



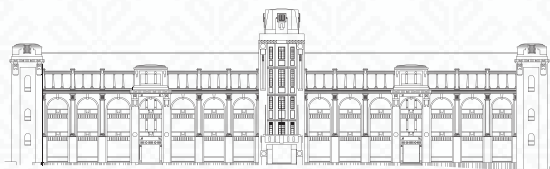
ASIAN INTERNATIONAL ARBITRATION CENTRE

# AIAC

# ADJUDICATION

# RULES AND

# PROCEDURE



[www.aiac.world](http://www.aiac.world)



# TABLE OF CONTENTS

## PART I – AIAC ADJUDICATION RULES & PROCEDURE

<b>Part A – Rules</b>	<b>5</b>
Rule 1	General 5
Rule 2	Commencement & Registration of Adjudication 5
Rule 3	Appointment of Adjudicator 6
Rule 4	Notification of Adjudication Claim 7
Rule 5	Notification of Adjudication Response 7
Rule 6	Notification of Adjudication Reply, If Any 8
Rule 7	The Purpose of The Adjudication and The Role of The Adjudicator 8
Rule 8	Conduct of The Adjudication 8
Rule 9	Fees and Expenses 9
Rule 10	Adjudication Decision 12
Rule 11	Confidentiality 12
Rule 12	Permission To Publish Redacted Adjudication Decision 12
<b>Part B – Procedure</b>	<b>13</b>
Schedule I	AIAC Standard Terms of Appointment 15
Schedule II	Administrative Fee Schedule 18
Schedule III	Adjudicator Code of Conduct 19

## **PART II – AIAC CIRCULARS**

AIAC CIPAA Circular 1B	23
AIAC CIPAA Circular 2A	25
AIAC CIPAA Circular 03	28
AIAC CIPAA Circular 04	30
AIAC CIPAA Circular 5A	32
AIAC CIPAA Circular 06	35
AIAC CIPAA Circular 07	37
AIAC CIPAA Circular 08	39
AIAC CIPAA Circular 09	43
AIAC CIPAA Circular 10	46
AIAC CIPAA Circular 11	48

## **PART III – GUIDE TO CIPAA 2012**

<b>Introduction</b>	<b>55</b>
What is statutory adjudication?	56
Who does it affect?	57
<b>Process Flow</b>	<b>60</b>
What are the main steps involved in adjudication?	60

**PART I**

**AIAC ADJUDICATION  
RULES &  
PROCEDURE**

## **Asian International Arbitration Centre Adjudication Rules & Procedure**

Pursuant to Sections 32 and 33 of the Construction Industry Payment and Adjudication Act 2012 (Act 746) (hereinafter referred to as “the Act”), the Asian International Arbitration Centre (“AIAC”) makes these Asian International Arbitration Centre Adjudication Rules. The Rules are set out in Part A.

Pursuant to section 32(d) and section 33 of the Act and in accordance with the policy directions obtained from the Minister charged with the responsibility for the legal affairs, the AIAC makes the following procedure for an application for exemption made to the President of the AIAC Court of Arbitration for a recommendation under section 40 of the Act. The Procedure is set out in Part B.

The Rules & Procedure meet the requirements of adjudication procedure as set out in the Act and are collectively called the “Asian International Arbitration Centre Adjudication Rules & Procedure.”

## **Part A – Rules**

### **Rule 1 – General**

1. All adjudication commenced under the Act shall be conducted and administered by the AIAC in accordance with the Act, Construction Industry Payment and Adjudication Regulations 2014 (hereinafter referred to as “the Regulations”) and the Rules & Procedure.
2. The Rules & Procedure applicable to the adjudication shall be those in force at the time of commencement of the adjudication unless the parties have agreed otherwise.

### **Rule 2 – Commencement & Registration of Adjudication**

1. The Claimant shall upon serving a notice of adjudication on the Respondent pursuant to Section 8(1) of the Act register the adjudication matter at the AIAC by serving a notice on the President of the AIAC Court of Arbitration containing the following particulars and enclosing a copy of the Payment Claim and Payment Response (if any) and the Notice of Adjudication:
  - (a) the names and service addresses of the claimant and the respondent;
  - (b) the date of service of the Notice of Adjudication;
  - (c) the date of service of the Payment Claim;
  - (d) the date of service of the Payment Response (if any);
  - (e) the particulars of the relevant contract, comprising –
    - (i) the project title or reference, or a brief description of the project;
    - (ii) the contract number or a brief description of the contract;
    - (iii) the date the contract was made;

- (f) the claimed amount;
  - (g) the response amount (if any);
  - (h) a brief description of the dispute;
  - (i) the remedy sought.
2. The notice in sub-Rule 2(1) must be accompanied with a non-refundable registration fee payable to the AIAC in the amount of that prescribed in Schedule II herein.

### **Rule 3 – Appointment of Adjudicator**

1. Where the parties have agreed upon the identity of an adjudicator who confirms his readiness and willingness to embark upon the adjudication and has either:
- (a) reached an agreement with the parties on the terms of his appointment including fees chargeable, or
  - (b) failing which, agreed to the AIAC's standard terms of appointment in Schedule I hereto, and the default fees for adjudicator provided under the Regulations,

then that person shall be the Adjudicator.

2. Where the parties have not so agreed upon an adjudicator within ten (10) working days from the service of notice of adjudication by the claimant, or where such person has not so confirmed his willingness to act within ten (10) working days from the date he was notified of his appointment, then any party or both parties jointly may apply to the President of the AIAC Court of Arbitration for appointment of an adjudicator upon expiry of ten (10) working days from the service of notice of adjudication. The following procedure shall apply:
- (a) For the purposes of section 21(b) and section 23 of the Act, the request made to the President of the AIAC Court of Arbitration shall be in writing and accompanied with such administrative fees as prescribed in Schedule II herein.



- (b) The request to appoint an adjudicator shall be preceded by a notice to the President of the AIAC Court of Arbitration to register the adjudication as in sub-Rule 2(1).
- (c) The request to appoint an adjudicator shall be made in writing to the President of the AIAC Court of Arbitration by hand, post or courier at its business address.
- (d) The request shall be lodged with AIAC at any time from 8.30 am to 4.00 pm from Monday to Friday (except public holidays) and 9.00am to 12.00 noon on the eves of public holidays. Any documents lodged to AIAC after the operation hours shall be considered to have been lodged the next working day.
- (e) Upon receiving the receipt of request of either party, the President of the AIAC Court of Arbitration shall appoint an adjudicator within five (5) working days and notify the parties and the adjudicator in writing.
- (f) Any adjudicator appointed under Section 21(a) or Section 21(b) of the Act shall at the time of the acceptance of appointment submit to the AIAC a copy of the declaration in writing made pursuant to Section 24 of the Act.
- (g) The adjudicator shall abide by the Adjudicator Code of Conduct in Schedule III.

#### **Rule 4 – Notification of Adjudication Claim**

1. The claimant shall within seven (7) working days after serving a written adjudication claim pursuant to Section 9(1) of the Act deliver a copy of the adjudication claim to the AIAC. Unless otherwise directed by the President of the AIAC Court of Arbitration, the claimant is not required to deliver the supporting documents to the AIAC.

#### **Rule 5 – Notification of Adjudication Response**

1. The respondent shall within seven (7) working days after serving a written adjudication response

pursuant to Section 10(1) of the Act, or Paragraph 2(3)(c) of the Construction Industry Payment and Adjudication (Exemption) Order 2014, as the case may be, deliver a copy of the adjudication response to the AIAC. Unless otherwise directed by the President of the AIAC Court of Arbitration, the respondent is not required to deliver the supporting documents to the AIAC.

#### **Rule 6 – Notification of Adjudication Reply, If Any**

1. The claimant shall within seven (7) working days after serving a written reply to the adjudication response pursuant to Section 11(1) of the Act, or Paragraph 2(3)(d) of the Construction Industry Payment and Adjudication (Exemption) Order 2014, as the case may be, deliver a copy of the adjudication reply to the AIAC. Unless otherwise directed by the President of the AIAC Court of Arbitration, the claimant is not required to deliver the supporting documents to the AIAC.

#### **Rule 7 – The Purpose of The Adjudication and The Role of The Adjudicator**

1. The underlying purpose of the adjudication is to decide dispute between the Parties that are within the scope of the adjudication as rapidly and economically as is reasonably possible.
2. The adjudicator shall act fairly and impartially.
3. Unless the parties agree that any decisions of the adjudicator shall be final and binding, any decision of the adjudicator shall be binding until the decision is set aside by the High Court, or the dispute is finally determined by court, by arbitration or by written agreement between the parties.

#### **Rule 8 – Conduct of The Adjudication**

1. The adjudicator shall conduct the adjudication in the manner as the adjudicator considers appropriate within the powers provided under section 25 of the Act.

2. The adjudicator shall exercise such powers with a view of fairness and impartiality, giving each party a reasonable opportunity, in light of the timetable, of putting his case and dealing with that of his opponents.
3. The adjudicator may not:
  - (a) receive any submissions from one party that are not also made available to the others;
  - (b) except in the event of misconduct by that representative, refuse any party the right at any hearing or meeting to be represented by any representative of that party's choosing who is present;
  - (c) act or continue to act if he has a conflict of interest.

### **Rule 9 – Fees and Expenses**

1. The adjudicator, whether appointed under Section 19(1) or 19(2) of the Act, shall within seven (7) days upon his acceptance of his appointment send a copy of his terms of appointment and fees to be paid to the adjudicator to the AIAC.
2. Pursuant to subregulations 8(1)(b) and 8(1)(c) of the Regulations, the adjudicator shall not later than fourteen (14) days after his acceptance of the appointment issue a direction ordering the parties to deposit with the AIAC the following fees and expenses in advance as security:
  - (a) the full adjudicator's fees and expenses as estimated by the adjudicator, and any taxes as may be imposed by the Government; and
  - (b) all administrative fee payable to the AIAC as provided in Schedule II of the AIAC Adjudication Rules & Procedure.
3. The adjudicator shall upon issuing a direction under sub-rule 9(2) above furnish a copy of his direction to the AIAC indicating the full payment of fees and expenses payable by the parties to be deposited with the AIAC and the date by which such fees and expenses are to be paid.

4. If any parties fails to make payment within the time ordered by the adjudicator, the adjudicator shall within seven (7) days thereafter issue such direction as he thinks fit including inviting another party or parties to make such payment and notify the AIAC accordingly.
5. In the event full payment of the fees and expenses, including the AIAC's administrative fee and any taxes as may be imposed by the Government, are not deposited with the AIAC under Section 19(5) of the Act, the adjudicator shall not release the adjudication decision to the parties.
- 5A. In the event that the Claimant withdraws its adjudication claim before the delivery of the adjudication decision by the adjudicator pursuant to Section 17(1) of the Act, the adjudicator may, after consultation with the President of the AIAC Court of Arbitration, order the Claimant to pay reasonable costs arising out of the withdrawal of the adjudication proceedings. In determining the quantum of costs payable by the Claimant, the adjudicator shall have regard to all relevant circumstances including the terms of the appointment of the adjudicator, the stage of the proceedings at the time of the withdrawal, the administrative fee payable to the AIAC, and the reasonable costs incurred by the Respondent.
6. The adjudicator shall from time to time, as requested by the AIAC, furnish other documents and information as may be required by the AIAC to indicate the fees and expenses payable, including the AIAC's administrative fee, and the timeline of such payment.
7. Subject to Rule 9(8), any fees and expenses due to the adjudicator as deposited with the AIAC shall –
  - (a) be paid to the adjudicator:
    - (i) upon the President of the AIAC Court of Arbitration having received a copy of the notice of withdrawal of the adjudication

claim served under Section 17(1) of the Act and the adjudicator's order for the costs payable pursuant to sub-rule 9(5A) above; or

- (iii) upon the AIAC having received a copy of the adjudication decision within the time specified under Section 12(2) of the Act and a written confirmation from the adjudicator that the requirements under Section 12(2) of the Act have been complied with;

and

- (b) be refunded to the parties in the share contributed by the parties in the event the adjudicator fails to decide the dispute within the time specified under Section 12(2) of the Act.
8. The AIAC is entitled to retain from any fees and expenses deposited with the AIAC its administrative fee as stipulated in Schedule II herein.
  9. The AIAC shall account for all payments deposited with the AIAC under Section 19(4), 19(5) and 16(2) of the Act and any interest earned thereon shall be retained by the AIAC.
  10. Pursuant to Section 19(4) and 16(2) of the Act, any deposit made to the AIAC shall be subjected to any and all applicable taxes, administrative charges and financing costs including but not limited to foreign exchange losses.
  11. If a party shall request adjudication, and it is subsequently established that he was not entitled to do so, that party shall be solely responsible for the adjudicator's fees and expenses and all administrative fees as may be chargeable by the AIAC.
  12. The adjudicator shall be entitled to his fees and expenses notwithstanding that his adjudication decision is subsequently set aside by the Court provided that he has acted in good faith in the performance of his duties under the Act.

**Rule 10 – Adjudication Decision**

1. The adjudicator shall decide the dispute and deliver the adjudication decision within –
  - (a) forty-five (45) working days from the service of the adjudication response or reply to the adjudication response, whichever is later;
  - (b) forty-five (45) working days from the expiry of the period prescribed for the service of the adjudication response if no adjudication response is received; or
  - (c) such further time as agreed to by the parties.
2. Any decision shall be in writing. The adjudicator shall provide written reasons for his decision unless the requirement for reasons is dispensed with by the parties.
3. The adjudicator may, on his own initiative or on the application of a party, correct his decision so as to remove any computational or typographical mistake and/or error.
4. Any correction of a decision shall be made as soon as practicable after the date that the application was received by the adjudicator or, where the correction is made by the adjudicator on his own initiative as soon as possible after he becomes aware of the need to make a correction.

**Rule 11 – Confidentiality**

1. Subject to Rule 12, all persons involved in the adjudication shall keep all matters and/or documents related to the adjudication confidential in accordance with the Act and the Regulations.

**Rule 12 – Permission To Publish Redacted Adjudication Decision**

1. Unless otherwise informed to the President of the AIAC Court of Arbitration in writing by any of the parties or the adjudicator before an

adjudication decision is made, the parties and the adjudicator in an adjudication shall be deemed to have consented to the AIAC disclosing, producing or publishing the adjudication decision in any means as the AIAC deems fit provided that the following confidential information and details as determined by the AIAC are deleted before its disclosure, production or publication:

- (a) the names of the parties in the adjudication;
- (b) the name of the adjudicator;
- (c) the name and details of the subject project;
- (d) the payment claim amount;
- (e) the payment response amount;
- (f) the adjudicated amount.

## **Part B – Procedure**

1. An application for exemption under section 40 of the Act shall be made in writing to the President of the AIAC Court of Arbitration.
2. The application for exemption must –
  - (a) be accompanied by a non-refundable application fee in the amount of RM40,000.00;
  - (b) contain the name and address of the applicant;
  - (c) identify the person or class of persons, or contract, matter, transaction or any class thereof, and the provisions of the Act from which the applicant seeks to be exempted; and
  - (d) contain a statement of the grounds and furnish any relevant documents (if any), in support of the application.
3. Upon receiving an application for exemption, the President of the AIAC Court of Arbitration may –
  - (a) decline the application if it fails to comply with paragraph 2 above; or

- (b) request any further information from the applicant that he or she may require for his or her review; or
  - (c) review the application.
- 4. The President of the AIAC Court of Arbitration may consult with any relevant party for the purpose of reviewing an application for exemption upon receipt of the application or of the further information referred to in paragraph 3(b) above.
- 5. The President of the AIAC Court of Arbitration will thereafter make a recommendation to the Minister pursuant to section 40 of the Act, to –
  - (a) accept the application, with or without conditions; or
  - (b) decline the application, wholly or partly.



## **Schedule I – AIAC Standard Terms of Appointment**

1. The adjudicator is to be impartial and independent of the parties and shall inform the parties immediately of anything of which could affect his impartiality or independence.
2. The adjudicator shall treat all matters which have been referred to him for adjudication as confidential and shall not disclose such matters without the prior written consent of the parties.
3. The adjudicator shall explain and ensure that the parties to the adjudication proceedings are reasonably informed as to the procedural requirements and expectations of them in the adjudication proceedings.
4. The adjudicator may not be called as a witness by either party to give evidence concerning the matter referred or adjudicated by him in any proceedings.
5. The adjudicator shall not assign, delegate or obtain legal or technical assistance related to his work under the Act and Regulations without the approval of the parties.
6. No suit or other legal proceedings shall lie against the adjudicator in respect of anything done or omitted to be done provided the adjudicator acts in good faith in the discharge of the duties and functions as an adjudicator under the Act.
7. The adjudicator shall be entitled to:
  - (a) Be paid the agreed fee and expenses;
  - (b) Be reimbursed by the parties for expenses reasonably incurred in carrying out his duties;
  - (c) Direct the parties to contribute and deposit with the AIAC, anticipated fees and expenses in equal shares in advance as security;

- (d) Exercise a lien on his decision until any outstanding fees and expenses, including the AIAC's administrative fee and any taxes as may be imposed by the Government including, inter alia, goods and services tax, have been paid in full.
- 7A. The adjudicator shall be entitled to his fees and expenses notwithstanding that his adjudication decision is subsequently set aside by the Court provided that he has acted in good faith in the performance of his duties under the Act.
8. Where a party fails to comply with a request for payment within the stipulated period, the other party may make and recover such payment from the defaulting party.
9. The adjudicator's fees and expenses incurred shall be paid in full prior to the delivery of the adjudication decision and the parties are, and shall remain jointly and severally liable to the adjudicator for payment of the fees and expenses in accordance with these terms.
10. The appointment of the adjudicator may be terminated by:
- (a) The mutual agreement in writing by the parties; or
  - (b) The withdrawal of the Adjudication Claim by the Claimant pursuant to Section 17(1) of the Act; or
  - (c) The final determination of the dispute referred to him by arbitration or the court; or
  - (d) The death, resignation or incapacity of the adjudicator to complete the adjudication proceedings pursuant to Section 17(4) of the Act.
11. The adjudicator shall be entitled to collect reasonable fees and expenses incurred up to the date of the service of notice of termination of the adjudication proceedings or the date of settlement, if:

- (a) the parties settle the dispute before the making of the adjudicator's decision; or
  - (b) the adjudicator's appointment is terminated pursuant to Clause 10 above.
12. The adjudicator shall determine the matter and serve his decision to the parties within the time period stipulated in Section 12(2) of the Act. The decision shall be made in writing and shall, subject to the settlement of all outstanding fees and expenses, be served on the parties and the AIAC.

## Schedule II – Administrative Fee Schedule

### 1 Administrative Fee of AIAC

1.1 The list of administrative fees chargeable (where applicable)—

- (a) **Registration fee** of RM300 to register the adjudication matter;
- (b) **Adjudicator Appointment fee** of RM480 to request the President of the AIAC Court of Arbitration to appoint the adjudicator;
- (c) **Administrative fee** calculated at 20% of the adjudicator's fee. This fee is in addition to the adjudicator's fee and expenses payable by the parties.
- (d) All taxes as may be imposed by the Government including, inter alia, goods and services tax applicable to the AIAC's administrative fees as prescribed in subparagraph 1.1(a), 1.1(b) and 1.1(c).

1.2 The administrative fees referred to in subparagraph 1.1 (where applicable) is payable even though the proceedings are prematurely ended, withdrawn, settled or the adjudication decision is void.

1.3 All administrative fee to be payable upon registration and/or in accordance to the adjudicator's direction, and are non-refundable.

### 2 Amendments to Administrative Fee of AIAC

2.1 AIAC reserves the right to amend and/or vary the Administrative Fee from time to time at its discretion without prior notification.

## **Schedule III – Adjudicator Code of Conduct**

This Code of Conduct (“this Code”) applies to all persons appointed by the parties in dispute or appointed by AIAC to act as Adjudicators pursuant to the Construction Industry Payment and Adjudication Act.

### **1 Acceptance of Assignment**

- 1.1 An Adjudicator will, before accepting an appointment to a case, ensure that he is able to conduct the adjudication independently, impartially and expeditiously.

### **2 Impartiality**

- 2.1 An Adjudicator will be impartial and fair to the parties, and be seen to be so.
- 2.2 An adjudicator must seek to disclose any information which may lead to the impression that he may not be impartial or fair, including, that:
  - (a) He (or any member of his firm or company) has acted in any capacity for any of the parties;
  - (b) He has a financial or any other interest (direct or indirect) in any of the parties or the outcome of the adjudication; or
  - (c) He has any confidential information about the parties or the matter which is the subject of the adjudication derived from sources outside the adjudication proceedings.
- 2.3 If there is an actual, potential or apparent conflict of interest between the Adjudicator and any of the parties, the Adjudicator shall highlight this to all the relevant parties.
- 2.4 If, at any stage during the adjudication proceedings, new circumstances arise that could give rise to doubt as to the impartiality or independence of the Adjudicator, he shall promptly disclose such circumstances to the relevant parties.

- 2.5 An Adjudicator shall not accept an appointment if he is ineligible by virtue of the Act or the Regulations.
- 2.6 An Adjudicator (or any member of his firm or company) shall not act for any of the parties subsequently in any matter related to or arising out of the subject matter of the adjudication without the written informed consent of all the parties.

### **3 The Adjudication Procedure**

- 3.1 An Adjudicator will act in accordance with the Act and the Regulations.

### **4 Confidentiality**

- 4.1 Any document or information supplied for and/or disclosed in the course of the adjudication will be kept confidential. An Adjudicator will only disclose the same if required to do so by law, or pursuant to an order of a court, or with the consent of all the relevant parties.

### **5 Preparation and Diligence**

- 5.1 The Adjudicator will prepare himself appropriately before the commencement of the adjudication.
- 5.2 An Adjudicator should carry out his role in a conscientious and diligent manner.

### **6 Compliance with Act**

- 6.1 The obligations found in this code are over and above the obligations of Adjudicators under the Act and the Regulations. An Adjudicator must comply with the requirements of the Act and the Regulations.

### **7 Withdrawal**

- 7.1 An Adjudicator shall withdraw from a case:
  - (a) When he realises that he has committed a breach of any of the terms of this Code; or

- (b) When he is required by any of the parties to do anything in breach of the terms of this Code, the Act or the Regulations.

The Adjudicator shall, on the occurrence of (a) or (b) above, immediately inform the parties and or, the AIAC of his withdrawal.

- 7.2 In the event that an Adjudicator is requested to withdraw because of prejudice or bias, the Adjudicator should withdraw unless, the Adjudicator after carefully considering the matter and in consultation with the parties determine that:

- (a) The reason for the challenge is not substantial;
- (b) The Adjudicator can act and decide the case impartially and fairly; and
- (c) The withdrawal would cause unfair delay or expense or would be contrary to the ends of justice.

## **8 Fees**

- 8.1 Where the Adjudicator has expressly agreed to the fees as agreed with the parties in dispute or to the adjudicator's standard fees provided in the Regulations, as the case may be, he shall not subsequently make any unilateral arrangements with any of the parties for additional fees.
- 8.1.1 Where the Adjudicator's has expressly agreed to the standard fees for adjudicator provided under the Regulations or the AIAC's recommended schedule of fees under AIAC CIPAA Circular 2A, as the case may be, the fees calculated shall be based on the claimed amount under the Payment Claim pursuant to Section 5(2)(a) of the Act.
- 8.2 AIAC is not liable to the Adjudicator for any or any part of the Adjudicator Fee due to the Adjudicator under the Act and the Regulations.
- 8.3 The Adjudicator will only be paid the Adjudicator Fee when AIAC has obtained full payment of the Fees and expenses from the parties.

## **PART II**

# **AIAC CIRCULARS**

*(Previously issued as KLRCA Circulars)*

### **CIRCULARS OF THE AIAC AS PREVIOUSLY ISSUED BY KLRCA**

Any reference to the KLRCA in any circular issued by the same shall, after the 28<sup>th</sup> February 2018, be construed as a reference to the AIAC. All approvals, directions, notices, guidelines, circulars, guidance notes, practice notes, rulings, decision, notifications, exemptions and other executive acts, howsoever called, given or made by the KLRCA before 28<sup>th</sup> February 2018, shall continue to remain in full force and effect, until amended, replaced, rescinded or revoked. The English text prevails over other language versions.



## AIAC CIPAA Circular 1B

### **CIRCULAR ON THE SCOPE AND PROSPECTIVE APPLICATION OF THE CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012 AND THE ADMINISTRATION OF ADJUDICATION CASES BY THE AIAC**

On 16<sup>th</sup> October 2019, the Federal Court of Malaysia delivered its decisions in the cases of *Jack-in Pile (M) Sdn Bhd v. Bauer (Malaysia) Sdn Bhd and Another Appeal* [2020] 1 MLJ 174 and *Ireka Engineering & Construction Sdn Bhd v. PWC Corporation Sdn Bhd and Other Appeals* [2020] 1 MLJ 311.

In their grounds of judgment, the Federal Court held that the Construction Industry Payment and Adjudication Act 2012 (the “CIPAA”) is prospective and does not apply to construction contracts entered into before the coming into force of the CIPAA, that is, contracts executed prior to 15<sup>th</sup> April 2014.

In light of these judicial developments, the AIAC confirms it has since ceased registering payment disputes arising from construction contracts executed prior to 15<sup>th</sup> April 2014. The AIAC will give parties the opportunity to comment on the applicability of the abovementioned Federal Court decisions to their adjudication proceeding, prior to turning down the registration request and refunding the payment of the registration fee, if any.

Nonetheless, where the parties are in disagreement as to whether their adjudication proceeding is within or outside the scope of the prospective application of the CIPAA, the AIAC will proceed with registering the proceeding and will refer the same for determination by the appointed adjudicator. Parties are put on notice that the registration of such matters, and the continuance of the proceedings thereafter, are strictly and solely at their own risk.

For the avoidance of doubt, the registration of payment disputes arising from construction contracts executed on or after 15<sup>th</sup> April 2014 remains unaffected.

Save where the above applies, the CIPAA applies to every construction contract made in writing within the meaning of Section 4, and under which a payment claim is made.

Section 3 provides that CIPAA shall not apply to a construction contract entered into by a natural person for any construction work in respect of any building which is less than four storeys high and which is wholly intended for his occupation.

Section 41 provides that CIPAA shall not affect proceedings relating to any payment dispute under a construction contract which had been commenced in Court or arbitration before the coming into operation of the CIPAA.

This Circular 1B supersedes Circular 1A issued on 11<sup>th</sup> November 2014.

Dated this 1<sup>st</sup> January 2021.

A handwritten signature in black ink, consisting of a large, stylized 'A' with a horizontal stroke and a small flourish at the end.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director of the AIAC.

## AIAC CIPAA Circular 2A

### CIRCULAR ON AIAC'S RECOMMENDED SCHEDULE OF FEES

*(Amended as at 1<sup>st</sup> October 2025)*

The Construction Industry Payment and Adjudication Act 2012 ("CIPAA") and the Construction Industry Payment and Adjudication Regulations 2014 ("Regulations") came into effect on 15<sup>th</sup> April 2014.

The Schedule of Fees under the Regulations sets out the standard fees for services and expenses of an adjudicator as imposed by the Ministry of Works.

Alongside the Schedule of Fees under the Regulations, the AIAC recommends an alternative adjudicator fee schedule – the AIAC Recommended Schedule of Fees. The adjudicator and parties can agree to adopt the AIAC Recommended Schedule of Fees at any time during the negotiations of the adjudicator's terms of appointment and fees chargeable.

#### 1. AIAC's Recommended Adjudicator Fee Schedule is set out below:-

##### 1.1 AIAC's recommended adjudicator fee schedule-

Amount in Dispute (RM)	Adjudicator's Fees (RM)
Up to 150 000	8,400
150 001 to 300 000	8,400 + 3.5% of excess over 150 000
300 001 to 800 000	13,650 + 1.3% of excess over 300 000
800 001 to 1 300 000	20,150 + 1.25% of excess over 800 000
1 300 001 to 1 800 000	26,400 + 1.1% of excess over 1 300 000
1 800 001 to 2 300 000	31,900 + 0.7% of excess over 1 800 000
2 300 001 to 2 800 000	35,400 + 0.5% of excess over 2 300 000

2 800 001 to 3 300 000	37,900 + 0.683% of excess over 2 800 000
3 300 001 to 5 000 000	41,315 + 0.65% of excess over 3 300 000
5 000 001 to 10 000 000	52,365 + 0.365% of excess over 5 000 000
10 000 001 to 15 000 000	70,615 + 0.38% of excess over 10 000 000
Over 15 000 000	89,615

- 1.2 Adjudicator fees to be paid by the parties as directed by the adjudicator.
- 1.3 Adjudicator fees prescribed in sub-paragraph 1.1 exclude the 20%\* administrative support fee prescribed in Schedule II of the AIAC Adjudication Rules & Procedure and all taxes as may be imposed by the Government of Malaysia on the fee earned by the adjudicator.

## 2. Expenses

- 2.1 An adjudicator who is required to travel outside his place of residence to conduct a site visit and the like will be reimbursed with an economy class airfare, reasonable mileage claim (as agreed by both parties) or as prescribed by AIAC or any other reasonable fare for mode of transportation (as agreed by both parties), whichever is applicable, subject to the submission of invoice, receipt or in original or such evidence acceptable to the AIAC.
- 2.2 A *per diem* of RM1800 shall be paid to an adjudicator who is required to travel outside his place of residence to conduct a site visit and the like, whenever overnight accommodation is required. Where no overnight accommodation is required, a *per diem* of RM900 shall be paid.

---

\* Subject to the latest revision by the AIAC as reflected on [www.aiac.world](http://www.aiac.world)

2.3 The expenses covered by the *per diem* above shall include the following items –

- Hotel accommodation
- Meals/beverages
- Laundry/dry cleaning/ironing
- City transportation (excluding airport transfers)
- Communication costs (telephone, fax, internet usage etc)
- Tips

2.4 Expenses to be paid by the parties as directed by the adjudicator.

This Circular supersedes AIAC CIPAA Circular 02 issued on 1<sup>st</sup> August 2014.

Dated 1<sup>st</sup> October 2025.



Dato' Mary Lim Thiam Suan  
Director of the AIAC

## **AIAC CIPAA Circular 03**

[Previously issued as KLRCA CIPAA CIRCULAR 03]

### **CIRCULAR ON AIAC'S GUIDELINE ON THE MEANING OF "CONSTRUCTION CONTRACT MADE IN WRITING"**

The Construction Industry Payment and Adjudication Act 2012 ("CIPAA") came into operation on 15 April 2014. Section 2 of the Act provides that statutory adjudication regime shall apply to construction contracts made in writing.

However, no definition or further elaboration is provided in the Act as to what 'construction contract made in writing' means.

Given the fact that there are various means by which a construction contract may be made, a clear guideline on the meaning of a 'construction contract made in writing' will ensure that parties to a construction contract are guided as to whether or not payment disputes arising under their contract can be referred to adjudication under the Act. Further, it will eliminate the need for the adjudicator who may not be legally trained to grapple with the complexity of the issue of whether a construction contract is in writing.

As such the AIAC is of the view that it would be expedient and/or necessary to provide clear guidance and definition as to what the phrase 'construction contract made in writing' mean, for giving full effect and the better carrying out of the provisions of the Act.

The AIAC adopts the following definition of a 'construction contract in writing':-

#### **'CONSTRUCTION CONTRACT IN WRITING'**

1. There is a contract in writing:-
  - (a) if the contract is made in writing (whether or not it is signed by the parties);
  - (b) if the contract is made by exchange of communications in writing; or
  - (c) if the contract is evidenced in writing.

2. Where parties agree otherwise than in writing by reference to terms which are in writing, they make a contract in writing.
3. A contract is evidenced in writing if a contract made otherwise than in writing is recorded by one of the parties, or by a third party, with the authority of the parties to the contract.

The AIAC Guideline on Construction Contract in Writing shall apply to all adjudication cases commenced under CIPAA. A copy of the AIAC Guideline can be found at: [www.aiac.world](http://www.aiac.world)

Dated 28<sup>th</sup> day of April, 2014.



Professor Datuk Sundra Rajoo  
Director of the AIAC

## **AIAC CIPAA Circular 04**

[Previously issued as KLRCA CIPAA CIRCULAR 04]

### **CIRCULAR ON AIAC'S PROCEDURE FOR EXEMPTION APPLICATION MADE UNDER SECTION 40 OF THE CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012**

Under Section 40 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA"), the Minister may upon considering the recommendation of the AIAC, make an order for exemption of any person or class of persons or any contract, matter or transaction or any class thereof, from all or any of the provisions of CIPAA, subject to such terms and conditions as may be prescribed.

In order for the Director of the AIAC to make a recommendation to the Minister of Works for exemption under Section 40 of the CIPAA, the AIAC has introduced a procedure for an application for exemption.

The AIAC procedure for the application of exemption, as set out in the AIAC Adjudication Rules & Procedure, is set out below:-

#### **PROCEDURE FOR EXEMPTION APPLICATION**

1. An application for exemption under section 40 of the Act shall be made in writing to the Director of the AIAC.
2. The application for exemption must –
  - (a) be accompanied by a non-refundable application fee in the amount of RM20,000.00\*;
  - (b) contain the name and address of the applicant;
  - (c) identify the person or class of persons, or contract, matter, transaction or any class

---

\* Subject to the latest revision by the AIAC as reflected on [www.aiac.world](http://www.aiac.world)



- thereof, and the provisions of the Act from which the applicant seeks to be exempted; and
- (d) contain a statement of the grounds and furnish any relevant documents (if any), in support of the application.
3. Upon receiving an application for exemption, the Director of the AIAC may –
- (a) decline the application if it fails to comply with paragraph 2 above; or
  - (b) request any further information from the applicant that he or she may require for his or her review; or
  - (c) review the application.
4. The Director of the AIAC may consult with any relevant party for the purpose of reviewing an application for exemption upon receipt of the application or of the further information referred to in paragraph 3(b) above.
5. The Director of the AIAC will thereafter make a recommendation to the Minister pursuant to section 40 of the Act, to –
- (a) accept the application, with or without conditions; or
  - (b) decline the application, wholly or partly.

All applications for exemption must comply with the above procedure prior to the Director of the AIAC making the recommendation to the Minister of Works.

A copy of the AIAC Adjudication Rules & Procedure can be found at: [www.aiac.world](http://www.aiac.world)

Dated 28<sup>th</sup> day of April, 2014.



Professor Datuk Sundra Rajoo  
Director of the AIAC

## AIAC CIPAA Circular 5A

### **CIRCULAR ON THE PROCEDURE FOR IMPLEMENTATION OF SALES AND SERVICES TAX IN CIPAA PROCEEDINGS ADMINISTERED BY THE AIAC**

On 1<sup>st</sup> September 2018, the Sales and Service Tax (the “SST”) was implemented pursuant to the Service Tax Act 2018. According to the Service Tax Regulations 2018, which carry into effect the provisions of the Service Tax Act 2018, the rate of tax is fixed at 6%.

The SST is applicable to the provision of services by the AIAC and also by adjudicators in relation to all adjudication proceedings administered pursuant to the *Construction Industry Payment and Adjudication Act 2012* (the “CIPAA”), the *Construction Industry Payment and Adjudication Regulations 2014* (the “Regulations”), and the AIAC Adjudication Rules & Procedure.

The procedure for the collection of SST will be as follows. Upon the adjudicator issuing a direction pursuant to Rule 9(2) of the AIAC Adjudication Rules & Procedure ordering the parties to deposit with the AIAC the full adjudicator’s fees and expenses and the AIAC Administrative Fee, the AIAC will collect these fees, being the full cost of the adjudication, by way of an advance security deposit (“ASD”).

The ASD will include any SST payable on both the adjudicator’s fee as well as the AIAC Administrative Fee. The ASD will be collected in equal shares from the parties by the AIAC. No fees shall be payable to the adjudicator at this stage.

Adjudicators shall note that where the Standard Schedule of Fees pursuant to Regulation 6 of the Regulations is adopted, the SST component of the adjudicator’s fee is embedded in the fee calculation set out in Schedule 1 of the Regulations. However, SST needs to be added to the AIAC Administrative Fee in this instance. Where the Recommended Schedule of Fees pursuant to AIAC CIPAA Circular 02 is adopted, SST will need to be added to both the adjudicator’s fee as well as the AIAC Administrative Fee.

Payments requested by the AIAC in MYR can be made by cheque made out to the Asian International Arbitration Centre or to the following account:

Account Name: Asian International Arbitration  
Centre  
Account Number: 5143 5680 7190  
Bank Name: Malayan Banking Berhad  
Bank Address: Ground & Mezzanine Floors,  
Wisma Genting, Jalan Sultan  
Ismail,  
50250 Kuala Lumpur  
SWIFT Code: MBBEMYKL

Once the adjudication decision has been delivered on the Parties within the stipulated timeframe, the AIAC will request the adjudicator to issue tax invoices reflecting the full adjudicator's fees and expenses as well as any SST payable. The tax invoices shall be issued in the parties' names and delivered to the AIAC. The AIAC will subsequently forward the tax invoices to the parties.

If the adjudicator is registered in Malaysia for the purposes of SST, SST will be payable on their fees. If the adjudicator is not registered, the party will need to account for the SST directly to the Department of Customs.

The AIAC, after the adjudication decision has been delivered, shall issue tax invoices reflecting the AIAC Administrative Fee as well as the SST payable. The tax invoices will be issued in the parties' names and delivered to the parties.

The security deposits already paid by the parties will be entirely set off against the costs of the adjudication in satisfaction of the tax invoices issued by the adjudicator and the AIAC.

Any additional or supplementary deposits that may become payable over the course of proceedings will be collected in the same way. Tax invoices will be issued in the parties' names by the relevant service provider (being the adjudicator or the AIAC), including SST, with the deposit thereafter collected by the AIAC.

If the service provider is not registered for SST, SST will not be included.

Should proceedings be completed prior to the delivery of the adjudication decision, the adjudicator may direct reasonable costs to be paid, including reasonable fees and expenses of the adjudicator, which may include SST if the adjudicator is SST registered. The adjudicator shall issue tax invoices reflecting those reasonable fees and expenses. In the event there is any difference between those reasonable costs and any tax invoice previously issued then a corresponding credit note will need to be issued by the adjudicator.

Any unexpended balance will then be refunded to the parties.

This Circular supersedes AIAC CIPAA Circular 05 issued on 1<sup>st</sup> June 2015.

Dated this 1<sup>st</sup> January 2021.

A handwritten signature in black ink, consisting of a large, stylized 'A' with a vertical line through it and a small flourish at the end.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director of the AIAC.

## **AIAC CIPAA Circular 06**

(Previously issued as KLRCA CIPAA CIRCULAR 06)

### **CIRCULAR BY AIAC ON THE EXEMPTION OF GOVERNMENT CONSTRUCTION CONTRACTS AS SPECIFIED IN THE SECOND SCHEDULE OF THE CONSTRUCTION INDUSTRY PAYMENT & ADJUDICATION (EXEMPTION ORDER) 2014**

Reference is made to **subparagraph 2(2)** of the **Construction Industry Payment & Adjudication (Exemption Order) 2014** (hereinafter referred to as “**Exemption Order**”), which makes the following order:

#### **‘2. Exemption**

*(2) Subject to subparagraph (3), a Government construction contract as specified in the Second Schedule is exempted from the application of subsections 6(3), 7(2), 10(1), 10(2), 11(1) and 11(2) of the Act from 15 April 2014 to 31 December 2015.’*

The **Second Schedule** of the Exemption Order reads as follows:

*‘A contract for any construction works as defined under the Act with the contract sum of twenty million ringgit (RM20, 000,000) and below.’*

The above subparagraph 2(2) provides that the operative period of the Exemption Order upon a Government construction contract as specified in the Second Schedule shall lapse after 31<sup>st</sup> December 2015.

Accordingly, commencing 1<sup>st</sup> January 2016 and pursuant to subparagraph 2(2) of the Exemption Order, a Government construction contract as specified in the Second Schedule shall cease to be exempted from the provisions of subsections 6(3), 7(2), 10(1), 10(2), 11(1) and 11(2) of the Construction Industry Payment & Adjudication Act 2012.

Following the same, the procedures under subparagraph 2(3) of the Exemption Order shall also

cease to apply to a Government construction contract as specified in the Second Schedule from 1<sup>st</sup> January 2016 onwards.

This Circular 06 will take effect on 1<sup>st</sup> January 2016.

Dated this 1<sup>st</sup> January 2016.



Professor Datuk Sundra Rajoo  
Director of the AIAC

## AIAC CIPAA Circular 07

### COMPETENCY STANDARD AND CRITERIA OF ADJUDICATORS UNDER THE CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012

Section 32(a) of the Construction Industry Payment and Adjudication Act 2012 (the “CIPAA”) provides that the Asian International Arbitration Centre (“AIAC”) shall be responsible for the setting of the competency standard and criteria of an adjudicator. This responsibility is, however, subject to the competency standard and criteria of an adjudicator as prescribed in Regulation 4 of the Construction Industry Payment and Adjudication Regulations 2014 (the “Regulations”).

Specifically, Regulation 4(a) of the Regulations contains the requirement that an adjudicator shall have *“working experience of at least seven years in the building and construction industry in Malaysia or any other fields recognized by the AIAC”*.

In assessing whether an adjudicator satisfies Regulation 4(a), consideration will hereon be given to an adjudicator’s experience in the building and construction industry acquired *both within Malaysia and overseas over at least seven years*. This means that adjudicators can be considered for empanelment and appointment where they possess fewer than seven years’ experience in the building and construction industry in Malaysia. However, the adjudicator’s cumulative experience in this industry, both within Malaysia and overseas, must total at least seven years.

In interpreting the phrase, *“or any other fields recognized by the AIAC”*, it is clarified that adjudicators will be considered for empanelment even where they predominately work in a field other than building and construction, provided they can demonstrate having acquired practical or theoretical experience related to the building and construction industry to some degree of significance. Adjudicators who fall within this category are not exempt from the requirement

to have acquired at least seven years of experience in Malaysia as defined above.

For the avoidance of doubt, the duration and nature of an adjudicator's experience in Malaysia cannot be insignificant. The Director of the AIAC retains the discretion to refrain from the empanelment and appointment of adjudicators who fail to demonstrate sufficient experience within Malaysia.

This Circular 07 will take effect on 1<sup>st</sup> December 2020.

Dated this 1<sup>st</sup> January 2021.

A handwritten signature in black ink, consisting of a large, stylized 'A' with a horizontal stroke and a small flourish at the end.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director of the AIAC.



## **AIAC CIPAA Circular 08**

### **CIRCULAR BY AIAC ON PAYMENT OF ADJUDICATION COSTS IN CIPAA PROCEEDINGS**

The AIAC understands that there are circumstances in which the Parties are unable to remit sufficient deposits for the cost of the adjudication proceedings. The overarching effect of this non-payment is that upon the Claimant's withdrawal of the adjudication proceedings prior to the Adjudicator's delivery of the Decision, the AIAC has collected insufficient deposits in the matter. This places the Parties, the Adjudicator and the AIAC in a difficult position for two reasons.

Firstly, pursuant to Section 17(2) of the Construction Industry Payment & Adjudication Act 2012 (the "CIPAA"), the Claimant shall bear the costs of the withdrawal. The costs of the withdrawal consist of a portion of the Adjudicator's fee and expenses as approved by the Director of the AIAC representing the work performed by the Adjudicator up until the withdrawal stage, and the AIAC's Administrative Fee. Pursuant to Schedule III, Paragraph 1.2 of the AIAC Adjudication Rules & Procedure, the Claimant is liable to pay the full amount of the AIAC's Administrative Fee notwithstanding the premature withdrawal of the matter. Hence, when there are insufficient funds, upon a withdrawal and in the absence of the Claimant's inclination to pay, the Claimant is in breach of the provisions of the CIPAA and the AIAC Adjudication Rules & Procedure.

Secondly, when a Decision is ready for delivery, if the funds are insufficient, the Adjudicator's and AIAC's services cannot be remunerated. This means that the Decision will likely be withheld until full payment of the deposits is made. This not only disadvantages the Parties but the Adjudicator and the AIAC alike.

In this vein, and to provide an abundance of clarity regarding prevailing procedures on this issue, the AIAC would like to draw your attention to the following:

**(1) Section 19(3) of the CIPAA – Parties to Equally Bear the Adjudication Costs**

Pursuant to Section 19(3) of the CIPAA, the Parties are jointly and severally liable to pay the Adjudicator's fees. The Adjudicator may recover the fees and expenses due as a debt. This is subject to the Adjudicator's Decision in which the Adjudicator shall order the costs to follow the event (cf. Section 18(1) of the CIPAA).

**(2) Rule 9(4) of the AIAC Adjudication Rules and Procedure – Adjudicator's Power to Invite the Other Party to Pay the Outstanding Amount**

In the event one of the Parties fails to pay, the Adjudicator has the power to issue a direction as the Adjudicator deems fit. This includes, but is not limited to, a direction inviting one Party to make such payment on behalf of the other.

**(3) Section 19(5) and (6) of the CIPAA – Withholding Release of Adjudication Decision**

In the event the deposits are not paid in full, it is in the Adjudicator's discretion to withhold the release of the Adjudication Decision to the Parties. Should the Adjudicator choose this course of action, the Adjudicator is to deposit one (1) copy of the Adjudication Decision to the AIAC only, and issue the necessary notice to withhold (i.e., Form 14) to the AIAC and the Parties. The Adjudication Decision will only be released to the Parties upon remittance of the full deposits payable.

**(4) Section 26(2) of the CIPAA – Setting Aside the Adjudication Proceedings**

On the basis that there has been a failure to comply with the adjudication proceedings, including non-payment of the Advance Security Deposit, the Adjudicator may set aside the adjudication proceedings, wholly or partly, or make any order dealing with the adjudication proceedings as the Adjudicator deems fit.

In the event the Adjudicator sets aside the adjudication proceedings wholly, the CIPAA does not make provision for the Adjudicator to be reimbursed, whether in fees for work done or for expenses incurred.

The AIAC's Administrative Fee remains due and payable in full.

**(5) Rule 9(5A) of the AIAC Adjudication Rules & Procedure – Determining the Withdrawal Costs of the Adjudicator**

Upon receipt of a Notice of Withdrawal, the Adjudicator is to consult the Director of the AIAC regarding the appropriate proportion of the Adjudicator's fee representing work done and also having regard to the stage of the proceedings. In this respect, the Adjudicator should provide the AIAC with their proposed withdrawal costs, supported by a statement of works estimating the number of hours expended on the proceedings, if possible, and proof of expenses incurred.

**(6) Schedule III, Paragraphs 1.1(c) and 1.2 of the AIAC Adjudication Rules & Procedure – 100% of the AIAC Administrative Fee Payable where Adjudication Proceeding is Set Aside or Withdrawn**

The AIAC's Administrative Fee is due and payable in full *"even though the proceedings are prematurely ended, withdrawn, settled or the adjudication decision is void."*

**(7) Clause 10 and 11 of the AIAC's Standard Terms of Appointment – Adjudicator's Appointment Terminated by Agreement of the Parties**

In the event that both Parties agree to terminate the appointment of an Adjudicator, the Adjudicator is entitled to claim a reasonable fee and expenses, provided that it is the AIAC's Standard Terms of Appointment that have been agreed upon between the Parties and the Adjudicator. The proportion of the Adjudicator's

fee to be disbursed will be determined by the Director representing work done and also having regard to the stage of the proceedings. All expenses claimed must be accompanied by their respective proofs, including but not limited to receipts, etc.

Dated this 1<sup>st</sup> December 2020.

A handwritten signature in black ink, featuring a large, stylized 'A' followed by a vertical stroke and a small flourish.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director of the AIAC.

## AIAC CIPAA Circular 09

### CIRCULAR ON THE CALCULATION OF WORKING DAYS UNDER THE CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012

Since the commencement of the *Construction Industry Payment and Adjudication Act 2012* (the “CIPAA”) on 15<sup>th</sup> April 2014, a number of landmark judicial decisions have been made which have had an impact on the AIAC’s administration of adjudication proceedings. One of these decisions was addressed in AIAC CIPAA Circular 1B. The purpose of this circular is to explain the impact of the High Court’s decisions in *Skyworld Development Sdn Bhd v Zalam Corporation Sdn Bhd and Other Appeals* [2019] MLJU 162 (“*Skyworld*”) and *Encorp Iskandar Development Sdn Bhd v Konsortium Ipmines Merz Sdn Bhd and another summons* [2020] MLJU 1503 (“*Encorp*”), on the AIAC’s calculation of “working days” in adjudication proceedings.

#### Meaning of “Working Days” under the CIPAA

In *Skyworld*, the High Court held that a “working day”, for the purpose of the service of documents under the CIPAA, “means a day of 24 hours and anything done within any time on that day is considered done on that day”. This is, of course, unless the parties and the adjudicator have expressly agreed that a “working day” ceases at a specific point in time i.e. at 6:00 p.m. on a weekday at the project site location.

In *Encorp*, however, the High Court held that “working day” is calculated with reference to the adjudicator’s place of work as opposed to site where the project is located. This departs from the decision in *Skyworld* which still considered “working day” to relate to the site where the project is located, in accordance with Section 4 of the CIPAA.

In calculating deadlines under the CIPAA, including the deadline for the delivery of the adjudication decision, the AIAC will follow the statutory definition provided for in the CIPAA viz, Section 4 and the interpretation taken in the *Skyworld* decision until a decision by a higher court is delivered on this issue.

Regardless, the onus is on adjudicators to ensure that the adjudication decision is delivered within the timeframe stipulated in the CIPAA.

### **Lodgement of Appointment Requests with the AIAC**

Parties are also to note that the *Skyworld* decision does not impact the date of receipt of the Request to the Director of the AIAC to appoint an adjudicator (Form 5) by the AIAC, which is regulated by Rule 3(2) (d) of the AIAC Adjudication Rules and Procedure. Specifically, this provision states that appointment requests are to be lodged with the AIAC between 8:30 am and 4:00 p.m. from Monday to Friday (except public holidays), and 9:00 a.m. to 12:00 p.m. on the eve of public holidays. Any documents lodged with the AIAC after these hours shall be considered to have been lodged the next working day.

Nevertheless, in acting on the appointment request within 5 working days, as specified in Section 23(1) of the CIPAA, the Director is bound by the *Skyworld* decision.

### **Proof of Service**

In order for the Director of the AIAC to act on any Notice to the Director of the AIAC to register the adjudication (Form 3A), or Request to the Director of the AIAC to appoint an adjudicator (Form 5), the AIAC needs to verify that the relevant timelines in the CIPAA have been complied with by the parties. This is particularly important in the context of the service of the Notice of Adjudication (Form 3) on the Respondent given that Section 7(2) of the CIPAA expressly stipulates that the right of a party to refer a dispute to adjudication only comes into existence only after the expiry of ten (10) working days from the date the Payment Claim (Form 1) is served on the non-paying party by the unpaid party. In determining “working days” in this context, the AIAC will once again defer to the position taken in the *Skyworld* decision.

For this purpose, alongside any such registration notices or appointment requests, the AIAC will require the relevant party to provide evidence that the

relevant documents have been served on the other side in compliance with the CIPAA. Failure to provide the proof(s) of service upon the AIAC's request will result in a delay in registering the adjudication proceeding, and/or the Director being unable to act on a party's appointment request.

Dated this 1<sup>st</sup> January 2021.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a smaller 'B' and a flourish.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director of the AIAC.

## AIAC CIPAA Circular 10

### **CIRCULAR ON THE AIAC CONTINUING COMPETENCY DEVELOPMENT SCHEME FOR ADJUDICATORS UNDER THE CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012**

As the sole administrative authority under the *Construction Industry Payment and Adjudication Act 2012* (the “CIPAA”), the AIAC is responsible for setting the competency standard and criteria of adjudicators pursuant to Section 32(a) of the CIPAA. This responsibility applies not only to the initial empanelment of adjudicators, but it also applies to monitoring the competency of adjudicators throughout the duration of their empanelment with the AIAC.

Over the years, the AIAC has observed that there are knowledge gaps in the practice, principles, and procedures involved in adjudicating payment disputes under the CIPAA. This applies to both adjudicators who have legal training, as well as adjudicators who have a non-legal background.

To bridge the knowledge gap, the AIAC is launching the Continuing Competency Development (“CCD”) scheme for adjudicators. The CCD scheme will see the AIAC, in conjunction with external practitioners, conduct a series of workshops throughout the year relating to the practice, principles, and procedures associated with adjudication proceedings under the CIPAA, including industry and knowledge-based principles relevant to construction disputes generally.

The aim of the CCD scheme is to equip adjudicators with the necessary know-how to confidently navigate through the various legal, technical, and procedural issues that may manifest in the course of an adjudication proceeding. Ultimately, the goal is to minimise the number of adjudication decisions that are set aside by courts, as well as to potentially enhance the capacity and suitability of participating adjudicators to preside over more complex disputes.



Participation in the CCD scheme is voluntary. However, in certain instances, the Director of the AIAC may invite an adjudicator to participate in a CCD workshop based on feedback received from the Adjudicator Evaluation Form (the “AEF”). The AEF is an initiative launched by the AIAC to complement its efforts to improve the quality and maintain the expected competency standards of adjudicators empanelled with the AIAC. The AEF involves parties and/or party representatives completing a survey, at the conclusion of an adjudication proceeding, which allows them to provide confidential feedback to the AIAC on the performance of an appointed adjudicator.

The CCD workshops are designed to be interactive, with exercises and assignments to be completed in conjunction with the workshops, to ensure optimum understanding and comprehension of topical subjects related to the construction industry and the CIPAA. Upon the successful completion of a workshop, participants will be awarded a “CCD point”, which they may accumulate over the course of a calendar year.

In certain instances, the Director of the AIAC may give weightage to an adjudicator’s successful participation in the CCD scheme in determining the suitability and/or advancement of an adjudicator’s appointment(s) in proceedings. For the avoidance of doubt, an adjudicator’s participation in the CCD scheme does not automatically guarantee an appointment whether in complex or high value adjudication proceedings, or otherwise, at a future point in time.

Dated this 1<sup>st</sup> January 2021.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a smaller 'B' and a flourish.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director of the AIAC.

## AIAC CIPAA Circular 11

### CIRCULAR ON THE SERVICES OF NOTICES AND DOCUMENTS UNDER THE CONSTRUCTION INDUSTRY PAYMENT AND ADJUDICATION ACT 2012

In serving as the sole administrative authority under the *Construction Industry Payment and Adjudication Act 2012* (the “CIPAA”), the AIAC is cognizant that there are several provisions therein relating to the service of notices and documents as well as timelines that necessitates clarification. One such provision is Section 38 of the CIPAA, which provides that the **service** of notices and/or documents in adjudication proceedings shall be effected by one of the following modes.

- (a) By delivering the notice or document personally to the party;
- (b) By leaving the notice or document at the usual place of business of the party during the normal business hours of that party;
- (c) By sending the notice or document to the usual or last-known place of business of the party by registered post; or
- (d) By any other means as agreed in writing by the parties.

It should be noted that the operation and application of Section 38 *vis-à-vis* the other provisions in the CIPAA pertaining to the services of notices and documents are of paramount importance. Where there are inconsistencies with the interpretation and application of the services of notices and documents, such may affect the validity and effectiveness of the proceedings as a whole.

In this vein and to provide some clarification regarding this issue, the AIAC sets out the following:

#### **(1) Section 38(c) of the CIPAA – Service by Registered Post**

To aid in the interpretation of Section 38(c) of the CIPAA, the AIAC is guided by Section 12 of

the Interpretation Acts 1948 and 1967 wherein “service by post” is defined as:

*“Where a written law authorizes or requires a document to be served by post, then, until the contrary is proved, service – (a) shall be presumed to be effected by properly addressing, prepaying and posting by registered post a letter containing the document; and (b) shall be presumed to have been effected at the same time when the letter would have been delivered in the ordinary course of the post.”*

This statutory provision was endorsed by the High Court in *Skyworld Development Sdn Bhd v. Zalam Corporation Sdn Bhd & Other Cases* [2019] MLJU 162 (the “*Skyworld decision*”). In view thereof, where the delivery of notices and/or documents in a CIPAA proceeding is made by registered post, it is presumed that the delivery has been effected when such notice and/or documents would have been delivered in its ordinary course, unless the presumption is rebutted.

For the avoidance of doubt, “delivered in its ordinary course” does not mean date of posting, but when the notices and/or documents would be received ordinarily depending on the location and distances between the sender and receiver. Accordingly, the onus is on the sender of such notices and/or documents to ensure that a sufficient period of time is allocated within the operative CIPAA timelines to effect delivery where service by registered post is contemplated.

## **(2) Sections 7 and 8 of the CIPAA – Initiation of Adjudication Proceedings**

Section 7(2) of the CIPAA expressly stipulates that the right of a party to refer a dispute to adjudication only comes into existence after the expiry of ten (10) working days from the date the Unpaid Party’s Payment Claim (Form 1) is received by the Non-Paying Party. Section 8(2) further refers to the receipt of the Notice of Adjudication (Form 3) by the Respondent. In

both these provisions, references to the actual “receipt” of the Payment Claim and the Notice of Adjudication is clearly indicated. Therefore, the timeline only starts to run upon actual receipt of the notices or procedural documents by the receiving party.

### **(3) Sections 22 and 23 of the CIPAA – Appointment and Acceptance**

Both Section 22 and Section 23 of the CIPAA sets forth the provisions regarding the appointment of an adjudicator by the Parties or the Director of the AIAC, respectively, and the appointed adjudicator’s subsequent acceptance.

Under Section 22(1), the Claimant shall notify the adjudicator chosen to be appointed in writing along with the referenced Notice of Adjudication. Under Section 23(1), upon receipt of a request, the Director of the AIAC shall complete the appointment within five (5) working days. Following this, both provisions in Section 22(2) and Section 23(2) provide that the appointed adjudicator shall propose and negotiate his terms of appointment and shall within ten(10) working days from the date he was notified of his appointment, indicate his acceptance and terms of appointment.

In respect of the above, the AIAC is also cognizant that the Interpretation Acts 1948 and 1967 does not provide a definition for the word “indicate”. Nonetheless, the word “indicate” is distinguishable from the word “deliver”. As such, in the event registered post is the mode applied to “indicate” acceptance of the appointment, then Adjudicators are referred to Section 38(c) of the CIPAA, read together with Section 12 of the Interpretation Acts 1948 and 1967 i.e. good service of the Form 6 is presumed to take place if delivered in the ordinary course within the ten (10) working days, unless the presumption is rebutted. Where other modes, such as email, are utilized to “indicate” acceptance of the appointment in addition to

registered post, notwithstanding the absence of agreement between Parties for email to be an accepted mode of service, the AIAC shall treat the issuance of the email within the deadline as the Adjudicator's indication of acceptance of the appointment in the first instance.

The AIAC reiterates that the onus is on the Adjudicator to ensure that the Form 6 is issued within the time frame stipulated in the CIPAA.

**(4) Sections 9, 10 and 11 of the CIPAA – Service of Adjudication Claim, Adjudication Response and Adjudication Reply**

Similar to Section 8(2) on the initiation of adjudication proceedings, the provisions in Sections 9, 10 and 11 refer to the “receipt” of the relevant notice and/or procedural documents before the next timeline in the proceeding becomes operative. As the language of the sections is clear, proof of receipt if required prior to confirming the deadline for the service of the next procedural documents. To illustrate, actual receipt of the Notice of Acceptance of Appointment by the Adjudicator (Form 6) is required to calculate the deadline for the service of the Adjudication Claim (Form 7), the date of which will fall on the tenth working day following the date of receipt, pursuant to Section 9(1) of the CIPAA. Further, where Parties and the Adjudicator have agreed on e-mail as other means as agreed in writing for service of notices and/or documents pursuant to Section 38(d) of the CIPAA, then in the above example, the actual receipt of the email by the recipients containing the notices and/or documents shall be relevant in calculating the deadline for the service of subsequent notices and/or documents.

**(5) Section 12 of the CIPAA – Adjudication Decision**

Section 12(2) of the CIPAA stipulates that the adjudicator shall decide the dispute and deliver the Adjudication Decision within forty-five (45) working days, from either the service of the

Adjudication Response or Adjudication Reply or the expiry of the period to serve the Adjudication Response.

Accordingly, the Adjudicator is required to confirm the date of actual receipt of the Adjudication Response (Form 8), or in absence thereof, to determine the expiry of the period for service of the Adjudication Response based on the date of service of the Adjudication Claim (Form 7) unto the Respondent, towards establishing the deadline for the adjudicator's delivery of the Adjudication Decision pursuant to Sections 12(2)(a) & 12(2)(b) of the CIPAA. The deadline for the Adjudication Decision may also be extended upon agreement by the Parties.

Although the Interpretation Acts 1948 and 1967 does not provide a definition for the phrase "deliver", the AIAC is guided by the interpretation taken in the *Skyworld* decision for the purposes of calculating the deadline for delivery of the Adjudication Decision upon the Parties pursuant to Section 12(2) of the CIPAA. Accordingly, in delivering the Adjudication Decision to the Parties, the AIAC is of the view that the Adjudicator should ensure that the Adjudication Decision is delivered to and received by the Parties within the 45 working days deadline.

Where delivery of the Adjudication Decision is being effected by registered post, pursuant to Section 12 of the Interpretation Acts 1948 and 1967, it is presumed that the delivery has been effected when the Adjudication Decision would have been delivered in its ordinary course, unless the presumption is rebutted by the receiving Party. As such, and for added caution, the AIAC encourages Adjudicators to ensure Parties' receipt of the Adjudication Decision within the 45 working days deadline in satisfying the requirement for 'delivery' in Section 12(2) of the CIPAA.

It should also be noted that Section 12(2) must also be read in consonance with Section 12(3),

which provides that an Adjudication Decision not made within the 45-day period is void. In view of this, the AIAC reiterates that the onus is on the Adjudicator to ensure that the Adjudication Decision is delivered within the time frame stipulated in the CIPAA.

Dated this 1<sup>st</sup> April 2022.

A handwritten signature in black ink, featuring a large, stylized 'A' with a long horizontal stroke extending to the left and a vertical stroke extending upwards, followed by a smaller 'S' and 'O'.

Tan Sri Datuk Suriyadi Bin Halim Omar  
Director  
Asian International Arbitration Centre

**PART III**

# GUIDE TO CIPAA 2012



## Introduction

- The Construction Industry Payment and Adjudication Act (“CIPAA”) was passed by Parliament in March 2012 and received Royal Assent on 18<sup>th</sup> June 2012. It came into operation on the 15<sup>th</sup> April 2014.
- CIPAA provides a new mechanism for speedy dispute resolution of payment disputes under construction contract via statutory adjudication. It is a summary procedure for the resolution of payment disputes under construction contracts at an intermediate stage, without waiting for the final resolution through traditional process of arbitration or litigation.
- The primary objective of the Act is to address cash flow problems in the construction industry. It aims to alleviate the pervasive and prevalent practice of delayed, non-payment and/or under-payment for works or services carried out under a construction contract.
- CIPAA expressly outlaws conditional payment provisions (such as ‘pay when paid’, ‘pay if paid’ and ‘back to back payment’ provisions) which have contributed to the delay in payments in the construction industry.
- Adjudication decisions under CIPAA are immediately binding pending the final resolution of the subject disputes by arbitration, litigation or agreement between the parties.
- CIPAA provides various remedies for the enforcement of adjudication decisions. The winning party may (1) apply to the High Court for an order to enforce the adjudication decision as a judgment or order of the High Court, or (2) suspend performance or reduce the rate of progress of performance of the construction works or consultancy services under a construction contract, or (3) make a written request for payment of the adjudicated amount directly from the principal of the losing party. CIPAA allows the winning party to exercise one or all of these remedies concurrently or one after another.

## What is statutory adjudication?

- Adjudication is a summary procedure for resolution of disputes under a construction contract. It allows a party ("Claimant") who is owed monies under a construction contract to have the disputes resolved with the non-paying party ("Respondent") in a quick and cheap manner. Disputes which may be referred to adjudication under CIPAA relate to payment for work done and service rendered under the expressed terms of a construction contract.
- It is a mandatory statutory process that does not require the agreement of the parties to commence the process and prevails over any contractual agreements to the contrary between the parties.
- Statutory adjudication can be commenced at any time whether during or after project completion.
- It is conducted privately and ensures confidentiality.
- It offers a relatively simpler, cheaper and faster process compared to arbitration and/or court proceedings by virtue of expressed provisions prescribed by CIPAA.
- The adjudicator must decide the dispute and deliver his decision within forty-five (45) working days from the date of service of adjudication response, or reply (whichever is later), or the period prescribed for the submission of adjudication response (if no adjudication response is received), unless this period is extended by mutual agreement of the parties. Should the adjudicator fail to comply with the specified period, his decision shall be regarded as void and the adjudicator will not be entitled to any fees or expenses relating to the adjudication.
- The decision is temporarily but immediately binding pending the final resolution of the subject disputes by arbitration, litigation or agreement between the parties. In the interim, the losing party is required to comply with the adjudicator's decision and pay the adjudicated amount unless the decision has been stayed or set aside by the High Court.

- However, if there is no challenge to the decision taken, then it will achieve finality.
- Under CIPAA, an adjudication decision can only be set aside on limited grounds, namely, where the adjudication decision was improperly procured through fraud or bribery; there has been a denial of natural justice; the adjudicator has not acted independently or impartially; or the adjudicator has acted in excess of his jurisdiction.

### **Who does it affect?**

- Only disputes relating to payment for work done and services rendered under the expressed terms of a construction contract may be referred to adjudication under CIPAA. However, the parties may agree after the appointment of the adjudicator to extend the jurisdiction of the adjudicator to decide on any other matters arising from the construction contract.
- Section 41 of the CIPAA provides:  
*Nothing in this Act shall affect any proceedings relating to any payment dispute under a construction contract which had been commenced in any court or arbitration before the coming into operation of this Act.*
- For the purposes of administration of adjudication cases by the AIAC under CIPAA, including the appointment of an adjudicator under CIPAA, the AIAC takes the position that CIPAA applies to a payment dispute which arose under a construction contract on or after 15 April 2014, regardless of whether the relevant construction contract was made before or after 15 April 2014. In this regard, a payment dispute under a construction contract is said to have arisen when the non-paying party has, in breach of the contract, failed to make payment by the contractual due date for payment.
- CIPAA is wide ranging and covers *inter alia*, the building industry, the oil and gas industry, the petrochemical industry, telecommunication, utilities, infrastructure, supply contracts and consultancy contracts.

- CIPAA applies to every “construction contract” made in writing relating to construction work carried out wholly or partly in Malaysia, including a construction contract entered into by the Government. It applies to both local and international contracts, provided the subject construction work is carried out wholly or partly in Malaysia.
- CIPAA defines “construction contract” to include construction work contracts and consultancy services contracts.
- CIPAA only applies to contracts which are made “in writing”. However, no definition or elaboration is provided in CIPAA as to what constitutes construction contract made in writing. The AIAC considers that a construction contract must be wholly in writing, and that it is made in writing:
  - (1) (a) if the contract is made in writing (whether or not it is signed by the parties);
    - (b) if the contract is made by exchange of communications in writing; or
    - (c) if the contract is evidenced in writing.
  - (2) Where parties agree otherwise than in writing by reference to terms which are in writing, they make a contract in writing.
  - (3) A contract is evidenced in writing if a contract made otherwise than in writing is recorded by one of the parties, or by a third party, with the authority of the parties to the contract.

*(\*Refer to AIAC Circular on Construction Contract Made in Writing issued on 28<sup>th</sup> April 2014.)*

- The Act applies equally to the Government of Malaysia as well as the private sector. However, pursuant to the Construction Industry Payment and Adjudication (Exemption) Order 2014, two categories of Government construction contracts are exempted. The first category of the Government construction contracts are contained

in the First Schedule of the Exemption Order namely, a contract for any construction works that involve emergency, unforeseen circumstances and that relate to national security or security-related facilities.

The second category of the Government construction contracts are contained in the Second Schedule of the Exemption order namely, construction contracts with the Government of the contract sum of twenty million ringgit (RM20,000,000) and below. With regards to this second category, the exemption order merely exempts these contracts from the application of subsections 6(3), 7(2), 10(1), 10(2), 11(1) and 11(2) of CIPAA 2012, and relates to the timeline for submissions and replaced with a set of longer timelines for such submissions. It is also a temporary exemption from 15 April 2014 to 31 December 2015 for this second category. However, the exemption order does not extend to construction contracts to which the Government is not a party.

- CIPAA does not apply to an individual owner i.e., resident, who erects a building not more than four-storeys high which is wholly intended for his own occupation.
- Statutory adjudication is compulsory in that any party to a construction contract who is neither excluded not exempted under the Act has the right to resort to adjudication. No contracting out of the Act is permitted so as to defeat the application of its provisions and/or the objectives of the Act.

## **Process Flow**

### **What are the main steps involved in adjudication?**

The adjudication process can be summarised as follows:

#### **Step 1: Making & Responding to a Payment Claim**

The unpaid party must serve a Payment Claim on the non-paying party. The non-paying party may then respond within 10 working days by serving a Payment Response admitting the whole or party of the claim and making payment thereof, or disputing the entire claim. If there is a failure to respond within the prescribed 10 working days period, it is deemed that the entire payment claim is disputed. Either party may then refer the dispute to adjudication.

#### **Step 2: Initiation of Adjudication**

A reference to adjudication may be initiated by serving a written Notice of Adjudication on the other party. The referring party is called the Claimant, and the party served with the notice is called the Respondent.

Pursuant to Rule 2 of the AIAC Adjudication Rules & Procedure, the Claimant shall no later than 7 days after serving a Notice of Adjudication register the adjudication matter at the AIAC by serving a notice on the President of the AIAC Court of Arbitration containing the particulars and documents prescribed therein. The notice must be accompanied with a non-refundable registration fee to the AIAC in the amount as prescribed in Schedule II to the AIAC Adjudication Rules and Procedures.

#### **Step 3: Nomination of Adjudicator**

Appointment of adjudicator should only take place after, and not before, a valid Notice of Adjudication has been effectively served on the Respondent by the Claimant. The parties may agree to a particular competent and qualified person being appointed as adjudicator within 10 working days from the service of the Notice of Adjudication. If the parties are unable to reach an agreement on an adjudicator, then either or both parties may make a written request

to the President of the AIAC Court of Arbitration to appoint an adjudicator to adjudicate the dispute. The President of the AIAC Court of Arbitration shall appoint an adjudicator within 5 working days from the date of receipt of the request and notify the parties and adjudicator in writing.

#### **Step 4: Appointment of Adjudicator**

Upon being notified of the intended appointment, the selected adjudicator is free to either accept or refuse the appointment. If the selected adjudicator accepts the appointment, he shall submit a written declaration in writing pursuant to section 24 of CIPAA to the AIAC, and deliver a copy of his terms of appointment and fees to be paid by the parties.

Pursuant to Rule 9(2) of the AIAC Adjudication Rules & Procedure, the adjudicator must within 14 days of his acceptance of the appointment issue a direction ordering the parties to deposit with the AIAC the following fees and expenses in advance as security:

- (a) the reasonable proportion of the adjudicator's fees and expenses, and any taxes as may be imposed by the Government; and
- (b) all administrative fee payable to the AIAC as provided in Schedule II of the AIAC Adjudication Rules & Procedure.

#### **Step 5: Adjudication Claim & Response**

The Claimant is required to serve an Adjudication Claim together with supporting documents on the Respondent and the adjudicator within 10 working days from the date of receipt of the acceptance appointment by the adjudicator. Pursuant to Rule 4 of the AIAC Adjudication Rules & Procedure, the Claimant shall within 7 working days after serving the Adjudication Claim deliver a copy of the Adjudication Claim to the AIAC. Unless otherwise directed by the AIAC, the Claimant is not required to deliver the supporting documents to the AIAC.

Upon being served with the Adjudication Claim, Respondent is required to serve on the Claimant and the adjudicator a Adjudication Response within

10 working days answering the Adjudication Claim together with any supporting documents. Pursuant to Rule 5 of the AIAC Adjudication Rules & Procedure, the Respondent shall within 7 working days after serving the Adjudication Response deliver a copy of the Adjudication Response to the AIAC. Unless otherwise directed by the AIAC, the Claimant is not required to deliver the supporting documents to the AIAC.

Upon receipt of the Adjudication Response, the Claimant may then serve an Adjudication Reply within 5 working days. Similarly, a copy of the Adjudication Response must be served on the AIAC within 7 working days after serving the Adjudication Reply as required by Rule 6 of the AIAC Adjudication Rules & Procedure.

### **Step 6: Conduct of the Adjudication Proceedings**

An adjudicator has wide powers under CIPAA to conduct adjudication. He may call for meetings, require interrogatories to be answered by the parties, call for clarifications and further documents, if necessary to help him with his task. In doing so, the adjudicator has to abide by the rules of “natural justice” and the relevant provisions of CIPAA as well as the Adjudicator’s Code of Conduct under the AIAC Adjudication Rules & Procedure.

### **Step 7: Adjudication Decision**

The Adjudicator is required to decide on the dispute and deliver his decision to the parties and the AIAC no later than 45 working days from the service of the Adjudication Response or Adjudication Reply, whichever is later, or 45 working days from the expiry of the period prescribed for the service of the Adjudication Response (if no Adjudication Response is received), or the extended period agreed by the parties. An adjudication decision which is not made within the specified period is void.

The decision must be in writing. It must also be a reasoned decision unless otherwise agreed by the parties. The adjudicator must state in his decision



the adjudicated amount, and the time and manner it is payable, and order the costs to follow the event. In relation to costs, he must fix the quantum to be paid. The costs should include, amongst others, the fees and expenses to the adjudicator, and the administrative fees paid to the AIAC.

The adjudicator ought to ensure that payment of the fees and expenses have been deposited with the AIAC prior to the release of the adjudication decision to the parties.







ASIAN INTERNATIONAL ARBITRATION CENTRE

**ASIAN INTERNATIONAL ARBITRATION CENTRE  
(MALAYSIA) (AIAC)**

(ESTABLISHED UNDER THE AUSPICES OF THE ASIAN-AFRICAN LEGAL  
CONSULTATIVE ORGANIZATION)

Bangunan Sulaiman, Jalan Sultan Hishamuddin,  
50000 Kuala Lumpur, Malaysia.

Tel: +603-2271 1000

Fax: +603-2271 1010

Email: [enquiry@aiac.world](mailto:enquiry@aiac.world)

[www.aiac.world](http://www.aiac.world)