

ISLAMIC ARBITRATION PORTFOLIO

Advancing the Sustainability Agenda: Strengthening Economic and Social Resilience of Financially Impacted Communities through Islamic Finance

- Illustrating in a compacted manner the vision and the plan of action that the AIAC has for its new services dedicated to the Islamic finance communities around the world.
- Showing a candidly pioneering spirit and special leadership, the AIAC's invigorated venture into Islamic arbitration explores the ways in which its new i-Arbitration Rules 2021 ("i-Rules") can be a remedy for the socio-economic difficulties post-covid.
- Already the i-Rules have beneficated from an agreeable welcome, for its ingenious new solutions which incorporated traditional and digital methods of action.
- Moreover, this dynamic initiative has been accompanied by different programs ranging from seminars to learning series intended to give back and include the larger communities of experts and practitioners of Arbitration in general, and Islamic arbitration in particular.



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PREFACE

Taking guidance in particular from the English courts' approach in the case of *Halpern v. Halpern* (2008) Q.B 195, "**arbitration may well be the solution to resolving Islamic finance disputes in a way that gives full effect to the Islamic Shariah as the governing law**". This reiterates the importance of the AIAC's i-Arbitration Rules 2021 in fortifying the Islamic arbitration framework.

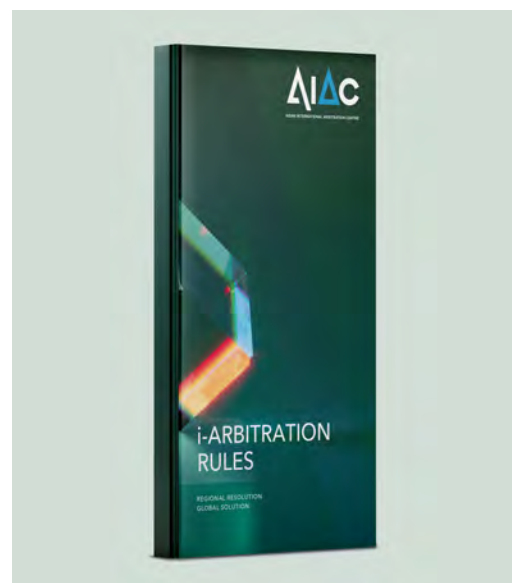
As the world grapples with ongoing challenges of the Coronavirus pandemic, the AIAC has been **focused on strengthening the economic and social resilience of financially impacted businesses and communities** around the world through its Islamic arbitration framework that is premised upon Shariah principles and in tandem with the virtues of Islamic finance such as *Ta'widh* and *Gharamah*.

1. Introduction to AIAC and i-Arbitration

The **Asian International Arbitration Centre (Malaysia)** ("AIAC") is an international organization with privileges and immunities in Malaysia, serving as an arbitral and alternative dispute resolution ("ADR") institution. The AIAC was established in 1978 pursuant to a Host Country Agreement between the **Asian-African Legal Consultative Organization** ("AALCO") and the **Government of Malaysia**.

Leveraging on Malaysia as a **leading hub for Islamic finance by virtue of its large sukuk issuances** and related banking and capital market products, the AIAC envisions to **spearhead the development of dispute resolution globally**, premised upon a set of procedural rules that is widely recognized and enforceable.

The AIAC has in place a shariah-based arbitration framework through its i-Arbitration Rules 2018, to govern disputes referred to arbitration which are Shariah-compliant or driven by Shariah aspirations (i.e. so long as there are no forbidden (*haram*) aspects involved including, amongst others, uncertainty (*gharar*), gambling (*maysir*) and interest (*riba*). Our efforts to promote this product have been positive over the years, even culminating in our receipt of the **Global Arbitration Review Award** for 'Innovation by an Individual or Organisation' in 2012. Since then, the AIAC remained true to that innovative spirit and bold style of leadership. Corresponding to that zeal, we undertook a review of the AIAC i-Arbitration Rules 2018, in an effort to reinforce Malaysia's prominent position as a pioneer in Islamic arbitration for the coming decades. The AIAC works relentlessly towards that goal.



In November 2021, as part of our commitment to our users in ensuring that the i-Arbitration Rules meets evolving standards and expectations of the global world and the Islamic finance sector as well as other prevailing commercial segments, we launched the reinvigorated AIAC **i-Arbitration Rules 2021** (“i-Rules”) to enhance efficiency and practicality in line with the current demand of arbitration proceedings. The i-Rules were reviewed by key industry experts via our Rules Revision Committee comprising members of the Shariah Advisory Council of **Bank Negara Malaysia** and **Securities Commission Malaysia**, members of some **Shariah Committees of strategic financial institutions** as well as local and foreign distinguished legal practitioners.

2. Unveiling the AIAC i-Arbitration Portfolio

a) The pioneers behind the i-Rules 2021

The i-Arbitration Rules came to see light after long deliberation and contributions of high-profile scholars and professionals, both from Malaysia and abroad. The first among whom is the Director of the AIAC, **Tan Sri Datuk Suriyadi bin Halim Omar**, former Federal Court Judge and a member of the Judicial Appointment Commission. With 47 years of experience in the legal field varying from judicial to legal services, Tan Sri Datuk Suriyadi played a chief role in conceiving and adopting these rules.



***Tan Sri Datuk Suriyadi bin
Halim Omar***

Tan Sri Suriyadi was assisted by the Deputy Director of the AIAC, **Datuk Dr. Prasad Sandosham Abraham**, also a former Federal Court Judge and a member of the Judicial Appointment Commission. Datuk Dr. Prasad’s long and distinguished career instilled great added value to the preparation of the i-Rules 2022.

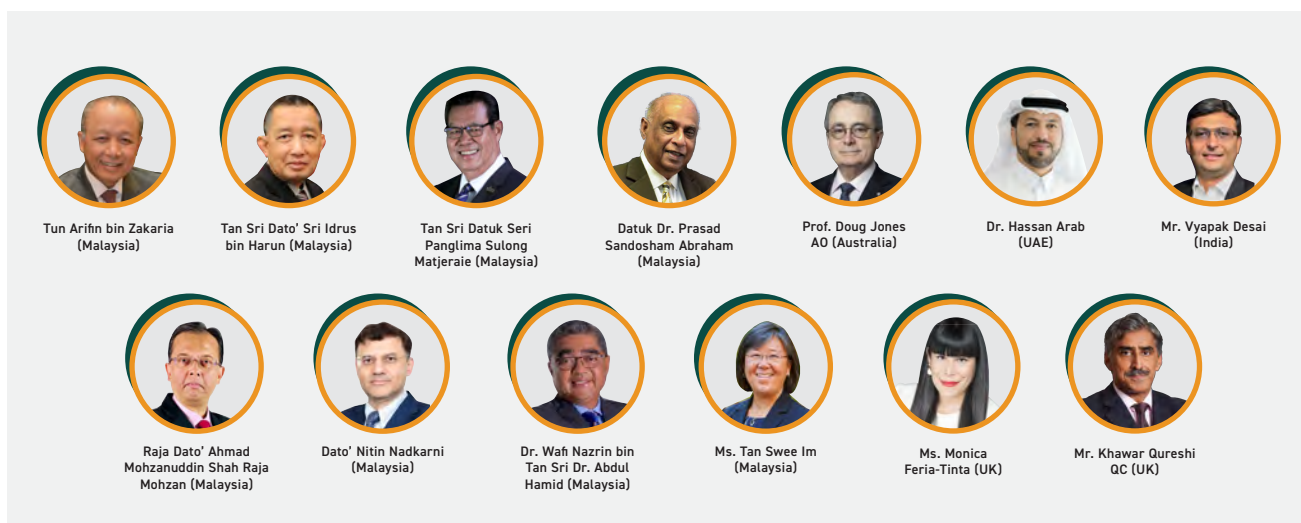


***Datuk Dr. Prasad Sandosham
Abraham***

Further, the AIAC Advisory Council, in its role of supporting the AIAC Director has contributed greatly to this edifice, i.e., the i-Arbitration Rules 2021. These illustrious profiles include the current chairperson of this Advisory Council, former Chief Justice of Malaysia, YABhg. Tun Arifin bin Zakaria.

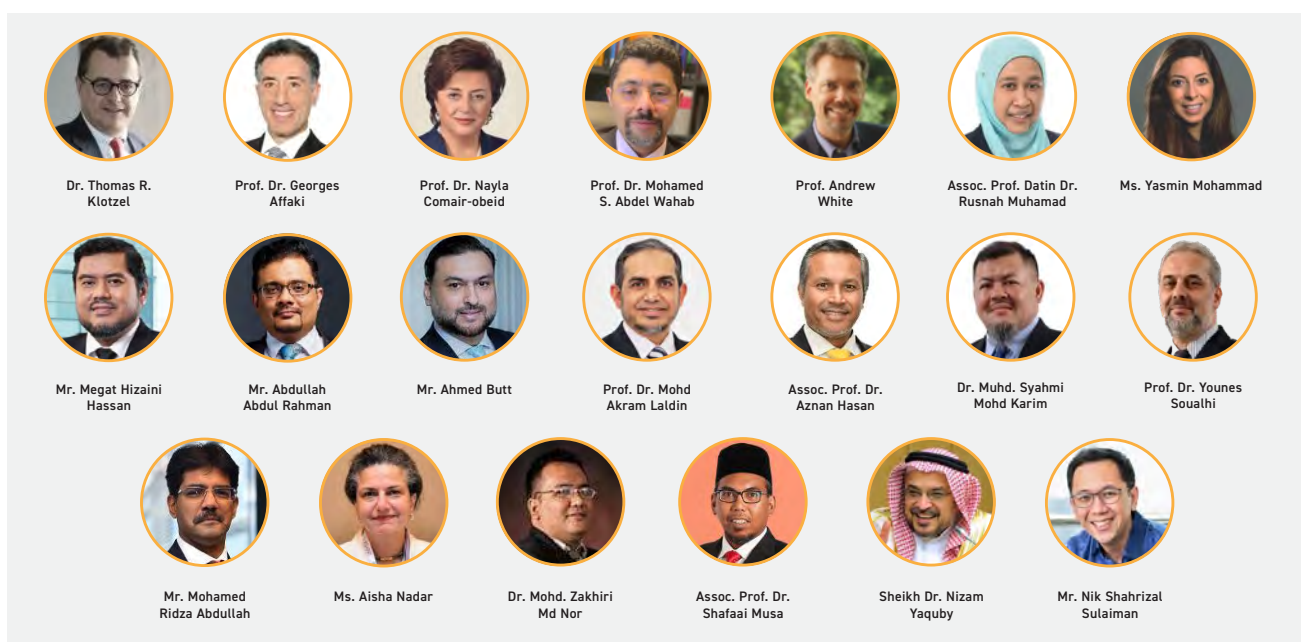
Currently, the member of this board includes the Attorney-General, The Honourable Tan Sri Idrus bin Harun, Tan Sri Sulong Matjeraie, Raja Datuk Ahmad Mohzanuddin Shah Raja Mohzan, Datuk Nitin Nadkarni, and Dr. Wafi Nazrin Abdul Hamid, Tan Swee Im, Prof. Doug Jones AO (Australia), Dr. Hassan Arab (United Arab Emirates), Monica Feria Tinta (United Kingdom), Khawar Qureshi QC (United Kingdom), and Vyapak Desai (India).¹

¹ <https://themalaysianreserve.com/2021/04/22/tun-arifin-zakaria-appointed-aiac-advisory-council-chairman/>



The AIAC Advisory Council

Moreover, the i-Arbitration Rules 2021 was reviewed by key industry experts via our Rules Revision Committee comprising members of the Shariah Advisory Council of Bank Negara Malaysia and Securities Commission Malaysia, members of some Shariah Committees of strategic financial institutions as well as local and foreign distinguished legal practitioners.²



The i-Arbitration Rules 2021 Rules Revision Committee's Members

The AIAC i-Arbitration Legal Department Team relies on, international as well as domestic, diverse and inclusive legal professionals who endeavour to deliver the vision and goals of Islamic Finance Arbitration in Malaysia and beyond.

² Rules Revision Committee's Members include: Dr. Thomas R. Klotzel, Prof. Dr. Georges Affaki, Prof. Dr. Nayla Comair-Obeid, Prof. Dr. Mohamed S. Abdel Wahab, Prof. Andrew White, Mr. Megat Hizaini Hassan, Mr. Abdullah Abdul Rahman, Mr. Ahmed Butt, Prof. Dr. Mohd Akram Laldin, Assoc. Prof. Dr. Aznan Hasan, Mr. Mohamed Ridza Abdullah, Ms. Aisha Nadar, Dr. Mohd Zakhiri Md Nor, Assoc. Prof. Dr. Shafaai Musa, Sheikh Dr. Nizam Yaquby, Assoc. Prof. Datin Dr. Rusnah Muhamad, Ms. Yasmin Mohammad, Dr. Muhd. Syahmi Mohd Karim, Prof. Dr. Younes Soualhi, Mr. Nik Shahrizal Sulaiman.

b) Launch of AIAC i-Arbitration Rules 2021

The launch of the i-Rules on 1st November 2021 at **Bangunan Sulaiman** was a true reflection of the endorsement, support, and interest from our local and global stakeholders in both the legal fraternity as well as Islamic finance and banking sectors. The launch was officiated by The Honourable Minister for Parliament and Law, **YB. Dato Sri Dr. Haji Wan Junaidi bin Tuanku Jaafar** and was attended by the former Chief Justice of Malaysia and current Chairman of the AIAC Advisory Council, **YABhg. Tun Arifin bin Zakaria**, former Chief Justice of Malaysia and current Chief Justice of the Dubai International Financial Centre, **YABhg. Tun Zaki Tun Azmi**, other renowned practitioners as well as distinguished representatives and **C-Suite executives** from the banking and business segments.



Launch of AIAC i-Arbitration Rules 2021

Noting from the remarks of The Honourable Minister in his officiating remarks during the launch, the **Islamic Financial Services Industry (“IFSI”) Stability Report 2021** informs us that the total assets of the global IFSI grew by 10.7%, year on year, with a total worth estimated at USD 2.70 trillion as at 2020. The Honourable Minister also recalls from the **Islamic Finance Outlook 2021 of S&P Global Ratings** that the Middle East, Africa and South Asia making up the MEASA region continues to be a significant contributor to the Islamic finance industry in 2020 with a growth of 11.4% from the preceding year in 2019. The Honourable Minister highlighted that this is further reason for the world to support these efforts to develop the ADR landscape in line with the advancing Islamic finance industry.

Following the review and launch of the reinvigorated i-Rules, we are pleased to highlight some salient features of the updated **AIAC i-Arbitration Rules 2021** as below:

- i) new provision for **Shariah guided Third-Party Funding** to facilitate financing of a Party's share of the costs in arbitration (Rule 1.4 and 13.5(e)) with clarification that the use of such third-party funding is compatible with Shariah principles and is not precluded by the adoption of the i-Arbitration Rules, unless otherwise provided by law or an order of a competent court.;
- ii) revisions to the provision on Notice of Arbitration and Response to the Notice of Arbitration to **enable Parties to specify any preference on the application of Shariah principles in the conduct of the proceedings** (Rule 5.2(d) and 6.2(e)) in an effort to accord Parties of different Islamic sects if so applicable, the opportunity amicably arbitrate based on the preferred Shariah principles;
- iii) revisions on registration of arbitration to **enable Parties to accompany their registration request with any related Shariah certification or resolution of the contract** (Rule 7.2) as an enabler to ensure prima facie Shariah compliance and mitigate the risk of non-compliance defense(s) and claim(s);
- iv) revisions to the provision on **reference to a Shariah Council** (Rule 29) in tandem with Section 56 and 57 of the Central Bank of Malaysia Act 2009 for disputes where the seat of arbitration is Malaysia and the structure of such reference mechanism has been enhanced to suitably apply to other jurisdictions which may adopt a similar reference procedure;
- v) new provision empowering the Arbitral Tribunal to **appoint Shariah Experts** (Rule 30) as an additional means to provide Parties' access to authoritative and expert submissions that are on par with a ruling or fatwa given by any Shariah Council;
- vi) revision on the Arbitral Tribunal's powers to **award Ta'widh and Gharamah** as a form of compensation and penalty for late payment charges (Rule 13.5(o)) as well as further clarity on its optional nature to address jurisdictions that may not recognize these as forms of compensation or penalty in Islam;
- vii) shariah compliant guidelines for **cost and expenses of an arbitrator** (Schedule 2) to ensure a holistic Shariah approach to arbitration;
- viii) introduction of **summary determination** and **fast-track procedures**; and
- ix) improvements to the provisions on appointments and **emergency arbitrators**.

c) Global Inclusivity and Outreach

The AIAC has made headway into the Middle East and South-East Asia region through its various collaborations with the **Abu Dhabi Global Markets Arbitration Centre** and the **Saudi Centre for Commercial Arbitration**, which were formalised through a Memorandum of Understanding. This is a first step that will be consolidated through many new agreements in various relevant jurisdictions guaranteeing a lasting impact of the AIAC on the Islamic arbitration in these regions. This translates through the numerous programmes that the AIAC has already embarked on as it evinces a strong desire to strengthen an active and working relationship with these organisations and more to facilitate the promotion and administration of ADR that reflects a globally unified approach primarily from the perspective and application of Shariah principles.



Collaborations with ADGMAC and SCCA

The AIAC had also in the past, initiated various engagements and collaborations with other strategic organisations from both the legal and Islamic finance fraternities in its pursuit of expanding AIAC's outreach relevant to the development of Islamic arbitration. Some notable stakeholders include International Shariah Research Academy for Islamic Finance (**ISRA**), Securities Industry Dispute Resolution Centre (**SIDREC**), Lembaga Zakat Selangor (**LZS**), International Islamic Liquidity Management Corporation (**IILM**) and many others.

d) Inventive flexibility and digital solutions:

In an approach that combines modern innovation and classic heritage, the AIAC has adapted its services to a new demanding market post-pandemic. These mechanisms could be found in other markets, yet the AIAC has reinvented the wheel by having this mechanism also apply to Islamic arbitration, thus, bridging the physical gap between Islamic financing communities across the globe. These solutions include, *inter alia*, **digitally enhanced services** and **digital consulting**.

The AIAC has adopted two sets of protocols aimed at regulating the digital services provided by us to i-Arbitration users globally. First, is the Protocol on Virtual Mediation Proceedings (**VMP Protocol**) which normalizes the mediation sessions, meetings, caucuses, breakout sessions, witness examinations and/or hearings with either no or limited in-person attendance. Second, is the Protocol on Virtual Arbitration Proceedings (**VAP Protocol**) which regulates the meetings, witness examinations, and hearings with

either no or limited in-person attendance. Particularly, these solutions may have an important potential and significance to the growing business activity with many Malaysian companies operating in the Middle East. Beyond that, these solutions could support the booming start-up market in that region.

The AIAC is committed to a more comprehensive approach to the future of i-Arbitration as a new market of ADR. This approach guarantees necessary possession of a technical and theoretical understanding of the Islamic Finance sector and its dependent communities.

The Centre's services and solutions are complemented with a set of facilities adapted for this purpose, including state-of-the-art hybrid hearing rooms equipped with video conferencing options and complimentary IT support. In all cases, the AIAC will facilitate the conduct of the virtual meeting and/ or virtual hearings in line with the needs and specifications of the parties and the tribunal.

The AIAC through its team of experts and administrators are always ready to provide new or ad-hoc solutions using strong communication systems and novel ways for the digitalization of the services provided.

e) Notable international and domestic AIAC programmes in developing the i-Arbitration Portfolio to create an impact amongst Islamic Finance Communities

The AIAC has throughout the years, been ambitious in carrying out capacity building and competency enhancement initiatives as a means of solidifying its foothold in the intersection of Islamic banking and arbitration. In this regard, the AIAC and the Global University of Islamic Finance (**INCEIF**) had in 2015 jointly conducted a **Diploma in Islamic Banking and Banking Arbitration Course** where the diploma was awarded by the Chartered Institute of Arbitrators (**CI Arb**).³ The programme was structured with a combination of lectures, tutorials and discussion workshops dealing with Islamic Banking & Finance arbitration law, practice and procedure. The Centre seeks to have a positive social impact on the community of Islamic Banking & Finance users, experts and practitioners through educational initiatives. This is elucidated through the many public awareness programs that the Centre has conducted. In the same year, the AIAC organised the inaugural **KL International Arbitration Week 2015** with a session dedicated to **i-Arbitration**. This conference was supported by the **International Chamber of Commerce** and the **United Nations Commission on International Trade Law**⁴.

DIPLOMA IN ISLAMIC BANKING & FINANCE ARBITRATION COURSE

SAVE THE DATE: 5-13 SEPT 2015

Host: Kuala Lumpur Regional Centre for Arbitration
Management Executive: Arief Hidayat Hidayatullah, General Counsel: Arief Hidayat Hidayatullah

COURSE FEE: £4,500 / MYR25,000
COURSE DURATION: 31 August 2015

The Diploma course is designed to provide a thorough understanding of the practice and procedure of Islamic Banking & Finance and the role of Arbitration within it. The course is being launched in September 2015 and will be an internationally recognised course, open to almost candidates from a number of jurisdictions, including Malaysia, Singapore, Indonesia, the Middle East, the Americas, Europe and the UK. The Certificate course is being conducted jointly with INCEIF – The Global University of Islamic Finance. The diploma will be awarded by CI Arb.

What are the learning outcomes?

On successful completion of this Diploma course candidates will be able to:

- Identify and explain in depth all the key elements of the Islamic Banking & Finance arbitration process.
- Formulate issues and apply the principles applicable to Islamic Banking & Finance arbitration.
- Demonstrate practical skill in carrying out the tasks required in preparing for and progressing an Islamic Banking & Finance International Arbitration.
- Demonstrate skill in engaging in an International Arbitration, communicating effectively with the parties, applying the appropriate arbitration rules and adopting appropriate procedures.

How is the course delivered?

The course is delivered over nine evening days, with a combination of lectures, seminars and discussion workshops dealing with Islamic Banking & Finance arbitration law, practice and procedure. The course is being conducted at the Kuala Lumpur Regional Centre for Arbitration, Singaporean Sultan, Jalan Sultan Hishamuddin, 5000 Kuala Lumpur.

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klrc **INCEIF** **CI Arb**

³ <https://www.aiac.world/events/117/Diploma-in-Islamic-Banking-&-Finance-Arbitration>

⁴ <http://www.barcouncil.org.my/advertise/KLRCA/2015/Mar/kliaw15.pdf> and <https://www.aiac.world/wp-content/newsletter/2015Q1newsletter/PDF.pdf>

This conference had its foundation based on the published AIAC's i-Arbitration Rules 2013 which was then drafted to fill the need for a bespoke arbitration rules that specifically dealt with commercial transactions involving Shariah issues.

Recently in 2021, the AIAC in collaboration with the ADGM organised a series of webinars on various topics related to the i-Arbitration portfolio with the involvement of leading experts from across the globe. This series which comprises of five (5) webinars, was officiated by YBhg. Tan Sri Datuk Suriyadi bin Halim Omar, Director of the AIAC, and Ms. Linda Fitz-Alan, the Registrar and Chief Executive of the ADGM Courts. This event served as an avenue to promote AIAC's Islamic arbitration framework and to foster a network of global practitioners.



Earlier this month the AIAC had the privilege of promoting the i-Rules at the Selangor International Halal Convention (SELHAC) 2022. The Centre's pledge to promote the awareness and adoption of Islamic arbitration framework led to our participation in this engagement to bring the mindfulness of the needs of Halal business leaders to AIAC's shariah-based arbitration framework.

During the SELHAC 2022, the AIAC team interacted and met with Tuan Haji Mat Ghazali bin Abd Rakim, CEO of Halal International Selangor. The AIAC team was glad to showcase the pioneering services that the i-Arbitration provides.



AIAC team met Tuan Haji Mat Ghazali Bin Abd Rakim, CEO of Halal International Selangor



Selangor Halal Convention (SELHAC) 2022



Part of our community awareness activities with the SELHAC visitors

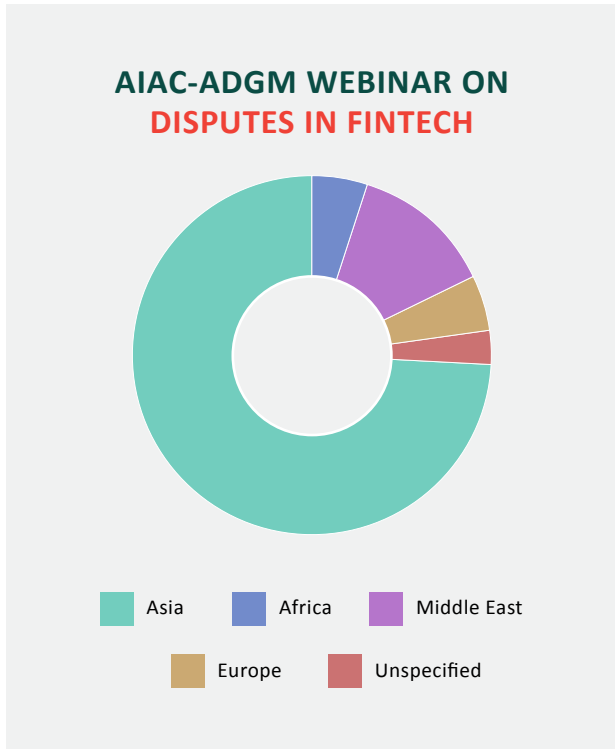
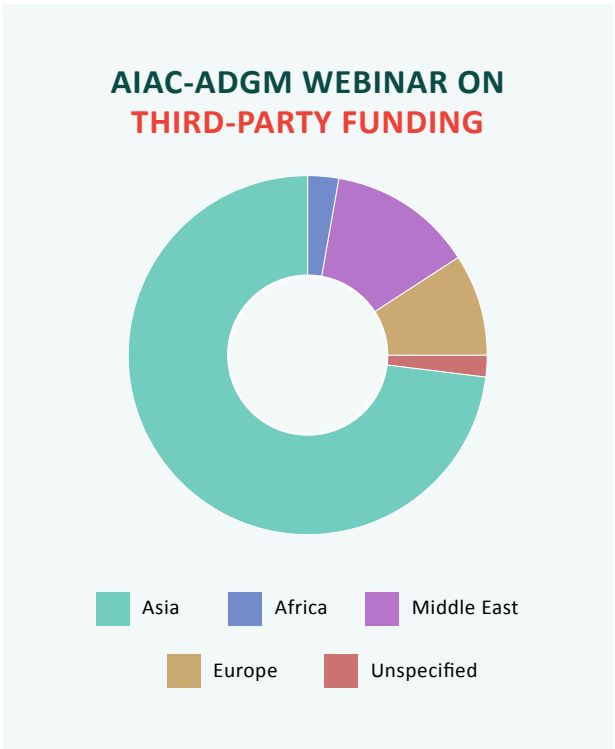
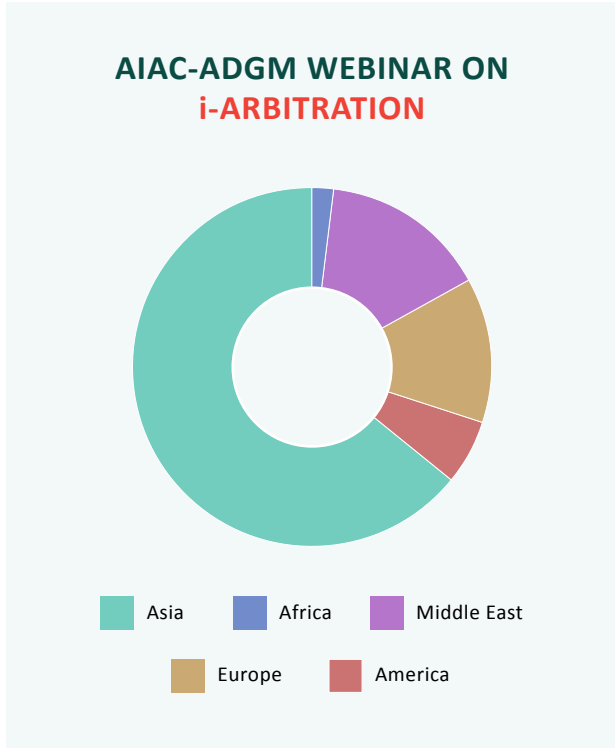
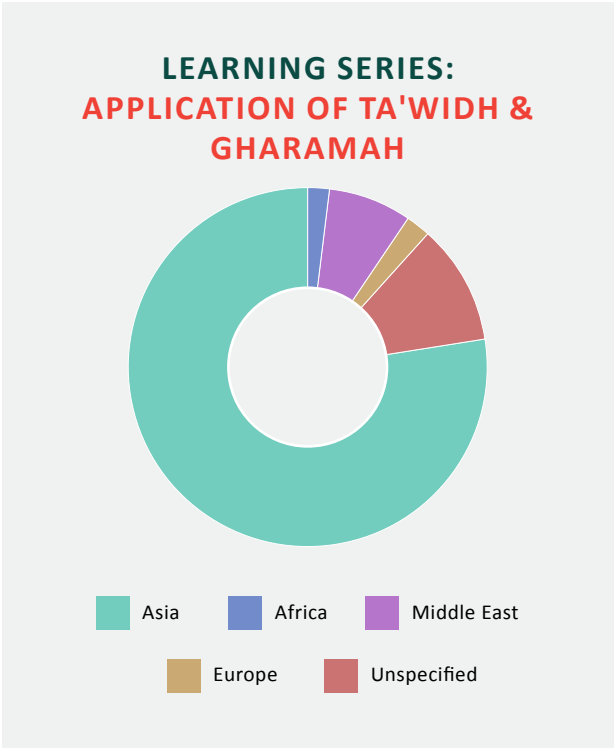
The AIAC also organised a webinar with Universiti Utara Malaysia on 16th November 2021 titled, “A Broad Spectrum of Opportunities – Towards Advancing Islamic Arbitration” which received regional participation from practitioners and academics alike. The AIAC envisions to ensure that such targeted programmes will continue to be hosted and intends to include a series of roadshows both domestically and internationally in promoting the i-Rules.

Taking heed from the interests displayed throughout the course of the recent programmes organised, the AIAC is delighted to note that it has recorded an average of one hundred and thirty (130) registered participants for every i-Arbitration programme. The analytics, mentioned below, depicts a diverse and regional participation in the Centre’s pursuit of promoting the adoption of AIAC i-Arbitration Rules 2021 in view of the following parameters:

- Increased number of applications for empanelment as an i-Arbitrator and/or Shariah Experts from other jurisdictions;
- Expanding AIAC Islamic arbitration footprint in international and domestic events and conferences.
- Being a thought-leader to promoting Third-Party Funding compatible with Shariah principles and the future of Islamic Fintech.



The infographics below illustrates the scope of outreach which some of the AIAC’s hybrid programmes have garnered worldwide:



Further, at the turn of the year the AIAC launched the 2022 AIAC i-Arbitration Learning Series. During its inaugural session, we welcomed one of our Rules Revision Committee members, Professor Dr. Younes Soualhi who is the Head of Islamic Banking Unit and a Senior Researcher at the International Shariah Research Academy. Over 100 participants participated in this hybrid event to learn the application of **ta'widh** and **gharamah** as late payment charges used for the settlement of disputes in relation to Islamic financial contracts. In the context of financing, ta'widh refers to claim for compensation arising from actual loss suffered by the financier due to the delays in payment of financing or debt by the customer whereas gharamah refers to penalty charges imposed for delays in financing or debt settlement, without the need to prove the actual loss suffered.

In the second instalment of the AIAC i-Arbitration Learning Series, we were privileged to have Mr Abdullah Abdul Rahman, Partner at Chooi & Company + Cheang & Ariff and also a member of the Rules Revision Committee, deliver the lecture. Best practices on the powers and duties of i-Arbitrators and Shariah Experts under the AIAC i-Arbitration Rules 2021 were discussed. In the upcoming third and fourth episode of the AIAC i-Arbitration Learning Series, respectively, a discussion on the application of Islamic arbitration in the world of Financial Technology and the emerging products that can be serviced in this context as well as arbitration in Islamic disputes will be explored.

So far after only three instalment of the i-Arbitration Learning series, the number of attendees overall has exceeded 180 people, which grew exponentially after the first episode of our Learning series instalment. With confidence, the AIAC believes that participation will continue to grow and we will achieve an upward trajectory for the upcoming episodes.

In conclusion, the AIAC is a strong believer in empowering both young and experienced practitioners, as part of its social commitment towards the wider community in Malaysia and also reaching out virtually to our international participants via hybrid events whilst maintaining access to pieces of training and awareness sessions.

f) Aspirations/vision of the i-Arbitration Portfolio

On a local scale, the AIAC shares the same aspirations with **Fitch Ratings** in that penetration of Islamic finance is likely to continue its upward trend due to an economic recovery, a supportive regulatory environment, and financial institutions that continue to promote Islamic products. In that respect, The Honourable Minister in his officiating speech during the launch of the 2021 i-Rules⁵, opined that the AIAC too, plays an important role as it remains committed to advancing Islamic arbitration with focused efforts on supporting a sustained economic recovery, building social resilience and empowering dispute resolution.

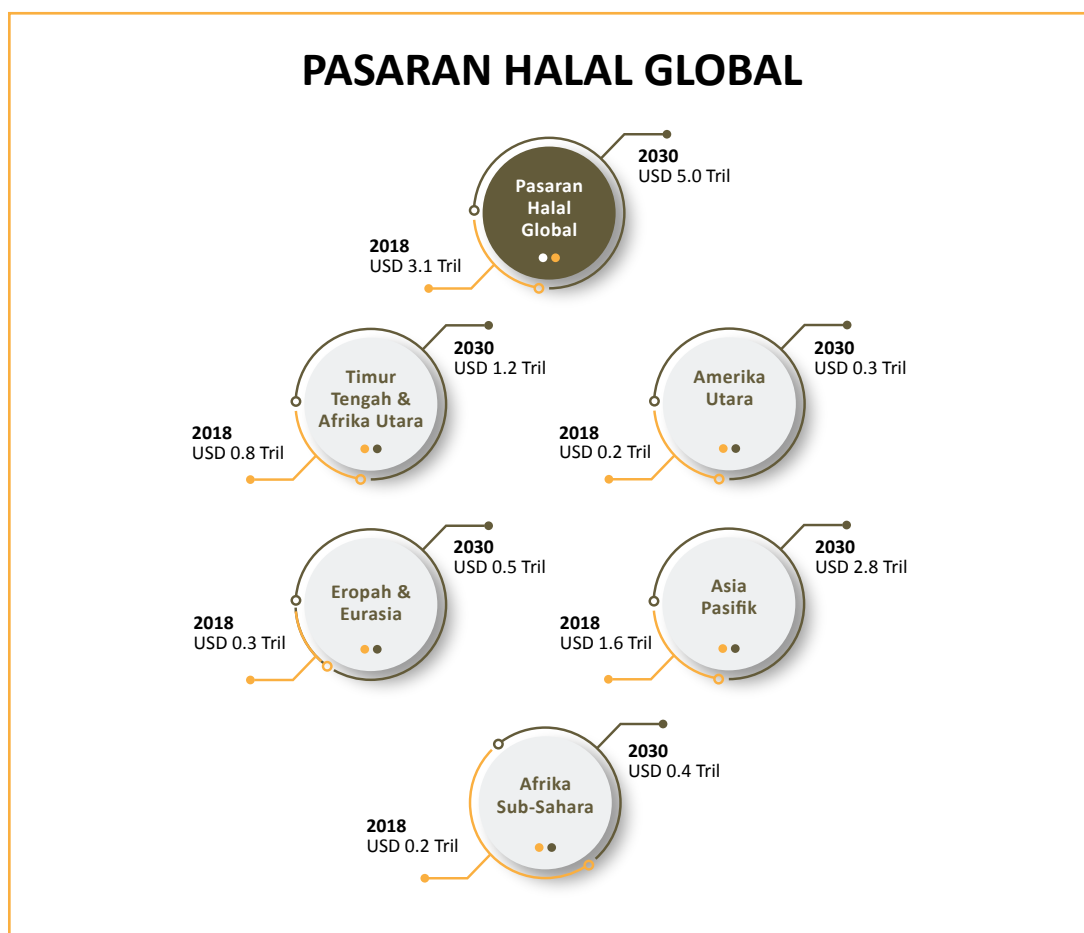
⁵ https://m.facebook.com/watch/?v=605972590589133&_rdr



Given the high degree of specialty required in the resolution of disputes arising from more modern financial products, The Honourable Minister had also echoed the Government's belief that arbitration has more recently moved to the fore in this area of practice. With the ever-growing need for facilitation of services relevant to Islamic finance and related commercial segments, the Islamic arbitration framework of the AIAC sits perfectly to put Malaysia on a strong foundation in spearheading the advancement of ADR in Islamic finance and related commercial disputes. Having been cited by local and foreign media including IslamicMarkets, the AIAC is confident that more arbitration cases administered under the i-Arbitration Rules 2021 will be referred to the AIAC.

As highlighted earlier, the AIAC's i-Arbitration Rules 2021 is designed to govern disputes referred to arbitration which are Shariah-compliant or driven by Shariah aspirations and this is not confined only to the Islamic finance, banking capital market sectors. The drafting of the i-Rules alongside other initiatives relevant to this portfolio is also availed to prevailing segments including the halal industry which is estimated to grow up to an estimated USD 5 Trillion as an industry, globally.⁶

Halal industry as a targeted segment for application of i-Arbitration beyond Islamic finance, banking and capital market:



⁶ <https://www.hdcglobal.com/wp-content/uploads/2020/02/HIMP.pdf>

The global sukuk issuances for the year 2022 are expected to remain stable between USD 145 – USD 150 Billion compared to USD 148.4 Billion in 2020.⁷ Given the scope of these markets and the aspirations of the Malaysian Government, the AIAC is confident that the i-Arbitration Rules 2021 is the ideal dispute resolution mechanism that does not only extol the virtues of the glorious Shariah, but prioritises confidentiality and amicable settlement via its services. The i-Rules also serve as an Islamic framework catering to the opposite end of gatekeeping into the Islamic markets. This data is a testimony to the valued and viable services the AIAC can provide, within the global Sukuk market.

3. Impact of the i-Arbitration Portfolio

The new i-Rules demonstrate a unified approach to providing for the resolution of business disputes that require modern procedures, but that can also be guided by Shariah principles. In doing so, the AIAC is well positioned to become a leading hub for the resolution of disputes arising out of Islamic Finance and related segments, a rapidly growing part of the world finance industry. To recapitulate, the i-Rules of 2021 are the first and only comprehensive Islamic financial arbitration rules that operate novel solutions, such as emergency arbitration, summary determination, fast track procedures, and light technical review. The first-mover advantage that can ensue from this innovative approach to Islamic arbitrage is bound to have positive repercussions both on the AIAC and on Malaysia's international recognition. The AIAC's pride and joy are the ability to stay ahead of the crucial dynamics of the Islamic market and the demanding nature of possible future services.

The AIAC not only envisions the future trends, but endeavours to stay ahead of them and guarantee commercial viability. The latter is proof of the feasible vision that AIAC has for the future of Islamic arbitration.

In brief, the AIAC is driven by the following objectives in ensuring an impactful framework for Islamic arbitration:

- i) The primary advantage of the i-Arbitration Rules 2021 for the global audience is premised on the fact that the 2021 i-Rules **facilitates a [comprehensive framework](#)** which allows disputing parties, **access to Arbitrators, Shariah Experts and Shariah Councils who are well versed and authoritative in Shariah. Through this, the AIAC makes Shariah experts and Shariah Councils part of the solution in a comprehensive approach;**
- ii) The fee structure contained in the 2021 i-Rules is the most cost [effective and competitive in the region](#) which includes top-quality case management and review services offered by the AIAC in administering cases.⁸ For two consecutive years, the AIAC is recognized by the GAR (Global Arbitration Review) as the most cost-efficient hearing venue and the largest in the region which will complement AIAC Islamic Arbitration services worldwide;
- iii) The all-new and improved 2021 i-Rules can also serve as a **medium for [foreign direct investments](#) through the deposits credited** from disputing parties from abroad for purposes of conducting

⁷ <https://salaamgateway.com/story/outlook-2022-global-sukuk-issuance-may-soften-but-esg-provides-bright-spot>

⁸ According to an internal study, the AIAC offers timely solutions with convenient detailed fees. See. AIAC, Annual Report 2019 & 2020. pp. 32-33

arbitral proceedings. With these deposits, it will certainly be channeled to strategic investments that will assist to strengthen the recovery of our economy;

- iv) The AIAC acknowledges the increase in the global demand for [third-party funding](#) in international arbitration. As such the 2021 i-Rules has been structured to accommodate such demand in the arbitration community provided that the relevant law does not provide otherwise. The 2021 i-Rules is not intended to establish a framework for a **third-party funding arrangement that is compatible with Shariah** but aims to provide general guidelines on some underlying aspects relevant to Islamic third-party funding. This would also serve as an enabler for more litigation and arbitration third-party funding companies to establish business operations globally, thus [creating economic opportunity](#) and improve [accessibility of investment products](#). Disputing parties are also availed such an innovative solution or financing arrangement where they are in dispute and may be financially impacted;
- v) The AIAC's mandate and various initiatives in advancing the capacity building and competency development in Islamic arbitration through all the conferences, seminars, publications and alike, demonstrates the AIAC's aspirations of **increasing [financial and legal literacy](#)** among the general public. Some of these programmes are initiated under the AIAC Academy on a free of charge basis to assist those who are financially impacted to continue to develop their competencies;
- vi) The AIAC had on 27th October 2021 issued the "Circular on the Empanelment Standards of i-Arbitrator and Shariah Experts" which **aims to empanel more arbitrators as well as experts** who are well versed and experienced in the areas of Islamic finance, banking, capital market, halal industry and other related sectors. This will equate to improved [access to dispute resolution practitioners who are authoritative](#) in supporting a holistic approach to AIAC's Islamic arbitration framework. The AIAC Panel currently consists of diverse alternative dispute resolution professionals from various jurisdictions and backgrounds which reflects our efforts to [promote diversity and inclusion](#); and
- vii) The viability and tangibility of the 2021 i-Rules is further emphasized by the additional features which allows for virtual meetings and hearings to be conducted throughout the course of the arbitral proceedings. With the growing need and reliance on technological advancement, the 2021 i-Rules sits perfectly to [accord procedural features in support of conducting the arbitral proceedings virtually and in tandem with the advancement of technology](#).

4. Conclusion

The AIAC i-Arbitration Rules 2021 serves as a **comprehensive procedural framework for Islamic arbitration** which [applies Shariah principles](#), acts as an [enabler for the advancement of Islamic finance](#), and demonstrates a [tangible and viable product](#) that is reasonably [technology driven](#) and [impactful towards the economic and social resilience](#) of the financially impacted businesses and communities.

Annexures: Media coverage of the adoption and the launch of i-Rules 2021

Annex I: News article on “Bernama”



Link: <https://www.bernama.com/bm/news.php?id=2019127> (Last visited on 23rd March, 2022)

Annex II: New Article on “The Malaysian Insight”



Link: <https://www.themalaysianinsight.com/bahasa/s/348704> (Last visited on 23rd March, 2022)

Annex III: News article on “Islamic Finance News”



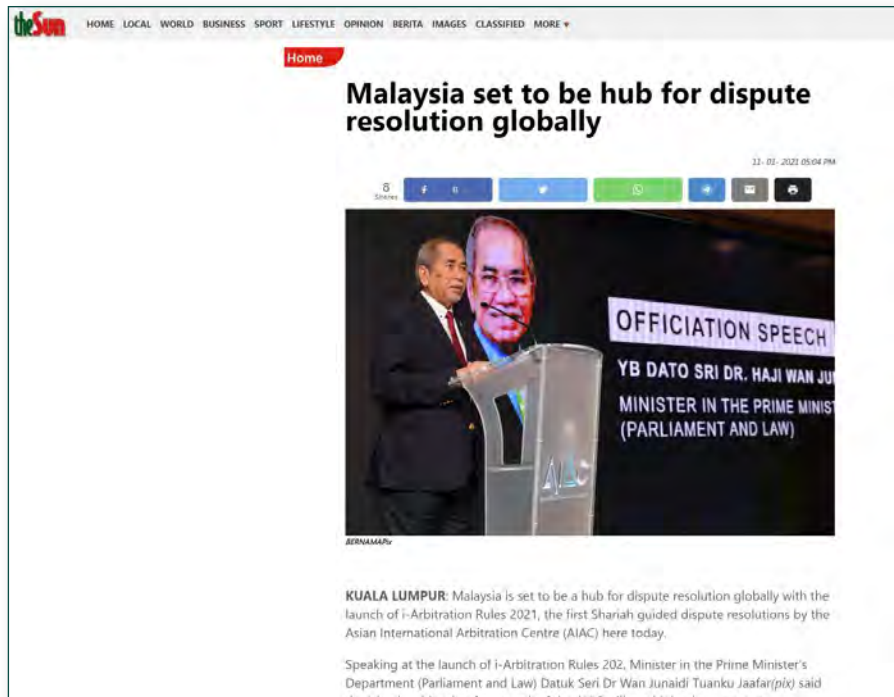
Link: <https://www.islamicfinancenews.com/malaysia-launches-new-rules.html> (Last visited on 23rd March, 2022)

Annex IV: News Article on “IslamicMarkets”



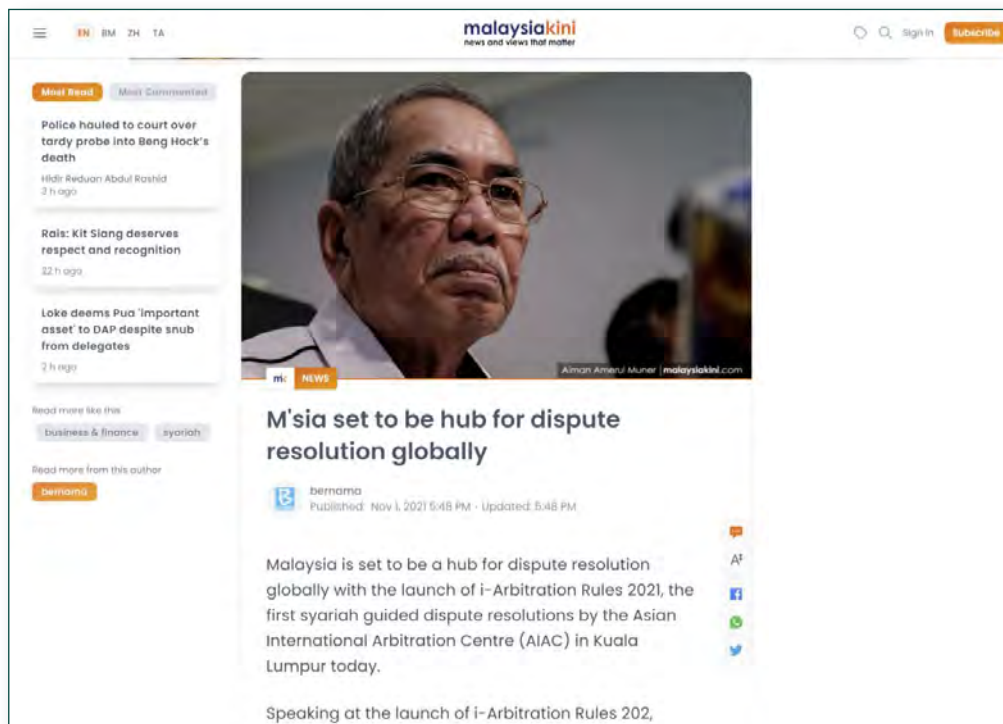
Link: <https://islamicmarkets.com/articles/malaysia-launches-i-arbitration-rules-2021-first-shariah-guided-dispute-resolutions> (Last visited on 23rd March, 2022)

Annex V: News Article on “the Sun Daily”



Link: <https://www.thesundaily.my/home/malaysia-set-to-be-hub-for-dispute-resolution-globally-LB8517409>
(Last visited on 23rd March, 2022)

Annex VI: News Article on “Malaysia Kini”



Link: <https://www.malaysiakini.com/news/597594> (Last visited on 23rd March, 2022)

Annex VII: News Article on “Malay Mail”



Link:

<https://www.malaymail.com/news/malaysia/2021/11/01/law-minister-says-malaysia-set-to-be-hub-for-dispute-resolution-globally/2017588> (Last visited on 23rd March, 2022)

Annex IX: News article on “Bharian”



Link: <https://www.bharian.com.my/berita/nasional/2021/11/882533/malaysia-bakal-pelopori-penyelesaian-secara-timbang-tara> (Last visited on 23rd March, 2022)

Annex VIII: News article on "Galaksi Media"

The screenshot shows the Galaksi Media Online website interface. At the top is a banner with the Galaksi Media Online logo and the URL <http://galaksi-media.com/>. Below the banner is a navigation menu with links: Home, Galaksi Hiburan, Galaksi Sukan, Galaksi Semasa, Galeri Foto / Event, and Hubungi Kami. The main article is titled "(SEMASA) AIAC TERUS KEHADAPAN DENGAN TIMBANG TARA ISLAM" and is dated Nov. 01. It has no comments and a "Spread the love" section with social media sharing buttons (Facebook, Instagram, Twitter, LinkedIn, WhatsApp, Share, Like, Recommend, and a generic share icon). The article features a photo of five men in suits on a stage during the "OFFICIAL LAUNCH OF THE I-ARBITRATION RULES 2020" event. The background of the stage has the AIAC logo and the text "OFFICIAL LAUNCH OF THE I-ARBITRATION RULES 2020". To the right of the article is a "Sponsors" section with two placeholder boxes labeled "125x125". Below that is a "Hubungi Kami" section with contact information: "Sila maklumkan kepada kami segala kemusykilan, pertanyaan serta pemberitahuan melalui email : info@galaksimedia@gmail.com". At the bottom right is a "NetworkedBlogs" section with the blog name "Galaksi Media Online", topics "Semasa, Hiburan, Sukan", and a "Follow my blog" button. The footer of the article reads "Pusat Timbang Tara Antarabangsa Asia (AIAC) melakar satu lagi sejarah hari ini sejak penubuhannya dengan".

(SEMASA) AIAC TERUS KEHADAPAN DENGAN TIMBANG TARA ISLAM

Nov. 01 Semasa no comments

Spread the love

Facebook Instagram Twitter LinkedIn WhatsApp Share Like Recommend 0 Shares Tweet

OFFICIAL LAUNCH OF THE I-ARBITRATION RULES 2020

AIAC

NOVEMBER 2020

Pusat Timbang Tara Antarabangsa Asia (AIAC) melakar satu lagi sejarah hari ini sejak penubuhannya dengan

Sponsors

125x125 125x125

Hubungi Kami :

Sila maklumkan kepada kami segala kemusykilan, pertanyaan serta pemberitahuan melalui email : info@galaksimedia@gmail.com

NetworkedBlogs

Blog: Galaksi Media Online

Topics: Semasa, Hiburan, Sukan

Follow my blog

Galaksi Media

Link: <http://galaksi-media.com/semasa-aiac-terus-kehadapan-dengan-timbang-tara-islam/> (Last visited on 23rd March, 2022)

Annex X: News article on "Astro Awani"

Malaysia bersedia jadi hab selesaikan pertikaian peringkat global - Wan Junaidi

Bernama
November 1, 2021 18:23 MYT

Menteri di Jabatan Perdana Menteri (Parlimen dan Undang-Undang) Datuk Seri Wan Junaidi Tuanku Jaafar berucap pada majlis perasmian i-Arbitration Rules 2021 di Pusat Timbang Tara Antarabangsa Asia hari ini. - Foto BERNAMA

KUALA LUMPUR: Malaysia bersedia menjadi hab bagi menyelesaikan pertikaian di peringkat global dengan pelancaran Kaedah-Kaedah Timbang Tara-I 2021, iaitu resolusi pertikaian berpanduan syariah pertama oleh Pusat Timbang Tara Antarabangsa Asia (AIAC) di sini, hari ini.

Berita Berkaitan

Berita tempatan pilihan sepanjang hari ini

Azizulhasni, Cheong Min Olahragawan dan Olahragawati Kebangsaan 2019/2020

Link:

<https://www.astroawani.com/berita-malaysia/malaysia-bersedia-jadi-hab-selesaikan-pertikaian-peringkat-global-wan-junaidi-328577>
(Last visited on 23rd March, 2022)

Annex XI: TV reports by "Harian Metro"

OPENING REMARKS
TAN SRI DATUK SURIYADI BIN HALIM OMAR
DIRECTOR OF THE AIAC

ISNIN, 1 NOVEMBER 2021
Kuala Lumpur

#HMETRO #METROTV
Malaysia bakal pelopori penyelesaian secara timbang tara

356 views • Nov 1, 2021

10 DISLIKE SHARE SAVE ...

The following is a link to a TV report on the launch of the I-Rules 2021. By: Harian Metro.
<https://www.youtube.com/watch?v=VijoZtOQ8xQ> (Last visited on 23rd March, 2022)