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AIAC Arbitration Rules 2026 – What's new?

KEY CHANGES AND UPDATES IN THE NEW AIAC ARBITRATION RULES 2026

10th October 2025

INTRODUCTION

On 9 October 2025, the Asian International Arbitration Centre ("**AIAC**") have launched the AIAC Suite of Rules 2026, an updated set of rules to their predecessors. This major update would introduce six new rules/guidelines, including the AIAC Arbitration Rules 2026 ("**2026 Rules**").

It is important for industry players to note of these changes of which key points can be encapsulated into three main themes:

1. Broadened scope and party obligations;
2. Modifications in procedural requirements; and
3. Revisions in arbitrator rules and tribunal powers

Disclosure: This update aims to cover key changes introduced in the new AIAC Arbitration Rules 2026 except for fees; it does not extensively cover all the changes made. Readers' discretion advised.

IMPORTANT CHANGES

1) Third-Party Funding
(R. 5.1(f), R. 6.1(d), R. 31 of the 2026 Rules)

Disclosure of funding details is now mandatory. This aligns AIAC with global standards and upcoming Malaysian statutory recognition under the Arbitration (Amendment) Act 2024.

2) Mandatory Counterclaim in Response
(R. 6.1(c) of the 2026 Rules)

The "may" to "shall" shift makes it compulsory for respondents to introduce their counterclaims at the outset, reducing fragmented proceedings.

3) Emergency and Summary Procedures
(R. 9–14 of the 2026 Rules)

The codification of emergency arbitration and summary determination mechanisms empowers tribunals to act swiftly on urgent matters or dispose of clearly unmeritorious claims.

4) Extended Grounds for Arbitrator Challenge and Removal
(R. 23–25 of the 2026 Rules)

Parties now have explicit recourse for non-performance or inability to act, with AIAC empowered to remove arbitrators under exceptional circumstances.

5) Adoption of UNCITRAL Principles within Unified Framework

The removal of the separate UNCITRAL Part and its integration within AIAC's main rules results in a more cohesive Malaysian-centred framework consistent with international arbitration norms.

6) Implied Waiver
(R. 53 of the 2026 Rules)

Under the new regime, parties will lose their right to object against any non-compliance to arbitration rules and terms of arbitration agreement if they don't promptly object the non-compliance.

NOTABLE CHANGES

1) Integration of UNCITRAL Principles

One key observation is that the previous AIAC Arbitration Rules 2023 ("**2023 Rules**") contains a Part II which introduces UNCITRAL Arbitration Rules ("**UNCITRAL Rules**") into the previous regime. In the latest update, the chapter is no more.

Nonetheless the underlying essence of UNCITRAL Rules remains intact, assimilated and embedded into the new and expanded AIAC Arbitration Rules 2026.

Instead of maintaining two distinct parts, the 2026 Rules incorporate the key principles of the UNCITRAL Arbitration Rules directly into the AIAC framework. This integration simplifies reference, ensures consistency, and creates a unified set of rules tailored for both domestic and international arbitrations administered by the AIAC.

2) Greater Party Responsibilities

The new regime increases parties' procedural obligations from the outset. Parties must now specify the applicable law and procedural rules in their initial submissions, and respondents are required to include any counterclaim in their response. The Rules also impose a mandatory duty

to disclose any third-party funding arrangements, promoting transparency and preventing potential conflicts of interest.

Additionally, parties who fail to raise procedural objections promptly will be deemed to have waived their right to do so later, a move that encourages diligence and procedural discipline.

3) Enhanced Framework for Arbitrator Appointment and Challenge

The process for appointing, challenging, and replacing arbitrators has been significantly expanded. AIAC must now consider a broader range of factors when making appointments, reflecting the importance of impartiality, independence, and availability.

The grounds for challenging an arbitrator have also been widened to include non-performance or impossibility to act, ensuring that arbitrators remain effective and responsive throughout proceedings. AIAC now has express authority to remove an arbitrator under exceptional circumstances after consultation with the parties, further reinforcing institutional oversight.

4) **Procedural Innovation and Efficiency**

The 2026 Rules introduce several mechanisms aimed at improving efficiency. Fast-track arbitration procedures are now more detailed and accessible, and a new summary determination process allows clearly unmeritorious claims or defences to be disposed of early.

Emergency arbitration is formally incorporated, providing parties with an expedited avenue to seek urgent relief before the full tribunal is constituted. Procedures on interim measures, joinder of parties, and multi-party appointments have also been substantially clarified.

The Rules also embrace flexibility in dispute resolution through the formal introduction of amicable settlement mechanisms such as Arb-Med, Arb-Med-Arb, and Med-Arb processes.

5) Strengthened Institutional Role and Clarity in Awards

There is now an express provision where AIAC decisions made in the course of administering an arbitration are binding, and the institution may choose not to provide reasons unless required by a court order. This reinforces the AIAC's administrative authority and efficiency.

The provisions governing awards have been detailed to cover correction, interpretation, and additional awards, consistent with the UNCITRAL model and section 35 of the Arbitration Act 2005. Similarly, some of Arbitration Act 2005's provision in Chapter 6 is also adopted In the current regime where Tribunals may also terminate proceedings early if the matter has been settled or if continuation becomes unnecessary or impossible.

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SUMMARY OF KEY CHANGES

Topic / Area	2023 Rules	2026 Rules	Key Impact / Comment
Structure	Contained *Part II* incorporating the UNCITRAL Arbitration Rules.	UNCITRAL chapter removed; key principles assimilated into the AIAC Rules themselves.	Streamlined single-document regime; UNCITRAL essence retained but now localised.
Applicable Law & Procedure	No express requirement for parties to state applicable law/procedure.	Parties must propose governing law and procedure in Notice of Arbitration and Response – (*R. 5.1(h), R. 6.1(e) of the 2026 Rules)*.	Improves clarity from the outset; avoids later jurisdictional uncertainty.
Counterclaims	Respondent *may* include counterclaim in Response. *(Part II, Article 4 of the 2023 Rules)*	Respondent *shall* include counterclaim in Response – (*R. 6.1(c) of the 2026 Rules*.)	Mandatory inclusion ensures procedural efficiency.
Third-Party Funding (TPF)	Disclosure requirement not too extensive. *(R. 12 of the 2023 Rules)*	Mandatory disclosure in Notice and Response; detailed guidelines – (*R. 5.1 (f), 6.1(d), and 31 of the 2026 Rules)*	Enhances transparency; aligns with Malaysian Arbitration (Amendment) Act 2024.

Topic / Area	2023 Rules	2026 Rules	Key Impact / Comment
Objection & Waiver	No specific waiver rule.	Parties waive right to object to irregularities if not raised promptly – (*R. 53 of the 2026 Rules)*.	Encourages procedural discipline and finality.
Appointment of Arbitrators	Does not contain specific and explicit requirements for considerations.	Detailed list of factors AIAC must consider – (*R. 16 of the 2026 Rules)*.	More transparent appointment process.
Impartiality / Independence / Availability	No explicit rule despite scattered reference to the principles.	Explicit adoption of UNCITRAL standards – (*R. 17 of the 2026 Rules)*.	Brings consistency with international practice.
Challenge to Arbitrators	Grounds: justifiable doubts on impartiality/independence or lack of qualifications. *(R. 4 of the 2023 Rules)*	Adds new grounds – failure/impossibility to act; failure to perform duties Adds new requirement – Only if aware after the appointment of arbitrator. (*R. 23.1–23.2 of the 2026 Rules)*.	Clarifies challenge procedure and timing.

Topic / Area	2023 Rules	2026 Rules	Key Impact / Comment
Removal of Arbitrator	No express rule on removal by AIAC.	AIAC may remove an arbitrator under exceptional circumstances after consulting parties – (*R. 24. of the 2026 Rules)*	Strengthens institutional oversight.
Replacement of Arbitrator	Briefly covered. *(Rule 5 of the 2023 Rules)*	Extended provisions on procedure and costs – (*R. 25 of the 2026 Rules)*.	Reduces uncertainty during replacement process.
Tribunal Jurisdiction	Adopted by reference through UNCITRAL Part II.	Directly incorporated with local adjustments – (*R. 26 of the 2026 Rules)*.	Codifies competence-competence within main rules.
Tribunal Powers	Limited outline. (*R. 6 of the 2023 Rules)*	Significantly expanded enumeration of powers which includes, express powers to limit or exclude irrelevant testimony or other evidence or materials –	Clarifies tribunal authority.

Topic / Area	2023 Rules	2026 Rules	Key Impact / Comment
		(*R. 28 of the 2026 Rules*).	
Seat of Arbitration (Award)	Award deemed made at seat – *(R. 7 of the 2023 Rules)*	Clause removed – (*R. 29 of the 2026 Rules)*	Simplifies seat determination, consistent with Model Law.
Fast-Track Procedure	Provided as a Schedule to the Rules. *(Schedule 4 of the 2023 Rules)*	Expanded and more detailed – (*R. 7 of the 2026 Rules)*.	Promotes time and cost efficiency.
Summary Determination	Not extensively covered. *(R. 11 of the 2023 Rules)*	Expanded and more detailed, including a time limit to deliver decision allowing Summary Determination – (*R. 9 of the 2026 Rules)*.	Streamlines claims without merit.
Joinder of Parties	Limited reference. *(R. 9 of the 2023 Rules)*	Detailed procedural framework – (*R. 10 of the 2026 Rules)*.	Supports complex multi-party disputes.
Interim Measures	Provisions in 2 parts under Rule 8, Part I and Article 26, Part II. *(R. 8 of the 2023 Rules)*	Streamlined, comprehensive and modernised – (*R. 11 of the 2026*	Clarifies tribunal and party powers.

Topic / Area	2023 Rules	2026 Rules	Key Impact / Comment
		Rules).	
Emergency Arbitration	Detailed only in Schedule. *(Schedule 3 of the 2023 Rules)*	Formalised in three new rules - *(R. 12, 13 and 14 of the 2026 Rules).*	Institutionalises emergency relief procedures.
Multi-Party Appointments	Basic provisions in UNCITRAL Rules *(Article 10 of Part II of the 2023 Rules)*.	Adopts UNCITRAL Article 10 (with modifications) – *(R. 20 of the 2026 Rules)*.	Clarifies process for appointing tribunal when it is a multi-party arbitration.
Amicable Settlement	Not mentioned.	Introduces Arb-Med, Arb-Med-Arb, and Med-Arb options – (*R. 49 of the 2026 Rules)*.	Promotes settlement flexibility.
Interpretation / Correction / Additional Award	Incorporated via UNCITRAL Part II.	Directly adopted from UNCITRAL Articles 37–39 – (*R. 44–46 of the 2026 Rules)*.	Improves procedural clarity for award post-issuance.
Early Termination	Not expressly covered.	Allows tribunal to terminate early if settled or continuation impossible –	Adopt Article 36 UNCITRAL Rules and section 34 of the Arbitration Act 2005 and clarifies the process.

Topic / Area	2023 Rules	2026 Rules	Key Impact / Comment
		(*R. 51 of the 2026 Rules*).	
AIAC Decisions	No explicit provision.	AIAC decisions binding; not required to reasoning unless ordered by court or rules provide otherwise – (*R. 55 of the 2026 Rules*).	Clarifies institutional authority.
Technical Review of Awards	AIAC Director could waive technical review – *R. 16(8)*.	No provision for waiver of technical review – (*R. 42 of the 2026 Rules*).	Ensures consistency and quality control.
Timing (Three-Arbitrator Cases)	30 days from service of Notice. *(R. 3(5)(b) of the 2023 Rules)*	30 days from receipt of Notice – (*R. 19.1(b) of the 2026 Rules*).	Clarifies timeline trigger.

KEY TAKEAWAY

1) Early Case Preparation is Now Critical

Parties must frontload their efforts, including identifying applicable law, disclosing any third-party funding, and submitting counterclaims at the outset. This demands earlier coordination between counsel, clients, and experts to avoid procedural setbacks.

2) Expanded Powers Mean Faster, More Decisive Proceedings

AIAC and arbitral tribunals now have broader powers to manage cases efficiently through fast-track, summary, and emergency procedures. This can significantly shorten timelines, a welcome development for time-sensitive construction disputes.

3) Transparency and Settlement Flexibility are Strengthened

Mandatory funding disclosures, clearer challenge procedures, and the option for Arb-Med or Med-Arb processes promote fairness and settlement opportunities. These updates foster greater confidence in AIAC-administered arbitrations and encourage early resolution of disputes.

If you have any questions or comments on this article, please contact:-

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