香港資訊科技業協會
HKITIC
香港工業總會 Federation of Hong Kong Industries

Response to the Consultation Paper on the Review on Administration of Internet Domain Names in Hong Kong

Institutional framework

It is preferred that the organization, which provides management and administration of the Internet Domain Names of ccTLD, should be <u>non-profit</u> in nature; and it is also preferred that the organization be a <u>self-contained</u> entity that does not require government subsidies. Having a single organization responsible for ccTLD is important to ensure centralized management and administration of Internet Domain names. Measures must also be drawn to guarantee the service quality. In order to prevent unsatisfactory services as a result of the lack of competition, the Government should <u>license</u> the organization for a period of time, and undertake periodic review and performance measures to determine if the license should be continued or withdrawn.

However, if non-singularity approach is chosen, the Government should maintain an open and transparent environment for the selection of such non-profit making organizations.

We agree that the delegation by Government of the domain name management function to the HKIRC, an arms-length, non-profit making organization can be retained in the near term. HKIRC should be independent from Government both in terms of operation and financial support.

The guiding principle

As far as the guiding principles for the management and administration of Internet Domain Names are concerned, we fully agree that administrative corporation should adopt guiding principles that expedite or induce:
- Independence;
- World class standards;
- Stakeholder involvement;
- Transparency; and
- Future orientation.

However, the guiding principle for competition, mentioned in the consultation paper, is difficult to achieve if only one single corporation is being delegated by the government. Since lack of competition may be a disincentive to the quality of services, government representatives should proactively participate in the corporation's board of directors' meeting to protect the interests of domain users at large. Besides, a <u>review mechanism</u> should be introduced to make sure that the government could terminate the license to the corporation when it is not performing up to the

standard or falling short of the expectations of the government and other Internet Domain parties.

Competition and a wider range of choices may be available only when multiple corporations are allowed to engage in the management and administration of Internet Domains in Hong Kong. The drawback for multiple corporations is that it introduces complexity in management. After all, a single corporation for management and administration of Internet Domain in Hong Kong has the advantage of centralized control and management.

One option for the delegation of one single corporation by government while maintaining a satisfactory level of services is by allowing the corporation to employ and manage a handful of agents, both individual and corporate, such that these agents help to promote ccTLD to the public and also generate revenue for the corporation. Multiple agents provide a broader range of selections and various kinds of services which would induce competition and, in turn, which benefit the end users at large.

Scope and priorities of the HKIRC

We agree with the views of the consultation paper on Scope and priorities of the HKIRC.

Corporate Governance Mechanism

We agree with all the points listed under the Corporate Governance Mechanism section. In particular, the government should gradually reduce its operational engagement in the HKIRC and replace it with stronger engagement at a strategic level on the Consultative and Advisory Panel (CAP) of the HKIRC.

Registry-registrar system

We support the recommendation that HKIRC should introduce a "Registry-registrar" model, whereby appropriate bodies may provide ".hk" users with registrar services on an equal and competitive basis with the HKIRC. We also agree with the proposal to impose accreditation requirements to ensure the reliability of registrars. However, over-stringent requirements should be avoided, as these will deter interested parties; and any additional costs will be passed onto the end consumers. Hence, it is recommended that accreditation requirements should be well balanced to lower the entry barrier for interested parties.

Performance measurement and monitoring

We are in favor of the introduction of a comprehensive system of performance measurement and periodic review to provide transparency on HKIRC performance, to ensure customer satisfaction

and protection consumer rights.

It is also suggested that HKIRC should report on corrective measures to be implemented should it fail to attain the target of any performance measures on the quarterly report.

Strategic Plan

We agree on the development of a Five-Year strategic plan, with periodic review and updates to reflect environmental changes and actual needs of different interests groups.

MOU Renewal

We agree with the consultation recommending that the enhanced institutional framework and corporate governance should be reflected in a clearer and more outcome-focused MOU for the management and administration of Internet domain names. Alongside with this MOU, we suggest there should be license terms that span the life of the MOU. In case HKIRC does not perform satisfactorily, it should be dismissed and taken over by another entity delegated by the government.

Issues not covered in this Consultation

Since this consultation paper focused on the institutional framework and corporate governance for the administration of Internet domain names in Hong Kong only, issues concerning the end users' point of view have not been addressed.

One may query if the present methods of obtaining a .hk domain are too cumbersome, restrictive and costly. This is because the consultation paper has not mentioned the other option – that used by the vast majority of country holders – which allows any ICANN Domain Name Registry provider to be able to sell and register domain names without let and hindrance. With this option, one is able to go online to his chosen Domain Registrar and add, modify, relinquish etc all the various domain names that he holds in a simple, consistent, timely and cost effective manner.

User satisfaction is important to the registration rate of Internet Domain Names of ccTLD. We strongly urge the government to review and address this issue.

Last but not least, we'd like to submit our observation and a critical comment on the subject matter of Election of Directors of the HKIRC, which is fundamental to the healthy operation of this important entity. In this regard, we have 3 recommendations as below for your kind consideration:

(1). All registered domain names should be entitled to vote, and each domain name should be allowed one vote. <u>Accordingly,</u> a service provider (SP) owning 10 names should be <u>entitled to</u> ten votes. This is similar to the casting of votes by shareholders in any company meeting to resolve issues. It is the number of shares that counts, <u>rather than</u> the number of persons attending the meeting. In this regard, it is the stakeholders interest <u>which</u> we are trying to protect. Similar to shareholding, the SP which registers a great amount of domain names and therefore is paying proportionally more fees will have a bigger stake, and naturally will be more interested in, and concerned about, the level and quality of services provided by the operator. How can the interest of one individual with one domain name be the same as one SP providing services to 10000 domain name users!!! The bigger SP or company will want the operator to operate efficiently and effectively such that their domain names are adminstered properly and the annual fees will stay competitive. If the basis of one-name-one-vote is adopted, we can be sure that the majority views of the domain name registrants will be heard and represented on the Board.

(2) Government <u>should</u> appoint an independent businessman to chair the board, and at the same time, Government should also appoint a substantial proportion of members on the Board. Afterall this is a business, and HKIRC <u>has a bigger impact</u> on the business community more than anything else. <u>Beyond the business perspective</u>, Government should also look after its own interest.

(3) The <u>oversight by such reputable members of our society</u> will ensure that the Board will be run properly and diligently, and that best practice and good conduct code will be adhered to.

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