

THE NEW SIMPLIFIED ARBITRATION PROCEDURE OF THE MILAN CHAMBER OF ARBITRATION

On **1st July 2020**, Italy's leading arbitral institution, the Milan Chamber of Arbitration ("**CAM**"), issued its new rules on the Simplified Arbitration Procedure.

As clarified by the Milan Chamber in the statement published on its website, the newly introduced rules are meant to provide users with "*a streamlined arbitration with reduced scales of fees*".

The Simplified Arbitration Procedure is an important project of the CAM aimed at proposing a real alternative structure to the ordinary procedure, promoting efficiency and a sharp reduction of costs.

The Simplified Arbitration Procedure is regulated in "Annex D" of the CAM Regulation and is also available in an official English version.

1. Scope of the application

The Simplified Arbitration Procedure shall apply to (a) arbitrations commenced after the entry into force of the new rules (1 July 2020), if the value of the claims filed by the Claimant does not exceed Euro 250.000, and unless one of the parties opts-out in the request for arbitration or in the reply to the request for arbitration; and (b) to all arbitrations, regardless of the value of the claims, if the parties have agreed to opt-in in the arbitration agreement or thereafter, until the filing of the reply to the request for arbitration¹.

2. The Arbitral Tribunal's composition and appointment

The Arbitral Tribunal shall consist of a sole arbitrator who shall be appointed by the CAM's Arbitral Council². This solution is designed to promote fast decision-making procedures and it will be the Arbitral Council to appoint the sole arbitrators, ensuring their competence, availability and independence.

3. The arbitral proceedings and the arbitral award

The rules of procedure are simplified and provide as follows:

- the filing of two introductory acts (*i.e.* request for arbitration and reply brief) and only one further round of exchange. The Simplified Arbitration Rules provide that the parties must address already in their introductory briefs a statement of the evidence required in support of the claims, setting forth - under penalty of rejection - the circumstances intended to be proved by each means of evidence; and

¹ A similar mechanism is followed also by the *Expedited Procedures* of the International Chamber of Commerce, which provide a default application of expedited proceedings in cases having a value of less than Euro 2,000,000.00, with the possibility of an opt-out as well as an opt-in for cases of a higher value.

² The CAM Simplified Arbitration Rules follow the solution already provided by the major arbitration institutions that have established expedited procedures.

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- a single hearing which may be held also not in person (e.g. online or by video/teleconference).

In any case, the CAM Simplified Arbitration Rules grant to the arbitrator the power to conduct the proceedings in such manner as he/she considers appropriate for an expedited conclusion. By way of example, the arbitrator may, after consultation with the parties, decide to limit the length and scope of briefs, the number of documents and the number of witness evidences, if any. Article 5, Annex D further establishes a general duty of the parties to “*act in an expeditious manner, considering the simplified nature of the Procedure*”.

According to Article 6 of Annex D, the arbitrator shall file the final award within three months from the constitution of the Arbitral Tribunal. This time limit may be extended by the Secretariat only upon justified reasons.

4. Costs of the proceedings

The simplification of the arbitration procedure is combined with a significant reduction of the costs of the proceedings.

The fees of the Sole Arbitrator and those of the Chamber of Arbitration are reduced by 30% as compared with those applicable in ordinary proceedings.

This reduction of costs, associated with the simplification of the procedure, is aimed at enhancing the use of arbitration also for disputes with a modest value and for small and medium-sized enterprises.

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The Dispute Resolution Department of Legance is available to provide any clarifications, also in respect of any specific situation which may be of interest to you.

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