

**立法會**  
**Legislative Council**

LC Paper No. CB(1)602/09-10(04)

Ref. : CB1/PL/ITB

**Panel on Information Technology and Broadcasting**

**Meeting on 14 December 2009**

**Updated background brief on  
review on administration of Internet domain names in Hong Kong**

**Purpose**

This paper provides the background on review on administration of Internet domain names in Hong Kong and also a summary of views and concerns raised by Members and the Panel on Information Technology and Broadcasting (the Panel).

**Background**

2. In 2002, the Government designated the Hong Kong Internet Registration Corporation Limited (HKIRC), an independent, non-profit making, membership-based company, to manage and administer ".hk" Internet domain names through a Memorandum of Understanding (MOU).

3. In the light of the latest international and regional developments in the administration of Internet domain names, Government Chief Information Officer commissioned a consultancy study in 2006 to review the institutional framework and corporate governance for the administration of ".hk" Internet domain names. Taking into consideration the consultant's recommendations and the overall information and communications technology strategy in Hong Kong, the Administration issued a public consultation paper on 4 May 2007 setting out the following recommendations:

- (a) delegation by the Government of the country code top level domain (ccTLD) management function to an arms-length, not-for-profit organization, i.e. HKIRC, should be retained;
- (b) HKIRC should establish a Consultative and Advisory Panel (CAP) that engaged a broad set of stakeholders to advise the Board of HKIRC;

- (c) with the strategic engagement of key stakeholders being undertaken via the new CAP, the number of directors on the Board of HKIRC could be reduced to allow more effective strategic and operational management;
- (d) HKIRC should publish a comprehensive corporate governance framework;
- (e) HKIRC should introduce a "registry-registrar" model, whereby appropriate bodies could provide ".hk" users with registrar services on an equal and competitive basis; and
- (f) HKIRC should collaborate with the Government on a formal review of the MOU to be undertaken five years after execution.

4. With the general support received during the consultation and having regard to the Panel's view at its meeting on 11 June 2007, the Government started in October 2007 the discussion with HKIRC on the detailed implementation arrangements for the recommended changes.

### **Previous discussions**

5. The Panel has followed closely the review on administration of Internet domain names in Hong Kong since June 2007. In general, Panel members supported the move towards enhancing corporate governance for the administration of ".hk" Internet domain names. They considered such a change should be introduced much earlier to ensure effective strategic and operational management. Members also raised questions at various Council meetings on the security problem of websites using domain names ending with ".hk" and the governance structure of HKIRC.

6. At the Panel meeting on 7 April 2009, representatives of the stakeholders including professional bodies were invited to give views on the subject. Matters discussed included the key elements and the legal status of the MOU, freedom of expression, the political consideration and the process of appointing four directors to the Board to HKIRC by the Government, processes for nomination and selection of individual to serve on CAP established under HKIRC, openness and transparency of the operation of HKIRC, "Registry-Registrar" model and subscription fees.

7. The Panel noted that the deputations generally supported the administration of the ".hk" domain names by an independent, not-for-profit organization and a smaller Board of Directors to focus on strategic and operational governance for efficient and effective management. They supported the establishment of CAP, engaging a broad spectrum of stakeholders and professionals, to advise the Board

on issues involving the governance and operation of HKIRC. To allay public concern over the Administration's control over HKIRC and possible interference with the free flow of information, the deputations opined that the Administration should make the process of selecting appointed directors transparent to ensure their independence and refrain from interfering with the daily operation of HKIRC. The deputations also called on the Government to strengthen the governance of the HKIRC, and to enhance the transparency and openness of the Board of Directors.

8. At the Panel meeting on 8 June 2009, the Administration updated members on the latest progress on implementing the recommendations arising from the review of the administration of Internet domain names in Hong Kong. Some Panel members noted that the processes for nomination and selection of individuals to serve on CAP required the approval of at least 75% of the directors of HKIRC. They were concerned that the four Government-appointed directors which made up 50% of the Board membership, would be able to veto any proposals which were not acceptable to the Administration. As such, members called on the Administration and HKIRC to consider lowering the 75% approval requirement to 50%.

9. According to the Administration, HKIRC would be required by MOU to uphold the rights of individuals and businesses to freedom of expression, and ensure a high degree of transparency and openness in its operation. Interested stakeholders could raise their concerns with CAP for issues to be addressed by the Board. Given the concerns expressed that the Government-appointed directors should not dominate the decision-making process, the 75% approval requirement was proposed to ensure that the appointment of CAP and the processes for nomination and selection of individuals would have widespread support amongst directors, both elected and appointed. The four directors, though appointed by the Government, were not representatives of the Government. All Board members, whether elected or appointed, had a duty to exercise independent judgment and to act in good faith in the best interest of HKIRC and of the whole community.

10. The Panel noted that the Administration and HKIRC had yet to finalize the text of MOU. The public and the stakeholders would have an opportunity to comment on the specific drafting before it was finalized. At the Panel's request, the Administration undertook to provide the text of the draft MOU, once finalized, to the Panel for information and comments.

11. Some Panel members raised concern about the subscription fees of ".hk" domain names which were almost three times higher than those of ".com" domain names. The Administration advised that the Board of HKIRC would review the renewal fees and the domain name registration in due course.

### **Latest position**

12. The Administration will brief the Panel on 14 December 2009 on the progress of implementing the recommendations of the review of the administration

of Internet domain names in Hong Kong, including that of the drafting of the new MOU.

### **Relevant papers**

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 11 June 2007

<http://www.legco.gov.hk/yr06-07/english/panels/itb/papers/itb0611cb1-1831-3-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 11 June 2007

<http://www.legco.gov.hk/yr06-07/english/panels/itb/minutes/itb070611.pdf>

Hansard on Oral Question No. 2 raised by Hon Andrew LEUNG on security problem of web sites using domain names ending with ".hk" at the Council meeting on 25 June 2008

[http://www.legco.gov.hk/yr07-08/english/counmtg/agenda/cmtg0625.htm#q\\_2](http://www.legco.gov.hk/yr07-08/english/counmtg/agenda/cmtg0625.htm#q_2)

Hon James TO's question on administration of Internet domain names at the Council meeting on 3 December 2008 and the Administration's reply

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb1211cb1-380-1-e.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 11 December 2008

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb1211cb1-369-1-e.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 7 April 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0407cb1-1191-7-e.pdf>

Submissions from deputations for the Information Technology and Broadcasting Panel meeting on 7 April 2009 (Please refer to the agenda)

<http://www.legco.gov.hk/yr08-09/english/panels/itb/agenda/itb20090407.htm>

Minutes of Information Technology and Broadcasting Panel meeting on 7 April 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/minutes/itb20090407.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 8 June 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0608cb1-1784-6-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 8 June 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/minutes/itb20090608.pdf>

Administration's written response to the concerns and issues raised by members and deputations at the meeting on 7 April 2009 (follow-up paper)

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0407cb1-1444-1-e.pdf>

Background brief on review on administration of Internet domain names in Hong Kong prepared by the Legislative Council Secretariat

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0407cb1-1191-8-e.pdf>

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8 December 2009