

DOCUMENT NO. 2

SHORTENED ARBITRATION PROCEDURE OF THE SOCIETY OF MARITIME ARBITRATORS, INC.

This Procedure applies to contracts entered into on or after June 1, 2022

Supplement to the Arbitration Clause

"Notwithstanding anything contained herein to the contrary, should the sum claimed by each party not exceed U.S. \$_____ (insert amount, exclusive of interest on the sum claimed, costs of the arbitration, and legal expenses), the dispute is to be governed by the 'Shortened Arbitration Procedure' of the Society of Maritime Arbitrators, Inc. (SMA) of New York, as defined in the Society's current Rules for such procedure.

SMA RULES FOR SHORTENED ARBITRATION PROCEDURE

1. Upon giving notice of a claim under these rules, the claimant shall nominate an arbitrator from the SMA roster to act as the sole arbitrator and simultaneously request the respondent's agreement. Failing a response by the respondent within 10 days of this initial nomination, the arbitrator so nominated shall become the sole arbitrator. The arbitrator shall promptly submit his/her disclosure statement to the parties, as required under Section 9 of the Maritime Arbitration Rules of the SMA.
2. If the respondent does not agree to the nominated arbitrator as sole arbitrator, the respondent shall propose three other persons from the SMA roster to serve as sole arbitrator. Failing agreement on a sole arbitrator, either party may request that the President of the SMA appoint the sole arbitrator. This appointment shall be binding upon the parties.
3. Within 15 days of appointment, the arbitrator shall establish a written schedule for the prompt submission of the claimant's initial statement of claim with all supporting documents. The respondent shall submit its response and any counterclaim with all supporting documents within 20 days of receipt of claimant's submissions. In the event of a counterclaim, the first moving party shall respond to the counterclaim within 20 days. At the arbitrator's discretion, the parties may also be permitted to issue short replies to each other's submissions either consecutively or simultaneously. The arbitrator always retains discretion to vary the schedule by a few days.
4. The arbitration shall proceed on documents alone and one award will be issued.

5. There shall be no discovery except as deemed necessary by the arbitrator.
6. The total items of dispute submitted by both parties under this procedure shall not number more than four, the combined total of which shall not exceed the figure agreed in the contract. At the arbitrator's sole discretion, a reasonable amendment to this limitation may be permitted.
7. The parties may be represented by attorneys or commercial advocates. An allowance towards legal expenses or time and expenses incurred by the parties in the prosecution or defense of the case may be awarded at the discretion of the arbitrator, but any such award shall not exceed \$6,000.00.
8. The award shall be issued within 30 days of receipt of the final replies or the arbitrator's declaration that the proceeding is closed.
9. The fee and expenses of the arbitrator shall not exceed \$5,000.00, unless there is a counterclaim, in which case they will not exceed \$6,000.00.
10. If the arbitrator is called upon to issue a second award in the arbitration, the fee and expenses of the arbitrator may be increased by up to \$2,500.00. The award of legal expenses may also be increased by \$2,500.00.

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