

Government Chief Information Officer
Commerce, Industry and Technology Bureau
15/F, Waichai Tower
12 Harbour Road, Wan Chai
Hong Kong
(Attn: System Manager(H)41)

Re: Consultation Paper on the Review on Administration of Internet Domain Names in Hong Kong

FHKI welcomes government's initiative in reviewing the institutional framework and corporate governance for the administration of Internet domain names in Hong Kong. With e-commerce and internet business activities become increasingly important in daily financial and economic activities, FHKI holds the view that the administration of Internet domain names has an important bearing on maintaining Hong Kong's status as an international business and information technology hub.

We believe that the administration of Internet domains should give priority to ensuring the standards and quality control of Hong Kong Internet Registration Corporation (HKIRC) and to maximizing the benefits to the users community.

To this end, FHKI supports the guiding principle stated in the consultation paper whereby interests of all stakeholders in the Hong Kong internet community should be taken into account. Since the commercial and industrial sectors are dominant users of ".hk" Internet domain names, their interests should be duly represented on the board of HKIRC and the new Consultative Advisory Panel (CAP).

In response to the recommendations put forward in the consultation paper, we would like to present the following viewpoints:

- i. The omission of "Commerce and Industry Class" on the HKIRC Board could keep the Board from fully accounting the interests of a major internet community. Therefore, the FHKI urges the government to appoint sufficient number of representatives from the commercial and industrial sectors for a fair representation of these two sectors' interests on the Board.
- ii. FHKI is highly concerned with corporate governance issues of the HKIRC. Any signs of irregularities must be safely guarded against. Real or perceived inadequate corporate governance could have adverse implications on Hong Kong's reputation as an international financial centre and an IT hub at risk.
- iii. Under the present proposal, a new Consultative and Advisory Panel (CAP) will be established to advise and monitor the Board on major issues. The CAP is proposed to comprise a Government representative and other members (about 14) invited by Government. To allow for wider public engagement and better alignment of directors' behaviour with the benefits of Hong Kong's internet community, FHKI urges that the four industrial and

trade associations that have a functional place in the Legislative Council should each be represented on the CAP for more rigorous monitoring and a more balanced representation of interest.

- iv. In the election of member-elected directors of Board, fair and transparent procedures similar to the casting of votes by shareholders in a publicly listed company should be adopted. All registered domain names should be entitled to vote, and each domain name should get one vote. If a service provider owns 10 domain names then it should be entitled to ten votes. In this way, the majority view of the domain names registered will be represented in order to protect the best interest of the stakeholders.
- v. The chairman of the Board appointed by the Government should be an independent businessman, whose management expertise and business acumen can ensure the Board is run properly and best practice and good conduct codes are adhered to.

As Hong Kong is developing into a knowledge-based economy, it is without doubt that business activities conducted via internet will continue to grow in the years to come. Thus, it is important that the administration of Internet domains continues to meet the needs and interests of the business communities. We hope that our views presented above will be considered favourably by the Government Chief Information Officer.

Secretariat
Federation of Hong Kong Industries