*The governance team proposes the following as one possible draft of the Rules for Dispute Resolution for the EOS Community.*

EOS Core Arbitration Forum

Rules for Dispute Resolution

1 Introduction

This document is the Rules of Dispute Resolution (“the Rules”) for the EOS Community (“the Community”) which is defined in the EOS Constitution (“the Constitution”). Disputes arising out of or related to the EOS blockchain or Community are resolved finally under these rules. The Rules may only be amended by referendum of the Community.

1.1 Nature of Disputes

Disputes may include:

* Classical disputes where an owner of an assert claims damages and demand remedies;
* Requests for emergency intervention for bug fixes or account freezes;
* Requests from interested parties related to data on or related to the EOS blockchain;
* Requests including legal processes from foreign courts.

By way of example only.

2 EOS Core Arbitration Forum

By reference herein, the EOS Core Arbitration Forum (ECAF) (“the Forum”) is created to serve the Community by administering the Rules and providing customary support to the Arbitrator and to the administration of cases.

The Forum is managed by the active Arbitrators. It will author a transparent handbook (“the Handbook”) to document procedures, detail and the like. The Forum may appoint experts, translators, case managers, or arrange support from external forums.

2.1 Arbitrators

The Forum publishes methods for adding and training new arbitrators in the Handbook.

Arbitrators are ordinarily appointed by Community referenda. To revoke an Arbitrator’s appointment requires the approval of two of the three heads of power (BPs, Community, the Forum). Where approved by a Disciplinary Case against the Arbitrator (§2.2), the Forum may intervene in a case and replace the Arbitrator against their will.

The Forum may establish a process to replace the Arbitrator who has become demonstrably not fit to conduct a case. Any such process should seek for confirmation of the Arbitrator if possible.

2.2 Liability

All liability of the Arbitrator for any act in connection with a duly filed dispute is excluded by all parties, provided such act does not constitute an intentional breach of duty. All other liability of the arbitrators, the Forum and those working directly in the handling of cases, for any other act or omission in connection with arbitration proceedings is excluded, provided such acts do not constitute an intentional or grossly negligent breach of duty.

A claim regarding the liability within this clause can only be decided by a Disciplinary Case.

3 Filing a dispute

3.1 Filing party

Any Community member (“a Member”) as well as other interested parties may file a dispute. Filing of a dispute constitutes agreement that it is finally handled under these rules.

3.2 Channel for filing

Disputes are filed by sending an electronic message, using the method and format prescribed by the Forum in the Handbook.

3.3 Dispute

The dispute must specify:

* *Claimant(s)*, being the filing party(s).
* *Respondent(s)*, being the party(s) to whom the complaint is addressed, to the extent known.
* The *Complaint*. For example, a smart contract has a bug, terms of a Ricardian contract have been breached, or a member has defrauded another.
* The *Relief*, being the action(s) requested by the claimant. For example, to freeze a smart contract, freeze an account, remedy a default, or to revoke EOS tokens.

All disputes are recorded. If the filing is inadequate for lack of information or for format, it may be rejected with explanation about the lack, or the case may be re-filed with the additional information, attaching the original messages.

Frivolous disputes are rejected. Abuse of filing can lead to fines.

3.4 Notice of Arbitration

On acceptance of the dispute, notice of arbitration is sent to all parties.

The notice of arbitration is deemed to have been received if it is sent to a Member’s account on the blockchain, which is a reliable message that preserves record of delivery on the blockchain. Other means of contact may be used at the discretion of the Forum.

3.5 Emergency measures

A party may request, before or during arbitral proceedings, an emergency measure of protection.

Where a Member(s) has already executed an emergency measure of protection, for example by freezing an account, that Member shall be named as party to a duly filed arbitration to request confirmation of the emergency measure.

If an emergency measure is requested before the composition of the arbitral tribunal, a single emergency Arbitrator shall be appointed who shall as soon as possible consider the request for emergency relief.

The emergency Arbitrator has the authority to order or award any interim measures that are deemed necessary. Any Member affected by such orders or interim awards shall undertake to comply with them without delay.

When the emergency has been processed, the emergency Arbitrator may decide to continue the case if further urgency is established. Otherwise, the case is processed with normal process and priority.

Any ruling by the emergency Arbitrator should be reviewed within the duly processed arbitration and should be adjusted if necessary.

4 Composition of Arbitral Tribunal

4.1 Number of Arbitrators

By default one arbitrator is appointed (“the Arbitrator”).

Appeals and Disciplinary Cases are heard by a panel of three, led by a senior arbitrator. In exceptional circumstances, the (single) Arbitrator may request the appointment of two additional arbitrators.

4.2 Selection of Arbitrators

The Forum selects the Arbitrator according to a mechanism that is approved by the Forum from time to time and published in the Handbook.

The Arbitrator needs to be independent from the parties and any other relevant persons.

The Arbitrator may refuse to handle the case and should do so in cases of conflicts of interests. If a conflict arises during the case or the Arbitrator becomes unable to deal with the case for other reasons, the Arbitrator should resign from the case.

4.3 Challenging and Replacing Arbitrators

Parties may challenge the Arbitrator’s appointment only on the basis that the Arbitrator has a conflict of interest. Given the severity, parties should think carefully before challenging. Substantial evidence should be provided, and unsubstantial, frivolous or malicious challenges may be dismissed directly by the Arbitrator.

If the Arbitrator has to be replaced, the Forum appoints a substitute.

5 The Arbitration

5.1 Procedure and Latitude

The Arbitrator has the power over the proceedings in order to establish legal fairness. No party should be disadvantaged because of their unfamiliarity with the proceedings.

The Arbitrator is required to:  
1. Be independent;  
2. Maintain the balance of power between the parties,  
3. Give each party the appropriate opportunity to present their case and to respond to the presentations of other parties,  
4. Conduct a fair and efficient process, and avoid unnecessary delay and expense,  
5. Keep all communications in the case file.

Subject to these Rules, the Arbitrator has wide latitude to conduct the arbitration in such manner as is considered appropriate. The arbitrator may for example:

* Choose any communication method that is appropriate for the case and available for the parties,
* accept new claims, and by this adjust the case,
* reject claims, but allowing them to be filed in separate cases,
* join additional parties or dismiss current parties,
* join parties who are not members,
* appoint experts, including translators,
* consolidate or divide arbitrations,
* adjust the expected fees,
* demand and release bonds,
* approve a settlement proposal put forward by the parties after their private negotiation

as the Arbitrator considers beneficial for the case.

5.2 Choice of Law

The governing law is as defined by the Constitution. The governing law is chosen as a public good and does not enter the parties into the jurisdiction of the governing law, nor expose them to requirements within that code to register, comply, etc.

The Arbitrator, without disadvantaging a party in an unreasonable manner, may incorporate elements of other laws for parts or all of the case where:

* It is deemed more appropriate to the substance of the case by the Arbitrator,
* Where an applicable specific contract varies the choice of law and the substance of the case is found within that contract.

5.3 Jurisdiction

Jurisdiction - the right or power to hear and rule on disputes - is initially established by clauses in the Constitution. The agreement to the Constitution must establish:

* Who the members of the Community are;
* That all members agree to binding Arbitration in this forum of dispute resolution;
* The governing law;
* That the members are obliged to keep the communication mechanism defined in §3.4 in good working order.

5.4 External Courts

An external court may have ("assert") jurisdiction to decide on issues such as trademark, privacy, contract and fraud, and may do so with legal remedies. These are areas where jurisdiction may need to be considered carefully:

* Where a party to the dispute is not a member of the Community and/or is not otherwise bound by agreement;
* Criminal actions or actions likely to result in criminal proceedings, e.g., fraud;
* Where a directly relevant law may speak against arbitration;
* Legal process (subpoenas, etc) delivered by an external court of "competent jurisdiction."

The Arbitrator must consider and assert jurisdiction for the case either wholly or partially, or decline to hear the case.

When an external court or similar authoritative body claims and asserts its jurisdiction on a matter, and issues a court order, subpoena or other service relating to or arising out of the blockchain to a member of the Community, the order is to be filed as a dispute, with the external court as Claimant.

Members of the Community, including Block Producers and developers, are granted no authority by the Community to act on the basis of any external court order, and ordinarily must await the order of the Arbitrator (which might simply be a repeat of the external court order).

The Arbitrator establishes the bona fides of the external court, and rules. The Arbitrator may rule to reject the order, for jurisdiction or other reasons. By way of example, if all parties are Members, then jurisdiction more normally falls within the forum. The Arbitrator's jurisdiction is ordinarily that of dealing with the order, and not that which the external court has claimed to.

5.5 Language of arbitration

The proceedings and rulings can be in any language selected by the Arbitrator based on the case, the parties and languages used in relevant documents. The Arbitrator’s priority is to conduct proceedings and to deliver a ruling that is understandable by the parties.

The default language of the Forum is English. If the case is not conducted in English the Arbitrator is encouraged to provide translations of the core elements into English, especially where orders are issued to non-parties.

The Community is encouraged to provide resources for translations. Translations should be coordinated with the Forum. The Forum strives for transparency so that cases can be easily reviewed by the Community in a wide range of languages.

5.6 Representation

Parties are encouraged to act in person. If they choose assistance and/or representation by another person the Arbitrator must be notified of who the representatives and/or assistants are.

5.7 Failure to participate in arbitration

If, upon being informed of a requirement or option to act, a party fails to respond without sufficient cause, the Arbitrator may continue with the proceedings. Such responses may include

* Providing submissions,
* Producing evidence,
* Complying with an order.

The Arbitrator may decide to fine the party for intentional or otherwise grave delays or failures.

5.8 Transparency/confidentiality

The following elements of a case must be published:

* The existence and the nature of the case,
* the name of the Arbitrator,
* the general status and progress,
* the existence of any orders, and
* the existence of any submissions by external courts.

This Forum is ordinarily transparent and the following elements of a case are ordinarily published to the community:

* a reference to the parties,
* The detailed status and progress of the case including performed communication steps in a summarised fashion,
* emergency measures, orders and rulings,
* the ruling.

Specific submissions and the evidence submitted are ordinarily confidential. The Arbitrator may decide to release (some) information by inclusion in the ruling or by other means, or make parts confidential.

The Arbitrator has the full discretion to decide on the level of transparency that is appropriate for the specific case. The aim of the Arbitrator should be to establish a transparent collection of cases for the Community to review and reference, without violating reasonable privacy interests of the specific parties or other involved persons.

If relevant elements of the ruling are kept private to the arbitration, including the parties or other interested parties, this is to be noted in the public documentation together with the reason for keeping these elements private.

5.9 Fees, costs and expenses of Arbitration

As soon as practicable after the commencement of the arbitration, the Arbitrator shall deliver an estimate of the costs of the arbitration.

The costs of arbitration shall be fixed in the ruling(s) and are to be paid to the account of the Forum.

Such costs may include:

* fees for the arbitration;
* the Arbitrator’s expenses;
* the costs of experts and translators;
* other fees and expenses of the Forum related to the conduction of the case;
* the reasonable legal and other costs incurred by the parties;
* fines as levied by the Arbitrator for negative actions or behaviours;
* any costs incurred in connection with a notice for interim or emergency relief; and
* any costs incurred in connection with a request for consolidation of arbitrations.

6 The Ruling

6.1 Contents

The Ruling contains:  
1. The identification of the Parties,  
2. the facts as established by the Arbitrator,  
3. the logic of the rules and law,  
4. the directions and actions to be taken by each party (the ruling),  
5. the date that the ruling is rendered,  
6. the name of the Arbitrator (as signature),  
7. the distribution of costs for the case.  
A reasoning for the decision should be provided to the parties in appropriate time and should become part of the case file.

6.2 Remedies

The Arbitrator may apply a range of remedies, on and off chain to settle a dispute. Rulings and instructions of the Arbitrator may include but are not limited to:

* Revocation of tokens
* Token and/or monetary (fiat) awards and damages in relation to the case
* Freezing of an account
* Temporary or permanent exclusion of a member from the Community
* Reporting to applicable external authorities including courts
* Ruling on findings of fact
* Changes to policies and procedures
* Recommendation of changes to the Constitution

6.3 Binding and Final

The Ruling is ordinarily final and binding on the parties and the Community. Ordinarily, all members agree to be bound by this dispute resolution policy. Members must declare in the Preliminaries any default in agreement or binding.

6.4 Appeal and judicial review

In the event of clear injustices, egregious behaviour or unconscionable rulings, a review may be requested by filing a dispute. Any such appeal has to outline

* the claimed defect of the case or ruling,
* how the defects affect the ruling,
* that this effect is relevant and materially damaging, and
* what improvements to the ruling are sought.

Filings that do not sufficiently outline the above should not be accepted. Issues that were addressed sufficiently within the original or a related case should not to be accepted. Appeals should be filed within a reasonable time after the issue becomes known to the party.

The parties of an appeal are the parties of the original case. Parties not affected by the appeal may be dismissed. Other parties may be joined, if necessary.

The Appeal Panel (§4.1) hears the case and delivers a final and binding Ruling.

Questions regarding liabilities of arbitrators and other Forum members who acted based on these roles are not handled in an appeal. They require a Disciplinary Case (see §2.2).

By the nature of arbitration, parties have the right to seek judicial review from their local court, including petition to overturn a ruling. However, members should note that as a matter of public policy, local courts will typically refer complaints to Arbitration if that was the original agreement, and will typically respect and enforce the rulings of a duly formed arbitration.