

Submission from Hong Kong Internet Service Providers Association to Panel on Information Technology and Broadcasting of the Legislative Council of Hong Kong

**Changes to the Governance Structure of Hong Kong Internet Registration Corporation**

31 March 2009

Hong Kong Internet Service Providers Association (HKISPA) represents Internet Service Providers (ISPs) in Hong Kong.

In connection with domain name operation and governance of .HK, ISPs in Hong Kong are generally helping their clients to register domain names and provide them with related auxiliary services. We are therefore concerned about the governance structure of HKIRC as it is currently the registry and the only registrar of the .HK domain name.

The current composition of the board of HKIRC is that government appoints 4 of the directors, service providers elect 2, and domain name users elect the remaining 2. This structure effectively offers minimal control of the corporation to service providers and users, about which HKISPA is very concerned.

We learned that HKIRC is a non-profit organization, but HKIRC is accumulating a substantial reserve of tens of millions of dollars. That reserve basically is the proceeds from domain name users and indirectly from service providers. However, the current composition of the HKIRC board effectively bestows no control to users or service providers on how that reserve is to be used. Service providers or users also have no control on how .HK domain names are priced. We are therefore advocating a bigger portion of the board seats to be elected by service providers and users.

In addition, HKISPA has been advocating the domain name registry-registrar model for .HK through service provider directors of HKIRC. This model has been proven beneficial to users, service providers and the registrar, and adopted by vast majority of domain names in the world including .CN, the domain name of China. However, HKIRC has been moving exceptionally slow in adopting this model. We are of the opinion that it is slow because users and service providers do not have sufficient representation in the board, and that the administration who has the biggest influence to the board, which is more so now as it appoints half of the directors, has

no direct incentive to make that happen. This is governance issue.

We think that service providers, users and the government should have equal representation in the board. That could be achieved in a simpler way by increasing the representation of service providers and users by two seat respectively, making the composition of the board with 4 government appointed directors, 4 service provider directors, and 4 user directors. Alternatively and more ideally, the representation can also be 3 appointed directors, 3 service provider class directors, and 3 user class directors.

Similar views have been in the past expressed by HKISPA and through service provider class directors to the board of HKIRC and during the public consultation period.

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#### About Registry-Registrar Model

A Registry-Registrar model creates competition in the domain name registration, such that end users will benefit from the competition, service providers can offer registrar service, and the registry will have increase in number of domain names.

If the model is applied to .HK, HKIRC will become the registry, and it provides service to a number of registrars, who in turn directly serve domain name users. The registry manages a fair playing field to all the registrars. The registrars compete for customers by their own means on pricing and service features.

Currently, there is no registry-registrar model adopted by .HK. HKIRC is the only monopoly registry and registrar for .HK.

#### About Hong Kong Internet Service Providers Association

HKISPA is an industry organization with its full members holding PNET licenses issued by OFTA. PNET license is basically a license required for a company to operate Internet Service in Hong Kong. HKISPA currently has more than 80 members, including most of the major ISPs in Hong Kong.