

7 October 2002

Your ref.: CB2/BC/12/01

Mrs Constance Li
Clerk to Bills Committee
Legislative Council Secretariat
3/F., Citibank Tower
3 Garden Road
Central
Hong Kong

Dear Mrs Li,

**Bills Committee on
Inland Revenue (Amendment) (No.2) Bill 2001**

1. Thank you for your letter dated 26 September 2002. Digi-Sign does not consider it necessary to attend the meeting of the Bills Committee.
2. In March 2002, Government published for consultation a paper entitled "Review of the Electronic Transactions Ordinance". One of the items included in that paper was the legal recognition of PIN's. Digi-Sign would like to bring to the Bills Committee's attention its comments provided to Government on such an issue:

"It would seem the use of PIN's to satisfy the signature requirement very much depends on *proper management* and the use of a *secure system*.

However, does it not follow that to enable the Secretary for Information Technology and Broadcasting to legislate the circumstances in which the use of PIN's can be accepted for satisfying the signature requirement, it would need to promulgate a set of criteria or standards for determining what is *proper management* and how trustworthy a *secure system* will need to be, or

to put all these into a code of practice? Furthermore, who is to be responsible for assessing whether such criteria or standards have been met? Is it going to be the Government? Or an independent professional body? Is re-assessment on regular intervals required?

Therefore, it seems clear that if the Government were to get itself involved in the creation of a legislative framework for the use of PIN's, the efforts required for all parties concerned, including the Government, would be no less than what all the parties will need to go through in the certification authority recognition process. It would seem a lot more sensible for the Government to focus on the promotion of Public Key Infrastructure, and leave the use of PIN's for satisfying the signature requirement as a contractual matter between the PIN user and the relying party."

3. Please contact the undersigned if further information is required.

Yours sincerely

Paul Ng
Director