



The Mediation Act 2026: Malaysia's Domestic Framework For The Singapore Convention On Mediation

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Malaysia has passed the Mediation Act 2026, which is designed to give teeth to mediated settlements that cross borders. It builds on a United Nations (UN) treaty known as the Singapore Convention on Mediation and it changes what happens when a commercial dispute is settled through mediation but one side later refuses to honour the deal.

From Signature To Statute

When the Singapore Convention opened for signature on 7.8.2019, Malaysia was among the countries that signed on day one, which reflects a signal of intent, made after the UN General Assembly had adopted the treaty the previous December.

The Act received Royal Assent on 16.5.2026 and was published in the Gazette on 26.5.2026. The preamble to the Act states that it is a statute which would reduce disputes that end in the termination of a commercial relationship, make it easier to carry out international commercial transactions, and contribute to harmonious international economic relations. The statute also recognises mediation's value as a way of settling disputes amicably and that its use has been growing both internationally and domestically.

How The Act Operates

The gap which the Act aims to close is a familiar one. If two companies in different countries resolve a dispute through arbitration, the resulting award can be enforced in more than 170 countries under a well-established treaty, the New York Convention. Mediation had no equivalent. If a party walked away from a mediated settlement, the other side's only real

option was to sue on it as an ordinary contract- often in a foreign court, from scratch, defeating the point of mediating in the first place.

This Act gives mediated settlements a shortcut. A party can apply to the Malaysian High Court to have an international settlement agreement recorded as a court order, provided they produce the signed agreement and some proof it actually came out of a mediation, namely the mediator's signature, a certificate from the mediator, or confirmation from the body that ran the mediation. Once the court records it, the settlement carries the same weight as a High Court judgment, and can also be used defensively, as a shield against a later claim covering the same ground. Where a party does not need full enforcement but simply wants to prove a dispute was already resolved, the settlement is separately admissible as evidence for that narrower purpose. If the agreement is not in Malay or English, a certified translation is required.

However, the Act is not a rubber stamp. A party resisting enforcement can still block it by proving things like: someone lacked the capacity to sign, the agreement was never valid or binding, its terms have already been carried out, the mediator seriously breached the standards expected of them, or the mediator failed to disclose a conflict of interest that mattered. The court can also refuse of its own accord if enforcing the settlement would offend Malaysian public policy, or if the dispute simply was not the kind of thing that could lawfully be mediated.

The burden of proof sits with whoever is trying to escape the settlement. This mirrors how arbitral awards are challenged under the New York Convention. There is also a mechanism to set aside an order made without one party's knowledge and a safety valve where a related case is already running elsewhere: the court can pause and, if asked, require security from the other side.

The Act does not apply to everything. It is aimed at genuinely international commercial settlements, where the parties are based in different countries, or the dispute otherwise crosses borders. Consumer disputes, and anything touching family, inheritance, or employment law, are carved out.

What Changes In Practice

Once Malaysia's ratification is formally lodged, the practical effect is straightforward: a mediated settlement with a foreign element can go straight to the High Court to be turned into an enforceable order, and a Malaysian party can, in principle, take a settlement to the courts of other Convention countries on the same basis. It means choosing mediation over arbitration is no longer a bet on the other side's good faith as there is a proper enforcement pathway behind it, not just the threat of a fresh lawsuit if things go wrong. Until both those pieces are in place, however, the practical position has not changed yet: a mediated settlement with an overseas counterparty is still only as good as an ordinary contract.

The Bigger Picture

Through this Act, Malaysia is positioning herself alongside a growing list of trading partners as a place where mediated settlements will carry real cross-border weight. In other words, we will be sitting comfortably next to an arbitration regime already built around the Arbitration Act 2005 and the Asian International Arbitration Centre.

It is a welcome and forward-looking move and one worth watching. For now, though, it is the groundwork rather than the finished product: the two remaining steps, namely, bringing the Act into force and completing ratification process.

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