



Article 694

[...]

1. [...]
2. In opposing enforcement based on an arbitral award, the enforcer may invoke the grounds provided for in the Voluntary Arbitration Legal Regime."

**Article 3**

**Revocation provision**

Article 679(2) and Article 841 of the Code of Civil Procedure, approved by Decree-Law 1/2006, of 21 February, are hereby revoked.

**Article 4**

**Transitory rule**

The Voluntary Arbitration Legal Regime shall apply to arbitration proceedings commenced after this law comes into force, even if the arbitration agreement was entered into earlier.

**Article 5**

**Entry into force**

The present law comes into force on the day following its publication.

Approved on February 22<sup>nd</sup>, 2021.

The Speaker of the National Parliament,

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**Aniceto Longinhos Guterres Lopes**

Promulgated on March 29, 2021.

Be it published.

The President of the Republic,

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**Francisco Guterres Lú Olo**

**ANNEX**

**LEGAL REGIME OF VOLUNTARY ARBITRATION**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1  
Object**

The object of the present legal regime is to regulate voluntary arbitration and the confirmation and enforcement of arbitral awards.

**Article 2  
Scope of application**

1. The present legal regime shall apply to domestic voluntary arbitrations and international voluntary arbitrations held in East Timor, to the enforcement of provisional measures and national arbitral awards, and to the confirmation and enforcement of foreign provisional measures and arbitral awards.
2. Unless otherwise agreed by the parties, Articles 14(4) and (5) and 28(4) of this legal regime shall not apply to international arbitration.
3. Article 11(2), Article 52(3) and (4), Article 61, Article 62(2) and Article 67 of this Statute shall apply only to international arbitration.
4. Without prejudice to the provisions of the two preceding paragraphs, in the absence of any special provision to the contrary, all the rules of this legal regime shall apply to domestic arbitrations and to international arbitrations.
5. The submission to arbitration of disputes arising out of, or in connection with, employment contracts shall be regulated by special law.

**Article 3  
Definitions and rules of interpretation**

1. For the purposes of the present legal regime, the following definitions shall apply
  - a) "Voluntary arbitration" means the resolution of disputes by means of a binding decision rendered by an arbitral tribunal on the basis of an arbitration agreement and following proceedings subject to the principles of equal treatment of the parties, adversarial proceedings and the independence and impartiality of the arbitrators;
  - b) "Arbitration agreement" means an agreement, which may be a separate contract or a clause contained in a contract having a purpose other than an arbitration agreement, by which the parties submit to the decision of an arbitral tribunal:
    - i) The settlement of a current dispute or of all or some of the disputes which may arise out of a given contractual or non-contractual legal relationship;
    - ii) The definition of legal or factual situations, in particular the determination and completion of contractual content and its adaptation to new circumstances, particularly in the case of contracts creating legal relationships of a lasting nature;

- c) "Arbitral tribunal" means a tribunal made up of members, one or more, appointed by the parties to the dispute, by third parties to whom the parties have granted such power, including institutionalized arbitration centers, or by the competent judicial courts, under the terms of this legal regime
- d) "Arbitrators" means the members of the arbitral tribunal appointed under the terms of the preceding paragraph
- (e) "Emergency arbitrator" means an arbitrator appointed by the parties to the dispute or a third party to whom they confer such power, including institutionalized arbitration centers, to order interim measures before the arbitral tribunal is constituted
- f) "Judicial tribunal" means any tribunal within the judicial organization of East Timor
- g) "International arbitration" means an arbitration taking place in East Timor in which any of the following circumstances applies
  - i) The parties are, at the time of the conclusion of the arbitration agreement, domiciled or have their seat in different States;
  - ii) The place of performance of the main obligations of the legal relationship or transaction which is the subject of the dispute is in a State other than the State of the domicile or seat of the parties
  - iii) The place with which the matter in dispute is most closely connected is situated in a State other than the State where the domicile or registered office of the parties is situated
  - iv) The parties themselves, in the arbitration agreement, determine that the matter is related to more than one State;
- h) "Domestic arbitration" means arbitration that, having taken place in East Timor, is not international arbitration
- i) "Foreign arbitration" means arbitration that does not take place in East Timor
- j) "Place of arbitration" means the place agreed upon by the parties or fixed by the arbitral tribunal, under the terms of article 43
- (k) "Arbitral award" means any award rendered by an arbitral tribunal
- (l)

- p) "Institutionalized arbitration center" means any institution, regardless of its legal form, which provides support services to the parties and to the arbitral tribunal, namely administrative and logistic support in the conduct of arbitration proceedings
  - q) "Durable support" means a paper or electronic document which enables information to be stored in a permanent and accessible manner for future reference;
  - r) "Electronic communication" means communication which permits the transmission and reception of data by wire, radio, optical or other electromagnetic means.
2. For the purposes of paragraph g) of the preceding paragraph, when any of the parties has more than one domicile, the one which has the closest connection with the arbitration agreement shall be considered and, when any of the parties has no domicile, the place of its habitual residence shall be considered.
  3. Whenever a rule of this legal regime, with the exception of article 52, grants the parties the power to dispose of a certain matter, it comprises the power to authorize a third party, including an institutionalized arbitration center, to do so.

**Article 4**  
**Arbitrability**

1. Without prejudice to special law which reserves them

the last domicile, habitual residence or headquarters of the addressee, and shall be deemed to have been made on the date they are received there.

2. Time limits which commence when any communications or notifications are made shall begin to run

- c) The declarations of the parties are contained in electronic communication, such as telex, telecopy and electronic mail, of which a record is kept on a durable medium;
- d) A contract refers to a contractual text or document containing an arbitration agreement, provided that the reference is made in such a manner that the arbitration agreement becomes an integral part of that contract;
- e) The text of the arbitration agreement is recorded in a durable medium and the behavior of the parties, namely the lack of any opposition immediately after its knowledge, interpreted according to the habits of the economic branch in question and the rules of common experience, allows the conclusion that both agree with its content;
- f) Any party, despite having been notified, in arbitral proceedings, of the petition or defense in which the arbitration agreement is alleged, does not challenge its existence.





2. In the absence of an agreement of the parties on the subject matter, the arbitral tribunal shall consist of three arbitrators.
3. Unless otherwise agreed by the parties, no person shall be barred from being appointed as an arbitrator by reason of his nationality.
4. Where the arbitration agreement results in one of the parties having a preponderant position in the arbitrator designation procedure that may jeopardise the impartiality of the arbitral tribunal, the other party may, within 10 days from knowing the full composition of the arbitral tribunal, request the President of the Supreme Court of Justice to replace the appointed arbitrator(s) or to determine an appointment procedure other than that provided for in the arbitration agreement.
5. The decision of the President of the Supreme Court of Justice shall not be subject to appeal, and the provisions of Article 12(3) and (4) shall apply, with the necessary adaptations.

#### **Article 15**

##### **Appointment of arbitrators**

1. Arbitrators shall be appointed in accordance with the procedure stipulated by the parties, directly or by referring to the regulations of institutu.00efereer, the an7a4 11.04 Tf8F4 11.5a2 841.92 re7( )] Tn arbi

6. The decisions of the President of the Supreme Court of Justice provided for in the preceding paragraphs shall not be subject to any appeal.

**Article 16**

**Appointment of arbitrators in the event of plurality of claimants and respondents**

1. In the event of plurality of claimants or respondents, and if the arbitral tribunal is composed of three arbitrators, the first arbitrators shall jointly appoint an arbitrator, and the second arbitrators shall jointly appoint another.
2. If the claimants or the respondents cannot agree on the arbitrator to be appointed, it shall be incumbent upon the President of the Supreme Court of Justice, at the request of any of the parties, to appoint the missing arbitrator.
- 3.

4. A party may not refuse an arbitrator whom it has appointed, or in whose appointment it has participated, unless it shows that it only became aware of the grounds for refusal after the appointment.

**Article 19**  
**Procedure for refusal**

1. Without prejudice to paragraph 3, the arbitrator refusal procedure shall follow the rules agreed upon by the parties, either directly or by referring to the rules of an institutionalized arbitration center.
2. In the absence of agreement, the following rules shall apply:
  - a)

- 3 The fact that an arbitrator resigns in the cases provided for in paragraph 1 of this Article and in paragraph 2 of the preceding Article shall not be construed as acceptance of the facts or circumstances imputed to him, nor as recognition of any liability.

#### **Article 21**

##### **Replacement of the arbitrator**

1. In all cases where, for any reason, the term of office of an arbitrator terminates, namely in the cases provided for in the preceding articles, a replacement arbitrator shall be appointed in accordance with the rules applied to the appointment of the replaced arbitrator.
2. Once the replacement arbitrator is in office, the Arbitral Tribunal, after hearing the parties, shall decide whether, in view of his new constitution, any procedural acts shall be repeated or not.

#### **CHAPTER IV**

##### **REQUIREMENTS, DUTIES, LIABILITY, AND RIGHTS OF ARBITRATORS**

#### **Article 22**

##### **Requirements**

1. Only fully capable natural persons may be arbitrators.
2. Without prejudice to the freedom of choice of the parties and to the provisions of articles 15(4) and 15(5), no person may not be appointed as arbitrator on the basis of gender or nationality. 4 and 5 of article 15, no person may not be appointed as arbitrator on the grounds of gender or nationality.

#### **Article 23**

##### **Independence, impartiality and diligence**

Arbitrators shall exercise their functions with high standards of diligence, be independent and act with absolute impartiality, treating the parties equally.

#### **Article 24**

##### **Responsibility**

1. Arbitrators shall not be liable for the damages resulting from their decisions, unless they acted with intent or gross negligence.
2. Where arbitrators have been appointed by third parties, including arbitration centers or other arbitrators, such arbitrators shall only be liable to the parties when they have themselves acted with intent or gross negligence in the selection of arbitrators.





- a) It is probable that failure to enact the measure would cause the applicant harm not adequately redressable by way of compensation and that such harm is substantially greater than that which might result to the defendant from the enactment of the measure;
  - b) There is a reasonable possibility that the arbitral proceedings will be successful.
2. The evaluation of probability referred to in subparagraph b) of the preceding paragraph shall not bind the arbitral tribunal with respect to the judgment of the case.
  3. With respect to the interim measure referred to in subparagraph (d) of paragraph 1 of the preceding Article, the requirements set out in paragraph 1 of this Article shall apply only to the extent that the arbitral tribunal considers them appropriate to the nature of the measure.
  4. The arbitral tribunal may require the applicant for the interim measure to provide appropriate security.

**Section II**  
**Preliminary orders**

6. Notwithstanding the provisions of the preceding paragraph, the arbitral tribunal may, after hearing the respondent on such possibility, make an interim order incorporating or modifying the contents of the preliminary order.
7. The preliminary order is binding on the parties but is not enforceable by the courts.

**Section III**

**Rules Common to Provisional Measures and Preliminary Orders**

**Article 33**

**Modification, suspension and revocation**

The arbitral tribunal may modify or revoke its preliminary order if it finds that the order is no longer justified in the circumstances. The arbitral tribunal may also suspend its preliminary order if it finds that the order is no longer justified in the circumstances.







- c) Principle of adversarial proceedings, which obliges the arbitral tribunal to grant the parties, throughout the proceedings, the opportunity to comment in advance on any issues it should resolve, subject to the exceptions provided for in this legal regime;
  - d) Principle of free legal representation, which ensures the parties the right to be represented by counsel.
2. Without prejudice to the provisions of paragraph d) of the preceding number, and unless otherwise agreed upon by the parties, the parties may litigate in their own cause and be represented by any person of their choice, even if not a lawyer.
  3. In the case of international arbitration, and unless otherwise agreed by the parties, any of the parties may be represented by a foreign lawyer not registered in Timor-Leste, regardless of the State from which he or she comes.
  4. For all purposes, the persons referred to in paragraph 2 and the foreign lawyers not registered in Timor-Leste referred to in paragraph 3 above shall be deemed to be acting lawfully when representing any of the parties in arbitral proceedings, and the prohibition of unlawful representation shall not apply to them.

#### **Article 41**

##### **Determination of the rules of the arbitral proceeding**

1. With due regard for the principles set out in the preceding article, the parties are free to establish, by agreement, up to the time of acceptance of the first arbitrator, the rules to be observed by the arbitral tribunal in the conduct and management of the arbitral proceedings.
2. Failing agreement by the parties, and in all matters not regulated by the present legal regime, the arbitral tribunal may conduct and manage the proceedings in the manner it considers most appropriate to the nature and degree of complexity of the dispute, ensuring its expeditious progress and deciding on the admissibility, relevance and value of any evidence produced or to be produced.
3. In exercising the power provided for in the previous paragraph, the arbitral tribunal may also refer to the regulations of institutionalised arbitration centers, to model schemes recommended by international organisations, to civil procedural law in force in Timor-Leste or, in the case of international arbitration, to a foreign procedural law in force in a jurisdiction which is more closely connected with the dispute.

#### **Article 42**

##### **Privacy and confidentiality**

1. Unless otherwise agreed by the parties, all meetings and hearings in the arbitral proceedings shall be held in private.
2. The arbitrators, the parties and, if applicable, the institutionalized arbitration center are bound to keep confidential all information and documents of which they become aware and obtain through the arbitral proceedings.
3. The duty of secrecy imposed on the parties in the previous paragraph ceases, and the disclosure or publication of any of the information or documents referred to in the previous paragraph becomes

- a) Disclosure or publication is necessary for the defense of its rights and legitimate interests;
  - b) The disclosure or publication is necessary to challenge or enforce an arbitral award;
  - c) There is a duty, imposed by law, to communicate or disclose;
  - d) The disclosure is made pursuant to an order of the arbitral tribunal itself, provided that the order was issued at the request of one party and after hearing the other party
  - e) The disclosure is made to those who are legally obliged to maintain secrecy, namely lawyers.
4. If none of the parties opposes it, the publication of arbitral awards is lawful, provided they are free from elements that make it possible to identify the parties.

**Article 43**

**Place of arbitration**

1. The place of arbitration is fixe o4( m)6(ake)-2008871 08n secrecs024a.08 T.2/F3 11.04 Tf1 0 0 1 283

2.

- b) The failure of the respondent to file its Statement of Defence in accordance with Article 46(1) shall not prevent the proceedings from continuing, and the arbitral tribunal may not regard this failure as in itself an acceptance of the claimant's contentions or claims
- c) If a party fails to appear at a hearing or to produce documentary evidence within the time limit,

2. The accession referred to in the previous paragraph requires the consent of all the parties to the arbitration agreement and may have effects restricted to the arbitral proceeding in question.
3. Once the arbitral tribunal has been constituted, only the spontaneous or provoked intervention of a third party who states that he or she accepts all the arbitrators that comprise it shall be admitted, and, in the case of spontaneous intervention, such acceptance shall be presumed.
4. The arbitral tribunal may only admit the intervention if it does not unduly disturb the normal course of the arbitral proceeding and if there are relevant reasons that justify it, being considered that, provided the request is not manifestly impracticable, this shall be deemed to happen when one of the following situations occurs, namely
  - a) The third party has in relation to the subject matter of the dispute an interest equal to that of the claimant or respondent, which would initially allow voluntary co-partnership or would impose necessary co-partnership between one of the parties to the arbitration and the third party;
  - b) The third party wishes to formulate, against the respondent, a claim that has the same object as the claimant's claim but is incompatible with it;
  - c) The respondent, his or her co-partners or the joint debtors, if the liability of the respondent is joint and several among them, that the other joint creditors be bound by the final decision issued in the arbitration;
  - d) The respondent wishes that third parties against whom it may have a right of recourse as a consequence of the total or partial granting of the claimant's request, be summoned.
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agreement pre-dates the acceptance of the first arbitrator, the arbitral tribunal shall judge the case in accordance with the local or community custom specifically identified in such agreement.

3. In the case of international arbitration, and subject to paragraph 1, the arbitral tribunal shall decide in accordance with the following criteria
  - a) In accordance with the rules, whether or not forming part of state legal systems, chosen by agreement of the parties;
  - b) In the absence of an agreement of the parties, in accordance with the state law determined by the conflict rule that the court considers applicable to the case;
  - c) In any of the cases referred to in the preceding paragraphs, the arbitral tribunal shall consider the contractual stipulations of the parties and the relevant commercial usages.
4. Where the parties, pursuant to the provisions of subparagraph a) of the preceding paragraph, choose the law of a given State, it shall be understood, unless otherwise expressly stipulated, that they are referring directly to the substantive law of that State and not to its conflict of laws rules.
5. The award, in part or in full, and the other decisions made by the arbitral tribunal, with the exception of the cases specifically provided for in this regime, may only be appealed to the competent court if expressly provided for in the arbitration agreement and if the case is not one in which the parties have agreed to judgement according to equity or local or community customs.
6. When, once the assumptions set forth in the preceding paragraph have been met, the arbitral tribunal shall apply the law of the State of the seat of the arbitration.



imperative rules of Timorese law, or, in the case of international arbitration to be conducted under Timorese law, violates the international public order of the State of Timor-Leste.

2. Where the settlement terminates the dispute in its entirety, the proceedings shall terminate, under the terms of subsection 57.1, when the award referred to in the preceding paragraph is rendered or, under the terms of subsection 57.2, when the award is not rendered.
3. Where the settlement is partial, the proceedings shall continue for trial of that part of the subject



4. Unless the parties have agreed otherwise, the president of the arbitral tribunal shall preserve the original of the arbitral file for a minimum period of one year after the notification of the final award or the last additional award and the original of the arbitral award for a minimum period of three years.

#### **Article 58**

##### **Rectification, clarification and supplementation of award**

1. Unless the parties have agreed upon another time limit for this purpose, within 30 days after the notification of the award, either party may, with notice to the other, request the arbitral tribunal
  - a) To rectify in the text of the award any miscalculation, clerical or typographical error or mistake of a similar nature;
  - b) Clarify any obscurity or ambiguity in any part of the award;
  - c) Renders an additional ruling on any claim or issue that, although raised in the case, was not decided in the final or previous partial ruling.
2. If the request is admitted, the arbitral tribunal shall make the rectification or clarification, which shall be deemed to be part of the award, within a maximum of 30 days, and the additional award within a maximum of 60 days, both as from the receipt of the respective requests, and the provisions of article 56 shall apply.
3. The arbitral tribunal may also, on its own initiative, within 30 days from the date of notification of the award, rectify any of the errors referred to in paragraph 1(a).
4. The arbitral tribunal may extend, if necessary, the time limit it has to rectify, clarify or supplement the award, pursuant to the preceding paragraphs, subject to compliance with the maximum time limit set forth in Article 56.

### **CHAPTER IX**

#### **CHALLENGE OF THE ARBITRAL AWARD IN THE JUDICIAL COURTS**

##### **Article 59**

##### **Exclusivity of the action for annulment**

With the exception of the cases in which the parties, under the terms of Article 52, paragraph 5, agree on its appealability, the challenge of an arbitral award in the courts of law is only admissible by means of the action for annulment regulated in this Chapter.

##### **Article 60**

##### **Grounds for setting aside an arbitral award rendered in domestic arbitration**

1. In the case of internal arbitration, the arbitral award may only be annulled by the competent judicial court on the sole basis of one of the following grounds
  - a) Incapacity of the party to the arbitration agreement, ascertained at the time of the conclusion of the arbitration agreement, requesting the annulment;
  - b) Invalidity of the arbitration agreement under the law to which the parties have subjected it or, in the absence of a choice by the parties, under Timorese law;
  - c) Violation of any of the fundamental principles referred to in article 40



2. The court may only cognize the grounds for annulment provided for in subparagraphs a) through e) of the preceding paragraph upon the plaintiff's allegation, without prejudice to the provisions of Article 6, and the grounds provided for in subparagraphs f) and g) of the preceding paragraph shall be cognizable by the court of its own motion.
3. When, with respect to the hypothesis foreseen in paragraph 1(d), the decisions contained in the arbitral award that exceed the scope of the arbitration agreement are separable from those that fall within it, the annulment may be reduced to the latter.
4. When the arbitral tribunal has applied non-Timorese law in judging the merits of the case, the provisions of paragraph (g) of no. 1 shall not apply, but in this case, if the award has to be enforced in the national territory or if it produces other effects in the Timorese legal system, its annulment is possible when it leads to a result that is manifestly incompatible with the principles of international public order of the Timorese State.
5. The District Court of Dili has jurisdiction for hearing annulment actions.

#### **Article 62**

##### **Renunciation of the right to request annulment of the award**

1. Without prejudice to the provisions of Article 6, the right to request the the arbitral award is unwaivable.
2. However, in the case of international arbitration, and provided that none of the parties has East Timorese nationality Timorese nationality, habitual residence, head office or permanent establishment Timor-Leste, the parties may agree, expressly and in the parties may agree, expressly and in writing, to waive each other's the right to request the annulment of the award.

#### **Article 63**

##### **Proceedings and powers of the judicial court**

1. Under penalty of forfeiture, an application to set aside an arbitral award must be filed with the competent judicial court within 60 days from the date the claimant was notified of the award, or, where applicable, from the date of notification of the decisions referred to in Article 58, paragraph 1.
2. The annulment action shall not suspend the enforceability of the arbitral award.
3. The petition shall be accompanied by a certified copy of the award and, if written in a foreign language, a translation into one of the official languages of Timor-Leste.
4. All evidence must be submitted or requested in the petition for setting aside.
5. After being summoned, the defendant shall have 20 days to present the answer, to which the provisions of the preceding subsection shall apply.
6. If the defendant invokes any exception, the plaintiff may, within 10 days, file an answer, which must be limited to the exception or exceptions invoked.
7. Upon receipt of the plaintiff's answer, or after expiration of the time period for its submission, tcompetent judic

8. Where it appears appropriate in the circumstances of the case, namely in view of the nature of the defects imputed to the arbitral award as grounds for the application for annulment, the court may, at



2. The court may only cognize the grounds for opposition to enforcement provided for in paragraphs a) through f) of the preceding number upon the claimant's allegation, without prej





**Article 72**

**Grounds for opposing enforcement of a foreign award**

1. The defendant may oppose enforcement based on a foreign arbitral award through the same procedural means provided for in the Code of Civil Procedure for enforcement based on a judgment rendered by a court of law.
2. The garnishee may only invoke, in the opposition to enforcement, the grounds provided for in Article 70(1), with the exception of the following
  - a) Grounds that he has not raised in the proceedings for confirmation of the enforceable judgment, but which he could have raised, with the exception of those provided for in Article 70(1)(g) and (h);
  - b) Grounds that have been dismissed in the decision of the court that confirmed the arbitral award.
3. The enforcement court may, of its own motion, hear the matters referred to in Article 70(1)(g) and (h), unless the court that confirmed the arbitral award has already ruled thereon.
4. If, after the expiration of the time limit for objection in the confirmation proceedings, an application for annulment or suspension of the enforceable arbitral award has been made to a court of one of the States referred to in Article 70 (1) (f), the court, if it considers it appropriate, may stay the enforcement proceedings and, on application by the enforcing party, order the opposing party to give appropriate security.

**CHAPTER XII**

**INSTITUTIONALIZED ARBITRATION CENTERS**

**Article 73**

**Institutionalised arbitration centers**

The establishment of institutionalised arbitration centers depends on the authorisation of the Government, to be granted by resolution under the terms of the regulation to be approved.