SRI LANKA

CHAPTER PREPARED BY

AVINDRA RODRIGO, PRESIDENT’S COUNSEL, ARUNA DE SILVA
AND CHRISTINA HETTIARACHCHI OF FJ&G DE SARAM

FOR FURTHER INFORMATION

GAP TABLE OF CONTENTS | GAP TRAFFIC LIGHTS FOR ALL JURISDICTIONS | FULL GAP ONLINE

EN DELOS MODEL CLAUSES
ES DELOS CLÁUSULAS MODELO
FR DELOS CLAUSES TYPES
PT DELOS CLÁUSULAS MODELO

SAFESEATS@DELOSDR.ORG | DELOSDR.ORG

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: 21 NOVEMBER 2023 (v01.00)

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.
The Arbitration Act No. 11 of 1995 of the Democratic Socialist Republic of Sri Lanka (the "Arbitration Act" or "the Act")\(^1\) ("Sri Lanka") sets out the provisions for the conduct of arbitral proceedings commenced in Sri Lanka and for the recognition and enforcement of foreign and domestic arbitral awards. The Arbitration Act, which was partly influenced by the Draft Swedish Arbitration Act of 1994, was the first arbitration statute in South Asia to be based on the UNCITRAL Model Law on International Commercial Arbitration.

### Key places of arbitration in the jurisdiction?
Colombo.

### Civil law / Common law environment? (if mixed or other, specify)
Common law. However, the substantive law applicable in Sri Lanka is a hybrid system incorporating amongst others, (civilian) Roman-Dutch law principles, English law, and personal laws that are unique to the country's various communities.

### Confidentiality of arbitrations?
There are no express provisions contained in the Arbitration Act which provides for confidentiality of arbitral proceedings. There are also no Sri Lankan court decisions on this point yet. However, it is generally accepted in practice that arbitral proceedings remain confidential, with tribunals often including confidentiality provisions within procedural orders / terms of reference.

### Requirement to retain (local) counsel?
Section 23 of the Arbitration Act provides that a party may appear before a tribunal personally (without retaining counsel) or may be represented by an Attorney-at-Law if a party so desires. Parties to an arbitration agreement, however, can opt out of this provision, provided that they agree to do so in writing.

The Arbitration Act does not specify if foreign Attorneys-at-Law can represent parties before an arbitration tribunal. However, Article 169 (12) the Constitution of Sri Lanka\(^2\) provides that “no Attorney-at-Law shall be entitled to represent any party to a proceeding or be given the right of audience in any court, tribunal or other institution until or unless he has taken and subscribed the oath or made and subscribed the affirmation set out in the Constitution” and the Attorney-at-Law referred to in the Constitution is one who is admitted and enrolled as an Attorney-at-Law under the provisions of the Administration of Justice Law, No. 44 of 1973 (i.e. those who are admitted and enrolled by the Supreme Court of Sri Lanka).

Given the above, it is arguable that the term ‘Attorney-at-Law’ which appears in the Arbitration Act refers exclusively to lawyers admitted and enrolled by the Supreme Court of Sri Lanka.

### Ability to present party employee witness testimony?
Yes. There is nothing in the local Sri Lankan law which prohibits presenting party employee witness testimony.

---

1. Available at: https://www.lawnet.gov.lk/arbitration-5/
2. Available at: https://www.parliament.lk/files/pdf/constitution.pdf
<table>
<thead>
<tr>
<th>Ability to hold meetings and/or hearings outside of the seat and/or remotely?</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of interest as a remedy?</td>
<td>Available. Section 28 of the Arbitration Act provides for the awarding of interest.</td>
</tr>
<tr>
<td>Ability to claim for reasonable costs incurred for the arbitration?</td>
<td>There is no express provision in the Arbitration Act dealing with the award of costs, save for providing guidance on how arbitrators’ fees should be paid. Section 29 of the Arbitration Act provides that the parties shall be jointly and severally liable for the payment of reasonable compensation of the arbitral tribunal, provided however that if the arbitral tribunal makes a finding in the award that it has no jurisdiction, the party against whom the proceedings are instituted shall only be liable to pay such compensation only in exceptional circumstances. Apart from this provision, there are no specific provisions under the Arbitration Act describing costs nor how they should be awarded. However, in practice, costs are generally awarded in arbitration proceedings in Sri Lanka at the discretion of the tribunal.</td>
</tr>
<tr>
<td>Restrictions regarding contingency fee arrangements and/or third-party funding?</td>
<td>Principles prohibiting champerty and maintenance, i.e. agreements in which a person with no previous interest in a lawsuit finances it with a view to sharing the disputed property if the suit succeeds, are recognised in Sri Lanka. An agreement to provide funds for litigation or to conduct litigation without charges in lieu of a share of the proceeds of judgment (which would include arrangements for third-party funding) though not per se void for champerty is one which ought to be carefully considered and may be held to be invalid when extortionate, unconscionable or made for improper objects. Contingency fee arrangements between Attorneys-at-Law and their clients are generally unlawful and unenforceable, based on old English law precedent. There are however, no reported Sri Lankan law cases deciding on this point. Additionally, contingency fee agreements are prohibited under the code of ethics for Attorneys-at-Law.</td>
</tr>
<tr>
<td>Party to the New York Convention?</td>
<td>Yes, the New York Convention was signed on 30th December 1958 and ratified on 9th April 1962.</td>
</tr>
<tr>
<td>Party to the ICSID Convention?</td>
<td>Yes, the ICSID Convention was signed on 30th August 1967, ratified on 12th October 1967 and came into force on 11th November 1967.</td>
</tr>
<tr>
<td>Compatibility with the Delos Rules?</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

---

7 Available at: https://www.newyorkconvention.org/countries
8 Available at: https://icsid.worldbank.org/about/member-states/database-of-member-states
<table>
<thead>
<tr>
<th>Default time-limitation period for civil actions (including contractual)?</th>
<th>Time limitations in relation to civil actions are provided for in the Prescription Ordinance No. 22 of 1971. The default time limitation for contractual claims is 6 years from the date on which the cause of action accrued. These limitation periods, however, do not apply to claims brought in arbitrations. Other time limits relating to arbitration are set out in the Arbitration Act, i.e., set aside proceedings must be instituted within 60 days from the date of receipt of the award, and enforcement proceedings must be instituted within one year after the expiry of 14 days from the date of receipt of the award.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other key points to note?</td>
<td>World Bank, Enforcing Contracts: Doing Business score for 2020, if available? 61.8(^{11})</td>
</tr>
<tr>
<td>World Justice Project, Rule of Law Index: Civil Justice score for 2022, if available? 0.43(^{12})</td>
<td></td>
</tr>
</tbody>
</table>

---

9 Available at: [http://www.commonlii.org/lk/legis/consol_act/p81214.pdf](http://www.commonlii.org/lk/legis/consol_act/p81214.pdf)


11 Available at: [https://www.doingbusiness.org/content/dam/doingBusiness/country/s/sri-lanka/LKA.pdf](https://www.doingbusiness.org/content/dam/doingBusiness/country/s/sri-lanka/LKA.pdf)

# ARBITRATION PRACTITIONER SUMMARY

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date of arbitration law?</strong></td>
<td><strong>30</strong>&lt;sup&gt;th&lt;/sup&gt; <strong>June 1995.</strong></td>
</tr>
<tr>
<td><strong>UNCITRAL Model Law? If so, any key changes thereto? 2006 version?</strong></td>
<td>The 1985 UNCITRAL Model Law has been adopted with several deviations. The 2006 amendments to the UNCITRAL Model Law have not been adopted.</td>
</tr>
<tr>
<td><strong>Availability of specialised courts or judges at the key seat(s) in the jurisdiction for handling arbitration-related matters?</strong></td>
<td>The High Court of Sri Lanka has supervisory jurisdiction over arbitration related matters under the Arbitration Act. By Government Gazette issued after the enactment of the Arbitration Act, the High Courts operating in the cities of Colombo, Kandy and Jaffna have been empowered to exercise this jurisdiction. ³³</td>
</tr>
<tr>
<td><strong>Availability of ex parte pre-arbitration interim measures?</strong></td>
<td>Available.</td>
</tr>
<tr>
<td><strong>Courts’ attitude towards the competence-competence principle?</strong></td>
<td>The principle is recognised in Sri Lanka. Section 11 of the Arbitration Act provides that an arbitral tribunal may rule on its jurisdiction but any party to the arbitral proceedings may apply to the High Court for determination of such question. In the recent decision of High Court of Sri Lanka, ¹⁴ it was held that a party must make an election of whether the question relating to jurisdiction shall be heard by the arbitral tribunal or the High Court, and where an election is made by the party, the party waives its right to the other alternative.</td>
</tr>
<tr>
<td><strong>May an arbitral tribunal render a ruling on jurisdiction (or other issues) with reasons to follow in a subsequent award?</strong></td>
<td>Rulings on jurisdiction alone do not have to be reasoned under the Arbitration Act. However, Section 25 of the Arbitration Act provides that an Award (i.e., a decision of the arbitral tribunal on the substance of the dispute) must set out the reasons upon which it is made. As such, where an award contains decisions on a jurisdictional ruling, such decisions will have to be reasoned.</td>
</tr>
<tr>
<td><strong>Grounds for annulment of awards additional to those based on the criteria for the recognition and enforcement of awards under the New York Convention?</strong></td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>Do annulment proceedings typically suspend enforcement proceedings?</strong></td>
<td>No. However, section 35(1) of the Arbitration Act provides that where applications to enforce and to set aside the same award are pending before the High Court, the Court shall consolidate both applications into one case. In practice, this means that the applications to enforce and set aside are filed separately, and after the initial stages of filing pleadings, the two actions will be consolidated and adjudicated together for the inquiry / hearing stage. In effect therefore, annulment proceedings do suspend enforcement proceedings.</td>
</tr>
</tbody>
</table>

---


¹⁴ Perera v. China National Technical Imports & Export Corporation, Case No. HC (Civil) 210/2014/ARB, ⁵<sup>th</sup> June 2017.
<table>
<thead>
<tr>
<th>Courts’ attitude towards the recognition and enforcement of foreign awards annulled at the seat of the arbitration?</th>
<th>There are no cases where courts have expressed a view on this point.</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 an ensuing award in the jurisdiction?</td>
<td>There are no reported judgements on this point. However, section 16(2) of the Arbitration Act provides that unless otherwise agreed, the arbitral tribunal may meet at any place it considers appropriate for consultation among its members, for hearing witnesses, experts or the parties. As such, it is on the one hand arguable that discretion for deciding the mode of the hearing is vested with the arbitral tribunal. On the other hand, if the party objecting to a remote hearing can demonstrate that its ability to present its case is prejudiced by the hearing being conducted virtually, then they may seek to object to the enforcement of an ensuing award under section 34(1)(a)(ii) of the Arbitration Act on the ground that they were unable to present their case.</td>
</tr>
<tr>
<td>Key points to note in relation to arbitration with and enforcement of awards against public bodies at the jurisdiction?</td>
<td>Sri Lankan courts have consistently enforced arbitral awards against public bodies.</td>
</tr>
<tr>
<td>Is the validity of blockchain-based evidence recognised?</td>
<td>Not been considered in Sri Lanka.</td>
</tr>
<tr>
<td>Where an arbitration agreement and/or award is recorded on a blockchain, is it recognised as valid?</td>
<td>Not been considered in Sri Lanka.</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>Not been considered in Sri Lanka.</td>
</tr>
<tr>
<td>Other key points to note?</td>
<td>ophilosophy</td>
</tr>
</tbody>
</table>
JURISDICTION DETAILED ANALYSIS

1. The legal framework of the jurisdiction

The Arbitration Act No. 11 of 1995 (the "Arbitration Act" or "the Act") governs both international and domestic arbitral proceedings as well as the recognition and enforcement of arbitral awards. The Act is supplemented by decisions of the Sri Lankan courts that interpret and apply its provisions.

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

While the Act is based on the 1985 version of the UNCITRAL Model Law ("Model Law"), it also draws inspiration from the draft Swedish Arbitration Act of 1994. As a result, the Act deviates from the Model Law in the following important respects.

First, unlike Article 1(2) of the Model Law, the Act does not expressly define the scope of its application with reference to the place of arbitration. Section 2(1) of the Act merely provides that the provisions of the Act apply to all arbitrations commenced in Sri Lanka after the appointed date, whether the arbitration agreement in pursuance of which such arbitration proceedings are commenced, was entered before or after the appointed date. This therefore is a demarcation of the Act's temporal scope. Consequently, unlike the Model Law, the Act also does not delineate those provisions which apply irrespective of whether the place of arbitration is in Sri Lanka or elsewhere.

Second, while the Act recognises the arbitral tribunal's competence to rule on its own jurisdiction, unlike the Model law, it does not afford parties an opportunity to bring an appeal before a court from a negative jurisdictional ruling made by the tribunal as a preliminary issue. Instead, the scheme contained in the Act provides parties intending to challenge a decision on jurisdiction an option to bring that challenge either before the tribunal or the High Court of Sri Lanka ("High Court"). Electing to pursue a jurisdictional challenge before one of these forums would exclude a party's right to canvass the other.

Third, unlike the Model Law, the Act does not make specific provision on when court assistance and supervision is permissible. Instead, the principle of minimal curial intervention has been developed through case law.

Fourth, the Act deals with party representation before arbitral tribunals. It provides that, unless agreed otherwise, a party may appear before the tribunal personally, or, in the case of a body of persons (whether corporate or unincorporated) by an officer, employee or agent of that body. If a party so desires, it may also be represented by an Attorney-at-Law.

Fifth, while the Model Law does not regulate the fixing of costs and fees in arbitral proceedings, the Act, under Section 29, deals with the manner and the extent to which the tribunal may determine and award costs and the payment of security deposits.

---

15 This chapter was prepared with contributions from Rozali Fernando, Counsel of FJ & G de Saram.
17 UNCITRAL Model Law on International Commercial Arbitration, Article 3(2).
19 Perera v. China National Technical Imports & Export Corporation [2017], Case No. HC (Civil) 210/2014/ARB.
1.2 When was the arbitration law last revised?
The Act has not been revised since its enactment in 1995. There are, however, proposals to amend the Act, in particular, by introducing the 2006 amendments to the Model Law. Sri Lankan arbitration law continues to evolve in the meantime through decisions handed down by the Sri Lankan courts.

2. The arbitration agreement
2.1 How do the courts in the jurisdiction determine the law governing the arbitration agreement?
There are no statutory provisions or case law expressly dealing with this point. However, the Act recognises the doctrine of separability when ruling upon the validity of the arbitration agreement for the purpose of determining the jurisdiction of the arbitral tribunal.23 Further, Sri Lankan courts have recognised the applicability of English law principles when determining the proper law of the contract,24 although it has never been argued in a reported case that some other conflict of laws rules should instead apply. Moreover, English decisions are directly applicable to certain categories of cases such as those relating to the law of partnerships, corporations, banks and banking, principals and agents, life and fire insurance etc.25 They are also considered persuasive authority in commercial matters more generally. Taken together, these factors support the proposition that Sri Lankan courts will likely apply the test applied by the English courts26 when determining the law governing the arbitration agreement.

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?
The Act provides that the parties to an arbitration proceeding shall be free to agree on the place of arbitration. Failing such agreement, the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case, including the convenience of the parties.27 Therefore, the word “place” and not seat, features in the provisions of the Act. Although there is no reported case directly on point, it is likely that the Sri Lankan courts will take the word “place” to mean the “seat.”

There are also no reported cases regarding the interpretation of the word “venue” in an arbitration agreement, where parties fail to expressly designate the seat. However, the Sri Lankan courts are prepared to give effect to the parties’ intention to arbitrate, notwithstanding any ambiguities contained in the arbitration agreement.28 Therefore, any difficulties arising from the failure by parties to designate the seat will likely not stand in the way of the courts recognising the arbitration agreement in question. However, whether a reference to a “venue” therein in such cases would be treated by the courts as one made to the seat remains to be seen.

2.3 Is the arbitration agreement considered to be independent from the rest of the contract in which it is set forth?
Yes. The Act recognises the doctrine of separability when ruling upon the validity of the arbitration agreement for the purpose of determining the jurisdiction of the arbitral tribunal.29

---

25 Introduction of Law of England Ordinance No.5 of 1852 of Sri Lanka, (as amended), Section 3.
2.4 What are the formal requirements (if any) for an enforceable arbitration agreement?

The Act recognises that an arbitration agreement may be in the form of an arbitration clause in a contract or in the form of a separate agreement.\textsuperscript{30} It further provides that an arbitration agreement must be in writing. An agreement will be deemed to be in writing if it is contained in a document signed by the parties or in an exchange of letters, telexes, telegrams, or other means of telecommunication which provide a written record of the agreement.\textsuperscript{31}

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?

The general position under Sri Lankan law is that third parties (i.e., non-signatories) to a contract will not be bound by its terms.

There are several possible exceptions to this rule:

— In cases where Roman-Dutch law principles apply, a stipulation in a contract in favour of a third party may be enforced where it has been accepted by that party.\textsuperscript{32}

— In cases where the third-party is a successor to a party to the arbitration agreement, where that succession takes place pursuant to an amalgamation as recognised by Sri Lankan Company law.\textsuperscript{33}

— In the case of an agent acting for and on behalf of its principal when entering into the arbitration agreement, given that the Sri Lankan courts will follow English law principles on the law of agency.\textsuperscript{34}

However, there are no reported court decisions on these exceptions insofar as they apply to arbitration agreements.

2.6 Are there restrictions to arbitrability? In the affirmative: do these restrictions relate to specific domains (such as anti-trust, employment law etc.) and/or to specific persons (i.e., State entities, consumers etc.)?

Section 4 of the Act deals with arbitrability,\textsuperscript{35} and provides that any dispute which the parties have agreed to submit to arbitration under an arbitration agreement may be determined by arbitration unless the matter in respect of which the arbitration agreement is entered into is contrary to public policy or, is not capable of determination by arbitration. The Act does not go beyond this to provide guidance on the types of disputes that are arbitrable or non-arbitrable.

However, certain categories of labour disputes which go to the jurisdiction of Labour Tribunals are likely to be non-arbitrable in Sri Lanka, given that these tribunals exercise just and equitable jurisdiction and therefore are not restricted by any terms agreed by parties to a contract of employment.\textsuperscript{36}

There are also several decisions by the courts which hold that the statutory remedies of oppression and mismanagement under company law legislation cannot be referred to arbitration.\textsuperscript{37}

\textsuperscript{30} Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 3(1).

\textsuperscript{31} Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 3(2).

\textsuperscript{32} Jinadasa v Silva [1932] 34 N.L.R. 344.

\textsuperscript{33} Companies Act No.7 of 2007 of Sri Lanka, 20\textsuperscript{th} March 2007, Section 245.

\textsuperscript{34} Introduction of Law of England Ordinance No.5 of 1852 of Sri Lanka, as amended, Section 3.


\textsuperscript{37} Aitken Spence & Co. v Garment Services Group Limited, Case No. HC(Civil)/02/2003(02); Subramaniam and another v Mascons (Private) Limited and others, Case No. HC(Civil) 31/2018/CO.
2.6.1 Do these restrictions relate to specific domains (such as anti-trust, employment law etc.)?

Yes. See above.

2.6.2 Do these restrictions relate to specific domains (such as anti-trust, employment law etc.)?

No.

3. Intervention of domestic courts

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

Section 5 of the Arbitration Act No. 11 of 1995 provides as follows:

“Where a party to an arbitration agreement institutes proceedings in a court against another party to such agreement in respect of a matter agreed to be submitted for arbitration under such agreement the Court shall have no jurisdiction to hear and determine such matter if the other party objects to the court exercising jurisdiction in respect of such matter.”

Although the judicial approach in the past has displayed a sense of caution when interpreting and applying this provision, in the recent past, Sri Lankan courts have demonstrated a minimal approach to intervention in matters relating to disputes subject to arbitration.

A noteworthy example of the gradual transformative judicial approach to minimal curial intervention is the path-breaking judgment of the High Court in the case of Mahawaduge Priyanga Lakshitha Prasad Perera v China National Technical Imports & Export Corporation (China National). What is striking about the court’s reasoning in China National is that its decision was premised on the principle that the courts had no power to interfere in the arbitral process, save where the assistance of the courts was expressly provided for in the Arbitration Act.

Courts have also widely sought to give effect to arbitration agreements such as in the case of Elgitread Lanka (Private) Limited v Bino Tyres (Private) Limited, decided on 27 October 2010 encouraging the referral of disputes to arbitration where there is a valid arbitration agreement.

The courts will recognize and honour the parties’ intention to resolve disputes through arbitration but will exercise their power to grant injunctions or interim measures of protection to protect or secure the claim which forms the subject matter of dispute during the interregnum, between the giving of the notice of arbitration and the constitution of the arbitral tribunal. Upon the constitution of the arbitral tribunal, the tribunal is independently empowered under section 13 of the Act to order interim measures of protection. It was held in Baksons Textile Industries v Hybro Industries Ltd that until such time a final order resolving any dispute or an interim order is made by the arbitration tribunal, a party is entitled to come before the court and obtain interim relief to maintain the status quo.

It is noteworthy that, section 5 of the Act shall only be operative where a party objects to the court exercising its jurisdiction in respect of a matter which is subject to arbitration. In other words, courts shall not, on their
own volition, rule out the jurisdiction of the court to hear and determine a matter where there has been no objection to it from a party to the dispute.

3.1.1 If the place of the arbitration is inside of the jurisdiction?

The above applies.

3.1.2 If the place of the arbitration is outside of the jurisdiction?

The above applies.

3.2 How do courts treat injunctions by arbitrators enjoining parties to refrain from initiating, halt or withdraw litigation proceedings?

As mentioned above, the courts are inclined to honour and respect the intention of the parties to settle disputes through arbitration and shall not intervene in the process of resolving disputes subject to arbitration. It can be safely assumed, in the absence of case law, that the courts would honour any orders from an arbitration tribunal which restrict court's involvement in the resolution of the dispute referred to arbitration.

Furthermore, section 13 provides that:

“(1) An arbitral tribunal may, at the request of a party, order any other party to take such interim measures as it may consider necessary to protect or secure the claim which forms the subject matter of the dispute. The arbitral tribunal may also order the party making such request to provide the party ordered to take such interim measures, with security for any expense, loss or damage that may be caused in taking such interim measures: Provided however that, other than in exceptional cases no such order shall be made except after hearing the other parties.

(2) An order of an arbitral tribunal requiring the taking of interim measures may be enforced by the High Court, on an application made therefore, by the party requesting the taking of such interim measures.”

Section 13(2) empowers the High Court43 to enforce interim orders made by an arbitration tribunal.

3.3 On what ground(s) can the courts intervene in arbitrations seated outside of the jurisdiction?

(Relates to anti-suit injunctions/anti-arbitration injunctions or orders, but not only)

Under the Arbitration Act, there are limited circumstances in which the High Court is allowed to intervene in matters related to arbitrations. These, however, only apply to arbitrations in Sri Lanka as per a strict reading of the Arbitration Act. Such circumstances include:

---

43 Section 50(1) of the Act defines the High Court as the “High Court of Sri Lanka, holden in the judicial zone of Colombo or holden in such other zone, as may be, designated by the Minister with the concurrence of the Chief Justice, by Order published in The Gazette.”
1. A party may apply to the High Court to take necessary measures towards the appointment of an arbitrator or arbitrators, in the event the parties cannot agree on the appointment of an arbitrator or if a party or institution fails to appoint an arbitrator as agreed or required;\(^{44}\)

2. Issuing summons requiring a person to attend for examination before the tribunal and to produce to the tribunal any document or thing specified in the summons, on an application made by any party to an arbitration, after having obtained the written consent of the tribunal;

3. Where an arbitrator unduly delays in discharging his duties, the High Court may upon the application of a party, remove such arbitrator and appoint another arbitrator in his place;\(^{45}\)

4. Any party to the arbitral proceedings may apply to the High Court for a determination of a question in relation to the existence or validity of the arbitration agreement or as to whether such agreement is contrary to public policy or is incapable of being performed. However, where such application is made to the High Court the arbitral tribunal may continue the arbitral proceedings pending the determination of such question by the High Court;\(^{46}\)

5. An order of an arbitral tribunal requiring the taking of interim measures may be enforced by the High Court, on an application made by the party requesting the taking of such interim measures;\(^{47}\)

6. Where there has been undue delay by a claimant in instituting or prosecuting a claim pursuant to an arbitration agreement, then, on the application of any party to the dispute, the arbitral tribunal may make an order terminating the arbitration proceedings and a party aggrieved by any such order of the arbitral tribunal may appeal to the High Court.\(^{48}\)

The court’s powers to issue anti-arbitration injunctions have not been discussed in any decided case.

4. **The conduct of the proceedings**

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

Representation of parties under the Arbitration Act is set out in Section 23, which provides that a party may appear before a tribunal personally or where the party is a body corporate or may be represented by an Attorney-at-Law if a party so desires.

As such, yes, a party may be self-represented.

With regard to foreign counsel, the Arbitration Act does not set out a definition of who an Attorney-at-Law is, or whether the reference is to an Attorney-at-Law qualified to practice in Sri Lanka or overseas.

However, Article 169 (12) the Constitution of Sri Lanka provides that “no Attorney-at-Law shall be entitled to represent any party to a proceeding or be given the right of audience in any court, tribunal or other institution until or unless he has taken and subscribed the oath or made and subscribed the affirmation set out in the Constitution.”

—The Attorney-at-Law referred to in the Constitution is one that is admitted and enrolled as Attorneys-at-Law under the provisions of the Administration of Justice Law, No. 44 of 1973 (i.e., those who are admitted and enrolled by the Supreme Court of Sri Lanka).

Given the above, it is arguable that the term “Attorney-at-Law” referred to in the Arbitration Act is limited to those admitted to and enrolled by the Supreme Court of Sri Lanka.

---


\(^{45}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 8(2).


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?

Section 10 of the Arbitration Act provides that an arbitrator may be challenged only if circumstances exist that give rise to justifiable doubts as to his independence or impartiality.\(^\text{49}\)

Section 10(1) imposes a duty upon an arbitrator to disclose any circumstances likely to give rise to such justifiable doubts. This duty begins at the time the arbitrator is first requested to accept an appointment as an arbitrator and continues throughout the arbitral proceedings. When disclosing any circumstances, the relevant arbitrator is required to notify both the parties and the other arbitrators (if any).

Where a party has appointed an arbitrator or has participated in the appointment of an arbitrator, the party may challenge the appointment of such arbitrator, only for reasons which they become aware of after the appointment was made.\(^\text{50}\)

The procedure for challenge will depend on the agreement of the parties. If the parties have agreed for the arbitration to be conducted under a set of arbitration rules which provide for the procedure for challenge or have otherwise decided on the procedure for challenge, such procedure shall apply. However, in the absence of such agreement, the Arbitration Act provides that within 30 days of becoming aware of the circumstances which give rise to doubts as to the arbitrator's impartiality or independence, the party(s) raise such challenge before the tribunal.\(^\text{51}\)

Once a decision on the challenge is made by the tribunal, if the party who made the challenge is dissatisfied with such decision, they may appeal from that order to the High Court of Sri Lanka, within 30 days from the receipt of the decision.\(^\text{52}\)

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

Section 7 of the Arbitration Act deals with the interference of courts in the appointment of arbitrators.

The starting point is that, even in \textit{ad hoc} arbitrations, the parties are free to agree on a procedure for appointment of arbitrators.\(^\text{53}\)

In the absence of such agreement, in an arbitration with a sole arbitrator, the High Court of Sri Lanka shall, upon an application made by the party(s), appoint the sole arbitrator. In an arbitration where the tribunal comprises of three arbitrators, each party is required to appoint an arbitrator and the arbitrators so appointed shall appoint the third arbitrator. Where the parties fail to appoint an arbitrator within 60 days, or where the two arbitrators fail to appoint the third arbitrator within 60 days, the High Court of Sri Lanka shall, upon the application of the party(s), appoint the arbitrator(s) as necessary.\(^\text{54}\)

Where there is an agreed procedure for appointment, but a party fails to act as required under the procedure, the parties/arbitrators are unable to reach an agreement as required under such procedure or a third party, including an institution, fails to perform any function assigned thereto under such procedure, the High Court of Sri Lanka shall, upon the application of the party(s), take necessary measures towards the appointment of the arbitrator(s) as necessary.\(^\text{55}\)

---

\(^{49}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 10(2).

\(^{50}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 10(3).

\(^{51}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 10(3).

\(^{52}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 10(3).

\(^{53}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 7(1).

\(^{54}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 7(2).

\(^{55}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 7(3).
In all of the above instances, the High Court of Sri Lanka shall, in appointing an arbitrator, have due regard to any qualification required of an arbitrator under the arbitration agreement, and to such considerations as are likely to secure the appointment of an independent and impartial arbitrator.56

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?

Under section 13 of the Arbitration Act, the power to issue interim measures is vested with the arbitral tribunal, and the High Court of Sri Lanka is empowered to enforce such an order.

However, a lacuna exists within the Arbitration Act, whereby there are no provisions setting out what recourse a party would have prior to the constitution of the arbitral tribunal.

This lacuna has been filled by the general practice adopted in Sri Lanka, where parties to an arbitration agreement seeks interim relief from a court of law pending the constitution of an arbitral tribunal.

In the case of Backsons Textiles Industries Ltd v. Hydro Industries Ltd57 it was observed by the Court of Appeal that “...until [...] a final order resolving any dispute or an interim order is made by the Arbitrator, a party is entitled to come before the District Court and obtain interim relief to maintain the status quo of the subject matter of an arbitration”.

It is also worthwhile to note that section 5 of the Arbitration Act provides for the ouster of court jurisdiction, where an arbitration agreement exists and a party to such arbitration agreement objects to the court exercising jurisdiction. Then the question arises whether the aforesaid application for interim measures falls within the ambit of section 5 of the Arbitration Act.

This question was answered in the negative, in the case of Eligtread Lanka (Pvt) Ltd v. Bino Tyres (Pvt) Ltd58 where the Supreme Court of Sri Lanka held;

“A careful reading of section 5 of the Arbitration Act would reveal that it merely provides that “the court shall have no jurisdiction to hear and determine such matter” but it does not take away the power of court in appropriate circumstances of making other orders supportive of or incidental to the arbitral process, such as for the constitution of the arbitral tribunal or for providing such interim measures as may be necessary to protect or secure the claim which forms the subject matter of the arbitration agreement.”

Thus, for arbitrations seated in Sri Lanka, a party to an arbitration agreement may go before the courts of first instance in Sri Lanka, seeking interim measures. However, they may do so only prior to the constitution of the arbitral tribunal.

Applications for interim measures are made under section 54 of the Judicature Act No. 2 of 1978 of Sri Lanka read together with the Civil Procedure Code of Sri Lanka. These applications are usually made ex parte, and courts are vested with the discretion to grant such relief ex parte or inter partes.

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

4.5.1 Does it provide for the confidentiality of arbitration proceedings?

There is no express provision under the Arbitration Act which provides for the confidentiality in arbitration proceedings. This issue has also not been decided in any case law. However, it is generally accepted that arbitral proceedings will remain confidential, with tribunals often including confidentiality provisions within procedural orders / terms of reference.

---

57 Backsons Textile Industries v Hybro Industries Ltd, Case No. CA No.51/97, 28 April 1997.
4.5.2 Does it regulate the length of arbitration proceedings?

No, the Arbitration Act does not contain any provisions regarding the length of arbitration proceedings. However, under section 39 of the Arbitration Act there is a term implied into the arbitration agreement that it shall be the duty of the claimant to exercise due diligence in the prosecution of a claim.

Where there has been an undue delay by a claimant in instituting or prosecuting a claim, then on the application of any party to the dispute, the arbitral tribunal may make an order terminating the arbitration proceedings.\(^59\)

However, the arbitral tribunal shall not make such order unless it is satisfied that the delay has been intentional or inordinate, or the delay will give rise to a substantial risk of it not being possible to have a fair determination of the issues in the arbitration proceedings or is likely to cause or had caused serious prejudice to the other parties to the arbitration proceedings.\(^60\)

4.5.3 Does it regulate the place where hearings and/or meetings may be held, and can hearings and/or meetings be held remotely, even if a party objects?

Section 16(2) of the Arbitration Act provides that unless otherwise agreed, the arbitral tribunal may meet at any place it considers appropriate for consultation among its members, for hearing witnesses, experts or the parties, or for the inspection of goods, other property or documents.

With regard to remote hearings/meetings, there is no express provision in the Arbitration Act, and arbitral tribunals will only proceed with a remote hearing after having obtained the consent of both parties, in order to ensure fair process.

4.5.4 Does it allow for arbitrators to issue interim measures? In the affirmative, under what conditions?

An arbitral tribunal, at the request of a party, is empowered under section 13 of the Arbitration Act, to order any party to take such interim measures as it considers necessary to protect or secure the claim which forms the subject matter of the dispute. When making such order, the arbitral tribunal may also order the party making the request for interim measures, to provide security or any expense, loss or damage that may be caused by taking such interim measures.\(^61\)

It is important to note that except in exceptional circumstances, such order shall not be made, unless all parties are heard / the application is heard \textit{inter partes}.

An order of the arbitral tribunal requiring interim measures may be enforced by the High Court of Sri Lanka, upon the application of a party.

4.5.5 Does it regulate the arbitrators’ right to admit/exclude evidence? For example, are there any restrictions to the presentation of testimony by a party employee?

The Arbitration Act does not contain any restrictions regarding the rights of the arbitral tribunal to admit / exclude evidence.

In fact, the Arbitration Act provides that the parties shall be free to agree on the procedure to be followed by the arbitral tribunal when conducting proceedings. The power conferred on upon the arbitral tribunal shall include the power to determine the admissibility, relevance, and weight of any evidence.\(^62\)


\(^{60}\) Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 39(3).


Further, section 22(3) provides that unless otherwise agreed, an arbitral tribunal conducting arbitral proceedings shall not be bound by the provisions of the Evidence Ordinance of Sri Lanka. As such, the rules of evidence seen in litigation are not applicable for arbitral proceedings.

4.5.6 Does it make it mandatory to hold a hearing?

The Arbitration Act does not require a hearing to be held. However, section 17 of the Arbitration Act provides the parties with the discretion to decide on the procedure to be followed by the arbitral tribunal when conducting the proceedings. Thus, if both parties consent to the proceedings to be conducted without a hearing, the arbitral tribunal will proceed to do so subject to the terms of the arbitration agreement.

4.5.7 Does it prescribe principles governing the awarding of interest?

Section 28 of the Arbitration Act provides that, unless otherwise agreed, where an arbitral tribunal makes an award for the payment of money, the arbitral tribunal may in the award order interest, at the rate agreed upon between the parties in the arbitration agreement, or in the absence of such agreement, at the legal interest prevailing at the time of making the award.

Such interest may be from the date of the commencement of the arbitral proceedings to the date of the award, however the arbitral tribunal also has the discretion to award additional interest from a period prior to the institution of the arbitral proceedings, and/or a period after the date of the award until the date of payment, or an earlier date to the date of payment.

4.5.8 Does it prescribe principles governing the allocation of arbitration costs?

There are no provisions in the Arbitration Act that expressly provide for the allocation of arbitration costs. In general, it is the practice of arbitral tribunals to award costs based on principles generally applicable in the awarding of costs, such as costs follow the event, conduct of the parties in presenting its case, success of the claims raised in arbitration etc.

4.6 Liability

4.6.1 Do arbitrators benefit from immunity from civil liability?

Section 45 of the Arbitration Act provides that an arbitrator shall not be liable for negligence in respect of anything done or omitted by such an arbitrator when acting in such capacity. However, an arbitrator can be held liable for fraud when acting as an arbitrator in an arbitration.

4.6.2 Are there any concerns arising from potential criminal liability for any of the participants in an arbitration proceeding?

No.

5. The award

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

Section 25(2) of the Arbitration Act provides that an award shall state the reasons upon which it is based, unless the parties have agreed that no reasons are to be given or the award has been made pursuant to a settlement under section 14 of the Arbitration Act.

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

There are none.
5.3 Is it possible to appeal an award (as opposed to seeking its annulment)? If yes, what are the grounds for appeal?

The Arbitration Act does not provide for any appeal from an award. In fact, section 26 of the Arbitration Act expressly provides that subject to the setting aside and enforcement provisions contained in the Arbitration Act, an award made by the arbitral tribunal shall be final and binding on the parties to the arbitration agreement.

Further, the Arbitration Act also recognises the parties’ ability to enter into exclusion agreements and provides that parties to an arbitration agreement may agree in writing to exclude any right of appeal in relation to an award.63

5.4 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?

The procedure for making an application to enforce an arbitral award is set out in section 31 of the Arbitration Act. This provides that an application for enforcement must be made within one year, after the expiry of fourteen days, from the date on which the award is made.64

The application shall be accompanied by the original of the award or a duly certified copy of the award, and the original arbitration agreement under which the award has been made or a duly certified copy thereof.65

A duly certified copy, is a copy which has been certified by the arbitral tribunal, or a member of the tribunal, or it has otherwise been certified to the satisfaction of court.66

If a document or part of a document submitted as part of the enforcement application is written in a language other than in Sinhala, Tamil or English, a translation of such document certified by an official, sworn translator, or a diplomatic or consular agent in Sri Lanka of the country in which the award was made shall be submitted along with such document.67

Section 33 of the Arbitration Act provides that a foreign arbitral award irrespective of the country in which it was made, shall be enforced in Sri Lanka, by filing an enforcement application in accordance with section 31 of the Arbitration Act. As such, procedure for recognition and enforcement of foreign arbitral awards are the same for both local and foreign awards.

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

There is no provision under the Arbitration Act or otherwise under the laws of Sri Lanka, that gives rise to an automatic suspension of the right to enforce an award by the introduction of set-aside proceedings.

However, there are several provisions in the Arbitration Act that deal with an instance where parties have filed both an application for enforcement and application for set aside.

For local / domestic arbitral awards, section 35(1) of the Arbitration Act provides that where an application for enforcement and an application for set aside are both pending before the High Court of Sri Lanka, the Court shall consolidate the two applications. In practice, parties will file the two applications separately, and prior to the inquiry stage the two applications will be consolidated.

---

64 Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Section 31(1).
67 Arbitration Act No.11 of 1995 of Sri Lanka, 30 June 1995, Sections 31(3) and 31(4).
For foreign arbitral awards, section 34(2) of the Arbitration Act provides that if an application for setting aside or suspension of an award has been made to a court, on the grounds set out in section 34(1) of the Act, the court where recognition or enforcement is sought may, if it considers proper, adjourn its decision and may also, on the application of the party claiming recognition or enforcement of the award, order the other party to provide appropriate security.

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

There are no express provisions under the Arbitration Act that precludes enforcement of an award that has been annulled / set aside at its seat. This matter has also not been decided by the Sri Lankan courts.

5.7 Are foreign awards readily enforceable in practice?

Yes. Sri Lankan courts regularly enforce foreign arbitral awards and in practice, courts do not have any preference for the enforcement of local awards over foreign awards.

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?

Principles relating to champerty, i.e., agreements in which a person with no previous interest in a lawsuit finances it with a view to sharing the disputed property if the suit succeeds, are recognised in Sri Lanka. Therefore, contingency fee agreements are expressly prohibited under the Code of Ethics for lawyers. However, there are no legal provisions dealing with third-party funding or the sharing of risk. There have also been no reported cases on this.

7. Arbitration and technology

7.1 Is the validity of blockchain-based evidence recognised?

There are no legal provisions or court decisions on this point.

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

There is a requirement under the Arbitration Act for the arbitration agreement to be in writing. Section 3(2) provides that an agreement shall be deemed to be in writing if it is contained in a document signed by the parties or in an exchange of letters, telexes, telegrams or other means of telecommunication which provide a written record of an agreement. The Arbitration Act also provides that an arbitral award shall be in writing. However, there is no definition of what in writing shall constitute.

In neither instance have there been any court decisions on whether an agreement and/or award recorded on a blockchain, is recognised as fulfilling the requirements of the Arbitration Act.

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

There are no legal provisions or court decisions on this point.

---

68 The grounds for refusing recognition or enforcement of an award under section 34(1) are identical to the grounds set out in Article V of the New York Convention.

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?

The Electronic Transactions Act, No. 19 of 2006 of Sri Lanka gives legal recognition to electronic signatures. For this purpose, a signature includes affixing a person’s hand-written signature or any mark on any document. However, whether these would suffice in the context of arbitration awards remains to be seen. The signing of awards using secure digital signing protocols too remains untested and therefore cannot be recommended.

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

At present, there is a new Arbitration Bill being drafted. However, it is yet to be submitted before Parliament. The existing Arbitration Act was based on the draft Swedish Arbitration Act of 1994, and the UNCITRAL Model Law. However, there are several lacunas within the Arbitration Act. For example, it does not contemplate the enforcement of interim awards or emergency arbitrator awards and it does not set out a detailed procedure for ad hoc arbitrations. The new draft Arbitration Bill attempts to fill these gaps and update the Sri Lankan arbitration law in line with the developments of the international arbitration landscape.

9. Compatibility of the Delos Rules with local arbitration law

The Arbitration Act is broadly compatible with the Delos Rules. However, where the Delos Rules provide for interim awards or partial awards, these awards cannot be enforced under the Arbitration Act. This is because the Arbitration Act only provides for the enforcement of “awards” and an ‘award’ which is defined as “a decision of the arbitral tribunal on the substance of the dispute”, and an interim or partial award would not fall within this definition.

10. Further reading
### 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>ICLP Arbitration Center (ICLP) is an arbitration center based in Sri Lanka, which has its own set of arbitration rules and administers arbitrations. The Sri Lanka National Arbitration Centre (SLNAC) is a center which administers ad hoc arbitrations conducted under the Arbitration Act of Sri Lanka. It does not have its own set of rules. More recently, a third institution, the International ADR Center, (The CCC-ICLP International ADR Center) Sri Lanka (IADRC), was established. Like the ICLP, the IADRC also administers its own set of rules. Whilst there are many arbitrations seated in Sri Lanka and conducted under the ICC and SIAC Rules, these institutions do not have regional offices / case management teams in Sri Lanka.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main arbitration hearing facilities for in-person hearings?</td>
<td>Maxwell Center.</td>
</tr>
<tr>
<td>Main reprographics facilities in reasonable proximity to the above main arbitration providers with offices in the jurisdiction?</td>
<td>✗</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 international court reporting service providers with offices in Sri Lanka. However, many international service providers such as Opus2 and Epiq Global have provided reporting services both virtually and in person in Sri Lanka. At present, the only digital court reporting service provider with offices in Sri Lanka is Trive International.70</td>
</tr>
<tr>
<td>Leading local interpreters for simultaneous interpretation between English and the local language, if it is not English?</td>
<td>The ICLP Arbitration Centre and Sri Lanka National Arbitration Centre, both provide interpretation services.</td>
</tr>
<tr>
<td>Other leading arbitral bodies with offices in the jurisdiction?</td>
<td>✗</td>
</tr>
</tbody>
</table>

---

70 Available at: [https://triveinternational.com/Services_TranscriptionPage.html](https://triveinternational.com/Services_TranscriptionPage.html)