LAWS OF MALAYSIA

Act 881

INTERNATIONAL SETTLEMENT AGREEMENTS RESULTING FROM MEDIATION ACT 2026

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ARRANGEMENT OF SECTIONS

Section

LAWS OF MALAYSIA

Act 881

INTERNATIONAL SETTLEMENT AGREEMENTS RESULTING FROM MEDIATION ACT 2026

An Act to give effect to the United Nations Convention on International Settlement Agreements Resulting from Mediation, to make provisions for the enforcement and admissibility of international settlement agreements resulting from mediation, and to provide for related matters.

[ ]

WHEREAS the United Nations Convention on International Settlement Agreements Resulting from Mediation, also known as the Singapore Convention on Mediation, was adopted by the United Nations General Assembly on 20 December 2018, and subsequently came into force on the 12 September 2020;

AND WHEREAS having recognized the value of mediation as a method for settling commercial disputes amicably and noting the increase of the use of mediation internationally and domestically, Malaysia signed the Convention on the 7 August 2019 and is desirous of ratifying the Convention and thereby becoming a Party to the Convention;

AND WHEREAS establishing a legal framework for international settlement agreements resulting from mediation under the Convention would reduce the disputes that result in termination of commercial relationships, facilitating the administration of international commercial transaction and contribute to the development of harmonious international economic relations;

NOW, THEREFORE, **IT IS ENACTED** by the Parliament of Malaysia as follows:

Short title and commencement

1. (1) This Act may be cited as the International Settlement Agreements Resulting from Mediation Act 2026.

(2) This Act comes into operation on a date to be appointed by the Minister by notification in the *Gazette*.

Interpretation

2. In this Act, unless the context otherwise requires—

"institution" means a body, entity or organization that conducts proceedings;

"Convention" means the United Nations Convention on International Settlement Agreements Resulting from Mediation;

"High Court" means the High Court in Malaya and the High Court in Sabah and Sarawak or either of them, as the case may require;

"Minister" means the Minister charged with the responsibility for legal affairs;

"State" means a sovereign State and not a component state of Malaysia;

"mediator" means a person appointed by the parties to a mediation to assist the parties to reach an amicable settlement of their dispute;

"mediation" means a process, irrespective of the expression used or the basis upon which the process is carried out, whereby two or more parties to a mediation attempt to reach an amicable settlement of their commercial dispute with the assistance of a mediator;

"settlement agreement" means an agreement in writing resulting from mediation and concluded between the parties to the mediation for the resolution of a commercial dispute;

"international settlement agreement" means a settlement agreement to which this Act applies as referred to in section 3;

"party" or "parties" means a party or the parties to an international settlement agreement, but does not include the mediator assisting the party or parties to the mediation that results in the international settlement agreement;

"proceedings" means any proceedings of a civil nature and includes any application made at any stage of such proceedings;

"signature" includes electronic signature as defined in the Electronic Commerce Act 2006 [*Act 658*].

Application

3. (1) Subject to subsection (2), this Act shall apply to an international settlement agreement which is a settlement agreement that is international in nature at the time of its conclusion where—

(a) at least two of the parties have their places of business in different States; or

(b) the State in which the parties have their places of business is different from either—

(i) the State in which a substantial part of the obligations under the settlement agreement is performed; or

(ii) the State with which the subject matter of the settlement agreement is most closely connected.

(2) This Act shall not apply to the following international settlement agreements:

(a) that have been concluded to resolve a dispute arising from transactions engaged in by one of the parties who is a consumer for personal, family or household purposes;

(b) that arises from family, inheritance or employment laws;

(c) that have been concluded or recorded as a judgement of a court in the course of court proceedings and are enforceable as a judgement of a court; and

(d) that are enforceable as an arbitral award.

(3) For the purposes of subsection (1)—

(a) if a party has more than one place of business, the relevant place of business is that which has the closest relationship to the dispute resolved by the international settlement agreement, having regard to the circumstances known to, or contemplated by, the parties at the time of the conclusion of the international settlement agreement; and

(b) if a party does not have a place of business, the place of business refers to the habitual residence of the party.

Application for enforcement of international settlement agreement

4. (1) A party to an international settlement agreement may make an application to the High Court for the international settlement agreement to be recorded as an order of the High Court for the purpose of enforcing the international settlement agreement.

(2) The application under subsection (1) shall be accompanied by the following documents and evidence:

(a) the original international settlement agreement or a duly certified copy of the agreement signed by the parties; and

(b) evidence that the international settlement agreement resulted from mediation, such as—

(i) the signature of the mediator assisting the parties to the mediation on the international settlement agreement;

(ii) a document signed by the mediator certifying that the mediation was carried out; or

(iii) an attestation by the body or organization that provides the mediation services.

(3) In the absence of the evidence referred to in paragraph (2)*(b)*, the party may submit such other evidence acceptable to the High Court in support of the application under subsection (1).

(4) Upon receiving an application under subsection (1) together with the documents referred to in paragraph (2)*(a)* and evidence referred to in paragraph (2)*(b)* or subsection (3), the High Court may record or refuse to record the international settlement agreement as an order of the High Court.

(5) Where the High Court records the international settlement agreement as an order of the High Court under this section—

(a) the international settlement agreement may be enforced in the same manner as a judgement or order of the High Court; or

(b) any of the parties may rely upon the international settlement agreement as a defence, set-off or otherwise in any proceedings.

Admission of international settlement agreement as evidence

5. (1) Where a commercial dispute arises in relation to a matter which a party to an international settlement agreement claims to have been resolved by the international settlement agreement, such international settlement agreement shall be admissible as evidence in any proceedings in any court or institution for the purpose of proving that such matter has been resolved.

(2) A party to an international settlement agreement who intends to tender the international settlement agreement as evidence in any proceedings in any court or institution shall submit to the court or institution, as the case may be, the following documents and evidence:

(a) the original international settlement agreement or a duly certified copy of the agreement signed by the parties; and

(b) evidence that the international settlement agreement resulted from a mediation, such as—

(i) the signature of the mediator assisting the parties to the mediation on the international settlement agreement;

(ii) a document signed by the mediator certifying that the mediation was carried out; or

(iii) an attestation by the body or organization that provides the mediation services.

(3) In the absence of the evidence referred to in paragraph (2)*(b)*, the party may submit such other evidence acceptable to the court or institution.

(4) Upon receiving the documents referred to in paragraph (2)*(a)* and evidence referred to in paragraph (2)*(b)* or subsection (3), the court or institution may admit or refuse to admit the international settlement agreement as evidence in its proceedings.

(5) For the purposes of this section, reference to court includes the High Court.

Language of international settlement agreement

6. Where the international settlement agreement in question is in a language other than the national language or English language, the party making the application for an international settlement agreement to be recorded as an order of the High Court under subsection 4(1), or the party who intends to tender an international settlement agreement as evidence in any proceedings in any court or institution under subsection 5(2), shall supply to the High Court or any other court or institution, as the case maybe, a duly certified translation of the international settlement agreement in the English language.

Grounds for refusing application for enforcement and admission of international settlement agreement

7. (1) The application for an international settlement agreement to be recorded as an order of the High Court under subsection 4(1), or the tendering of an international settlement agreement as evidence in any proceedings under subsection 5(2), by a party may be refused by the High Court or any other court or institution, as the case maybe—

(a) if the other party furnishes proof that—

(i) a party was under some incapacity;

(ii) the international settlement agreement—

(A) is null and void, inoperative or incapable of being performed under the applicable law relating to the international settlement agreement;

(B) is not binding, or is not final, according to its terms; or

(C) has been subsequently modified;

(iii) the obligations under the international settlement agreement—

(A) have been duly performed; or

(B) are not clear or incomprehensible;

(iv) allowing the application or tendering would be contrary to the terms of the international settlement agreement;

(v) there was a serious breach by the mediator of the standards applicable to the mediator, or the mediation, without which breach that party would not have entered into the international settlement agreement; or

(vi) there was a failure by the mediator to disclose to the parties the circumstances that raise justifiable doubts as to the mediator's impartiality or independence and such failure to disclose had a material impact or undue influence on a party, without which failure that party would not have entered into the international settlement agreement; or

(b) if the High Court or any other court or institution finds that—

(i) the terms of the international settlement agreement is in conflict with the public policy of Malaysia; or

(ii) the subject matter of the commercial dispute is not capable of settlement by mediation under the laws of Malaysia.

Setting aside order of court relating to enforcement of international settlement agreement

8. (1) Where an order of the High Court to record an international settlement agreement is made under subsection 4(4) in the absence of a party to the international settlement agreement, that party may apply to set aside the order of the High Court—

(a) by furnishing any of the proof referred to in paragraph 7(1)*(a)*; or

(b) by submitting evidence that—

(i) the terms of the international settlement agreement is in conflict with the public policy of Malaysia; or

(ii) the subject matter of the commercial dispute is not capable of settlement by mediation under the laws of Malaysia.

(2) Upon receiving an application under subsection (1) together with the proof and evidence so furnished or submitted, the High Court may set aside the order made under subsection 4(4).

Parallel application or claim

9. Where an application for an international settlement agreement to be recorded as an order of the High Court has been made to the High Court under subsection 4(1) and is pending, and a parallel application or claim relating to the same international settlement agreement has also been made and is pending in any other court, arbitral tribunal or in any other body having jurisdiction in Malaysia or in any other State, and the High Court is of the opinion that the proceedings of the parallel application or claim may or are likely to affect the application under subsection 4(1), the High Court may—

(a) adjourn its decision on the application made under subsection 4(1) until the proceedings of the parallel application or claim are concluded; and

(b) on the request of a party, order the other party to give suitable security.