1. ISOC HK supports the continuation of the existing governance structure of Hong Kong's domain name registry for ".hk," that is, an independent, non-statutory and non-profit body delegated by Government. We are also broadly in agreement with the guiding principles offered by the consultants (as in Point 14 of the consultation document).

2. We believe that the .hk registry in Hong Kong should focus on the management of the .hk ccTLD and provide the related services for registration of all levels of Internet domain names under the .hk ccTLD. Any extension beyond this would be beyond the scope of the delegation by Government for this body specifically set up for Internet domain name administration, and must not be taken without full consultation and consensus for all stakeholders, and should not be taken solely based on any unilateral assessment of "stakeholders' needs" by the .hk ccTLD itself.

3. Regarding the corporate governance mechanism of HKIRC, we agree with the establishment of new Consultative and Advisory Panel (CAP) to more broadly engage different sets of stakeholders. We also agree with the Government's proposals to reduce the number of directors in the Board to allow more effective strategic and operational management, and move to a mix of appointed and member-elected non-executive directors. We observe that the current member-elected system is deficient in that many of the directors on the board are familiar with neither Internet infrastructure nor domain name operation, both administratively or technically – making it an undesirable truth in the past several years that HKIRC is largely governed by those with little knowledge of the Internet and domain name business or the industry. As a result, HKIRC has not been run as a critical infrastructure provider as it should be, but merely as a "business."

4. The member election system of HKIRC has also proved itself to be neither representative nor functional, when the vast majority of the

customers of HKIRC do not choose to be members, and directors from the "user class" are typically elected successfully with no more than 0.1 percent of the total number of customers.   This has made the election system highly prone to manipulation, and is extremely dangerous and undesirable for maintaining good governance.

5. However, we maintain that the Government must be very prudent in selecting and appointing members of the board and the advisory committee.   Priorities must be given to people with genuine knowledge of the field – technical, administrative, operational and management – and who are familiar with the relevant local and international[1] Internet industry, or the international domain name and Internet governance communities, or both.   This expert-based approach for genuine professionalism must be taken instead of any bias toward any perceived political balancing or compromise.   In order to guarantee quality and fair consumer protection, we also propose that representatives from the Consumer Council be represented on the advisory committee.

6. We fully support the registry-registrar system proposed in the consultation paper.   Indeed, we have been advocating for such a system for years, and we believe that this is long overdue.   In the past, it was exactly because of the way the HKIRC was governed more as an individual business and less as an infrastructure provider for the benefit of the whole community that HKIRC has delayed the implementation of the registry-registrar system for so long.   We believe that the .hk ccTLD should focus on and be limited to building and operating am open and fair environment, improve Internet applications via better governance but not direct involvement in commercial or marketing activities.

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[1] An international perspective is especially needed because international and overseas registrars will be involved with .hk business if the Registry-registrar system is implemented for multiple registrars.

7. The registry-registrar system with multiple registrars will encourage more competition locally and internationally, including bringing in world-class international domain name registration players to Hong Kong, and in the process, local companies may discover the potential business and profit upsides in domain name registration, and as a result, possibly become engage in domain name registrar activities beyond Hong Kong regionally or internationally. This is an important and long overdue step of realizing Hong Kong's capabilities of being a center of Internet infrastructure in the region and internationally.

8. The registry-registrar system will also bring about much-needed market competition and bring down customer and consumer prices of domain names in Hong Kong. HKIRC by focusing on only the core registry functions will not only lower its own costs but also open up the market for registrars to compete and provide better services and prices to customers and consumers. This indeed has been the experience of many jurisdictions in the world with their ccTLDs, including China Mainland.

9. When considering performance measurement and monitoring of HKIRC, we also believe that it is important to provide proper incentives for key management staffs of HKIRC, and at the same time ensure that there are sufficient talents in the community who can lead this organization, and opportunities for them to be engaged. It is undesirable for the key senior management positions of such an organization with a decidedly public function to be held by the same people for too long from a corporate governance perspective.

10. We also believe that it is extremely important that a principle of use of profits generated should be imposed on the .hk ccTLD. This is typical and fundamental of most other mature and responsible ccTLDs and other non-profit TLDs (e.g. Internet Society's .org) around the world. In the case of Hong Kong, the power of this decision should not be left with HKIRC itself, but should be guided by Government, especially because

the resources being managed should ultimately belong to the public. We propose that a proportion of the profits generated, beyond any necessary reserves and internal development within HKIRC, should be reverted to a separate pool and allocated to digital inclusion and Internet development and education efforts, for example, the Digital Solidarity Fund. Also, we believe that it will be more appropriate for Government to handle the distribution of the fund, rather than for HKIRC to do so, to avoid any potential conflict of interest.

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Internet Society Hong Kong (ISOC HK) is the local chapter of the Internet Society (ISOC), the global organization of Internet users and professionals, providing leadership in issues confronting the future of the Internet, including global coordination, development and cooperation of the Internet, technology standards, Internet governance and online civil society.