://oveisrezvanian.com/non-disclosure-by-arbitrator-a-valid-ground-for-challenge/.
and the procedure, as well as the law governing the arbitration, the number of arbitrators and the seat of the arbitration.

4.5.1 Does it provide for the confidentiality of arbitration proceedings?
No.

4.5.2 Does it regulate the length of arbitration proceedings?
LICA, which governs international commercial arbitration consistently with the UNCITRAL Model Law, does not impose any time limitation for the length of arbitrations, unlike CPL, which governs domestic arbitration and imposes a limitation of three months for the length of arbitration proceeding. The parties can agree to extend this time-limitation (CPL, Article 484).

4.5.3 Does it regulate the place where hearings and/or meeting may be held, and can hearings and/or meetings be held remotely, even if a party objects?
Under Article 20 of LICA, at first, the parties are free to agree on the place of arbitration (place where hearings and/or meetings may be held). Failing such agreement, such place shall be determined by the arbitral tribunal having regard to the circumstances of the case, including the convenience of the parties. However, the laws do not specify if remote hearings qualify as a “hearing”. For instance, according to article 23 of LICA, if a party requests a hearing to be held, the arbitrator must respect such request. Absent a clear regulation in law or guidance from courts whether a remote hearing qualifies as a “hearing” for the purposes of LICA and CPL, the arbitral tribunal’s order for conduct a hearing remotely despite a party’s objection may affect the recognition or enforceability of the award in accordance with article 33 or 34 of LICA.

4.5.4 Does it allow for arbitrators to issue interim measures? In the affirmative, under what conditions?
As per Article 17 of the LICA, unless otherwise agreed by the parties, the sole arbitrator or arbitral tribunal may, at the request of a party, at any time prior to the issuance of the award, grant interim measures. Arbitrators can require the party requesting an interim measure to pay appropriate eventual damages.

4.5.5 Does it regulate the arbitrator’s right to admit/exclude evidence? For example, are there any restrictions to the presentation of testimony by a party employee?
No.

4.5.6 Does it make it mandatory to hold a hearing?
No. But if a party requests holding a hearing, the hearing must be held as per Article 23.1 of LICA.

4.5.7 Does it prescribe principles governing the awarding of interest?
No.

4.5.8 Does it prescribe principles governing the allocation of arbitration costs?
No.

4.6 Liability

4.6.1 Do arbitrators benefit from immunity from civil liability?
No, based on the general rules of Iranian civil law as well as tort law, leave or violation of his duties by the arbitrator can be followed by different sanctions, including civil liability. Based on Article 501 of CPL, the arbitrator shall be liable in cases of fraud or failure to uphold responsibilities related to the performance of duties. This will apply to both domestic and international arbitration.
4.6.2 Are there any concerns arising from potential criminal liability for any of the participants in an arbitration proceeding?

As a general rule, if the arbitrator or other participant of arbitration proceedings commits a crime, like any other person, he or she may be prosecuted under Islamic criminal law. Moreover, Article 588 of the Islamic Criminal Law provides specifically that an arbitrator who receives bribes shall be criminally liable. Furthermore, unauthorized disclosure of confidential information obtained through occupations and professions also results in criminal liability.

5. The award

5.1 Can parties waive the requirement for an award to provide reasons?

Yes, based on Article 30 of the LICA, all the reasons on which the award has been relied upon shall be stated in the text of the award, unless the parties agree not to mention such reasons, or unless the award has been issued on the basis of mutually agreed reasons in case of settlement.

5.2 Can parties waive the right to seek the annulment of the award? If yes, under what conditions?

The LICA provides grounds on which a party can apply to set aside the award; it does not expressly mention that this right can be waived; and the courts do not consider such waiver as valid.

5.3 What atypical mandatory requirements apply to the rendering of a valid award rendered at a seat in the jurisdiction?

There are no atypical and unusual requirements in Iran. However, the following standard requirements apply to the rendering of a valid award rendered at a seat in Iran: the award shall be made in writing and bear the signature of the arbitrator(s); in cases where there is more than one arbitrator, the signature of the majority of the arbitrators shall be sufficient, provided that the reasons for non-signature by the other member are mentioned. All the reasons on which the award relies upon shall be stated in the text of the award (subject to Question 5.1 above). The award shall state the date and place of arbitration.

5.4 Is it possible to appeal an award (as opposed to seeking its annulment)? If yes, what are the grounds for appeal?

In general, all awards rendered under the law are not subject to review or appeal, except under limited circumstances, where arbitral awards can be annulled or cancelled.

According to Articles 33 and 34 of LICA, grounds of annulment of an international award in Iran are the same as those stated in Article 5 of the New York Convention. However, LICA further provides that the award is null and void ab initio where the award is made with respect to immovable property located in Iran, is incompatible with the mandatory provisions of the laws of Iran, or is made with respect to official deeds unless for the latter (official deeds) “the arbitrator has been given the authority [by the parties to the arbitration agreement] to reach a compromise”.

5.5 What procedures exist for the recognition and enforcement of awards, what time-limits apply and is there a distinction to be made between local and foreign awards?

Iran is a party to the New York Convention. Based on the “Law concerning the Accession of Iran to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards” (which entered into force on 13 January 2002), in order to recognize and enforce foreign arbitral awards in Iran, the applicant shall provide the following documents:

(a) the duly authenticated original award, or a duly certified copy; and
(b) an official translation of the arbitral award approved by an official or sworn translator or by a diplomatic or consular agent.
Applications for annulment of an award pursuant to Article 33 of LICA shall be filed within three months from the date of notification of the arbitrator’s award, including amending, complementary or exegetic judgment to objector, to the court, as defined in Article 6 of LICA, which is the public court of the provincial capital where the place of arbitration is situated or, if undetermined, the public court of Tehran will have jurisdiction.

5.6 **Does the introduction of annulment or appeal proceedings automatically suspend the exercise of the right to enforce an award?**

It does not happen automatically. Based on Article 35 of LICA, in case one of the parties requests the annulment of the arbitral award by the court and the other party demands its recognition or enforcement, the exercise of the right to enforce the award will not be suspended. Instead, the court shall provide that the party requesting the annulment provide appropriate security as eventual damages, if so requested by the party demanding recognition or enforcement.

5.7 **When a foreign award has been annulled at its seat, does such annulment preclude the award from being enforced in the jurisdiction?**

There is no explicit regulation on this issue in local laws, however, in terms of how Iranian courts would approach this with reference to the New York Convention, Article V(1)(e), recognition and enforcement of the award will likely be refused when the award has been set aside or suspended by a competent authority of its seat.

5.8 **Are foreign awards readily enforceable in practice?**

Under Iranian arbitration regime, an arbitration award is considered as foreign in case the arbitration is seated in any country other than Iran, regardless of which nationalities the parties have. Iran joined the New York Convention in 2001 and foreign awards can therefore be recognized and enforced in Iran under the New York Convention. For further information on this, please refer to website of Dr. Rezvanian, who is the Director of Tehran Regional Arbitration Centre (TRAC).

6. **Funding arrangements**

6.1 **Are there laws or regulations relating to, or restrictions to the use of contingency or alternative fee arrangements or third-party funding at the jurisdiction? If so, what is the practical and/or legal impact of such laws, regulations or restrictions?**

No such laws or regulations.

7. **Arbitration and Technology**

7.1 **Is the validity of blockchain-based evidence recognised?**

Traditionally, in Iran, the key sources of evidence are documentary evidence. Since adoption of the E-Commerce Act, which has been enacted consistent with the UNCITRAL Model Law on Electronic Commerce and also with regard to the Model Electronic Signature Law, the positive value of electronic evidence is now accepted in Iran and generally, electronic evidence is recognized by courts and tribunals. However, there is no specific regulation or practice on blockchain and it remains unclear whether blockchain documents will be recognized as documentary evidence (or other types of evidence) in Iran.

7.2 **Where an arbitration agreement and/or award is recorded on a blockchain, is it recognised as valid?**

No specific laws or practice exists on blockchain. In theory, based on the E-Commerce Act, such arbitration agreement and/or award may be recognized as valid. However, this is not specifically regulated and remains

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untested, so there is no assurance that blockchain arbitration agreements and awards will be enforced in Iran.

7.3 Would a court consider a blockchain arbitration agreement and/or award as originals for the purposes of recognition and enforcement?

The rule of accuracy and validity of the message data, which expresses the intention to conclude an agreement, can be implicitly inferred from the various articles of the E-Commerce Act. In theory, no distinction should be made between an electronic arbitration agreement and a traditional arbitration agreement in paper form. However, since there is no rule on electronic awards and no practice of enforcing them in Iran, the risk of non-enforcement may not be excluded.

7.4 Would a court consider an award that has been electronically signed (by inserting the image of a signature) or more securely digitally signed (by using encrypted electronic keys authenticated by a third-party certificate) as an original for the purposes of recognition and enforcement?

There is no regulation on electronic awards. However, in accordance with general rules on e-commerce under the E-Commerce Act, an electronically signed or securely digitally signed award arguably may be considered as valid. However, the lack of regulation and practice means there is no assurance that electronically signed awards will be recognized and enforced in Iran.

8. Is there likely going to be any significant reform of the arbitration law in the near future?

Yes, according to Article 211 of the Law of the Fifth Development Plan (adopted in January 2011), the judiciary is obliged to cooperate with the government to establish an independent domestic as well as an international arbitration body. In this regard, the preparation and drafting of a Comprehensive Arbitration Law has been in development since 2011. The draft has been prepared and is in the process of adoption by Parliament. According to the scholars, the preliminary draft has not been based on the Model Law; the annulment grounds have been expanded, and the role of courts has become closer to intervention than assistance to arbitration. It is, however, still unclear when and in what form this new legislation will eventually be passed, and its provisions may yet change.

9. Compatibility of the Delos Rules with local arbitration law

The Delos Rules seem to be compatible with local arbitration law in particular with LICA as LICA is also mostly based on UNCITRAL Model Law.

10. Further reading

Note that hyperlinks direct to the relevant institution, organisation or company's website:

- https://trac.ir/
- http://arbitration.ir/En/Home
- https://oveisrezvanian.com/
- https://rc.majlis.ir/fa/law/show/92959
- https://rc.majlis.ir/fa/law/show/97937
- https://rc.majlis.ir/fa/law/show/93305
- https://www.newyorkconvention.org/national+arbitration+law+-+iran+islamic+republic+of
ARBITRATION INFRASTRUCTURE AT THE JURISDICTION

<table>
<thead>
<tr>
<th>Leading national, regional and international arbitral institutions based out of the jurisdiction, i.e. with offices and a case team?</th>
<th>Iran’s most notable arbitration institutions are the Arbitration Center of the Iran Chambers (&quot;ACIC&quot;), established in 2002 for settlement of both domestic and international disputes,5 and the Tehran Regional Arbitration Centre (&quot;TRAC&quot;),6 an independent international organization established under the auspices of the Asian-African Legal Consultative Organization (&quot;AALCO&quot;) in 1997. TRAC enjoys the privileges and immunities applicable to international organizations. The TRAC Rules of Arbitration are essentially based on the UNCITRAL Rules of Arbitration.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main arbitration hearing facilities for in-person hearings?</td>
<td>Hearing rooms and administrative services for conducting the hearing are provided by both TRAC and ACIC.</td>
</tr>
<tr>
<td>Main reprographics facilities in reasonable proximity to the above main arbitration providers with offices in the jurisdiction?</td>
<td>There are limited reprographics facilities in arbitral institutions in Iran.</td>
</tr>
<tr>
<td>Leading local providers of court reporting services, and regional or international providers with offices in the jurisdiction?</td>
<td>There are no court reporting service providers in Iran.</td>
</tr>
<tr>
<td>Leading local interpreters for simultaneous interpretation between English and the local language, if it is not English?</td>
<td>There are well-known institutions and persons for simultaneous interpretation between English and Farsi but they are not specialized in ADR. Refer to <a href="https://www.iacti.ir/">https://www.iacti.ir/</a> to find a comprehensive list of official translation offices in Iran.</td>
</tr>
<tr>
<td>Other leading arbitral bodies with offices in the jurisdiction?</td>
<td>ACIC and TRAC are considered the leading arbitral bodies in the jurisdiction. No other arbitral bodies (including foreign) have offices in the jurisdiction.</td>
</tr>
</tbody>
</table>

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6 [https://trac.ir/](https://trac.ir/).