

United Domain Registrar of Hong Kong Ltd.  
503, Sunbean Center,  
27 Shing Yip Street  
Kwun Tong  
15 Jun 2007

Re: "Consultation Paper on the Review on Administration of Internet Domain Names in Hong Kong" we have the following comments to make"

Dear Sir/Madam,

I am contacting you as a Director of United Domain Registrar of Hong Kong and also the founder of SARNic a domain registrar we launched in the year 2000. We would like to share our experience, plans and views on HKIRC/HKDNR.

I have first hand experience of starting a domains registrar here in Hong Kong. In March 2000 we launched an alternative domain registrar called SARNic, which allocates domains under .hk.com. SARNic has handled about 17,000 domains registrations and has provided our customers with a prompt and reliable DNS allocation service which surpasses what HKDNR has provided.

Due to internal fighting amongst shareholders and directors in 2000 we were forced to run the company with a very low profile and not change anything within the business. It is most likely you have not heard of SARNic.

SARNic at technical level operates the same way as HKDNR does, we allocated NS records in our zone files which we make available on the global DNS. Today SARNic is still gathering new registrations and has a a diminishing number of customers ranging from individuals, to the likes of Standard Chartered Bank

Alternative domain registrars like SARNic exist worldwide. The first one was established in the UK in the 90's when the UK ccTLD registrar was charging large amounts of money and not addressing the industries needs. With the blessing of the late Jon Postel the .uk.com registrar was established. Today there are about 20 or 30 countries which operate alternative registrars including Hong Kong.

Whilst SARNic's has a comprehensive legal infrastructure to support the its registrar its has have faced and will face problems of perception. Like "it is not a real domain", "if we register with you we don't own the domain", "you are not the government", "what if you go bust". At lot of the concerns are misperceptions which also apply to .com.hk domains, and others are handled by its legal and corporate structure. SARNic has also had to deal with some pretty ugly domain disputes resolution.

The fact remains that SARNic has been in operation for 7 years and has not had to deal with any negative press coverage nor any DNS outages. What we have been doing is certainly a very viable alternative to what HKDNR provides. In fact we have a number of groups of companies that simply do not wish to deal with HKDNR and deal with us exclusively.

After 7 years the problems amongst shareholders have not been resolved that would allow us to make changes to SARNic business so we have appointed 2nd registrar.

The UDR Registrar.

HK.COM Holdings appointed a 2nd registrar to manage allocations under .hk.com and .hk.org name spaces. We also have another 2 names available which we will disclose later.

We have spent the past 2 years, analysing all the needs of market, registrars, end users, web hosting companies, the problems HKDNR has and have designed a very innovative system which solves the issues that most registrars suffer from. Its services will be extremely affordable compared to HKDNR and gTLD registrars. Our services will be very oriented in making the work of web hosting companies as simple as possible.

In due course through UDR other registrars will be give access to the 4 name spaces in the registry.

To fund our launch we have been in discussions with various Government departments regarding grants, loans to finance the launch of UDR, but nothing was available to us. In order not repeat the mistakes in SARNic we are not taking any shareholders. Whilst we are right now in very possitive discussions regarding financing with a party, the lack of the startup capital is what is holding back our launch.

Overall we believe that we will in some cases provide a bit of healthy competition to to HKIRC's registrars and will complement them to ensure that the domain usage in HK does not lag the rest of the developed world.

We believe that when we open there will be a short term negative effect on HKIRC's registrars, however we believe that in the long term .hk operators will benefit as we will help accelerate our market and also complement them in different markets segments. We do not wish to be seen as the enemy but more as a partner.

We would also be interested in becoming one of HKIRC's registrars if it is open to us.

Our views of HKIRC/HKDNR.

HKIRC and HKDNR have failed miserably in their goal to improve things from when HKNIC was operating .hk. I think the HKIRC and HKDNR are bloated with bureaucracy the company is too slow, it makes mediocre strategic decisions and then HKDNR executes them poorly.

To add, HKIRC board has lost crucial talent like Cheng Che Hoo and others from its board who have the experience and a no nonsense approach to getting things done.

The fact that HKIRC/HKDNR have not managed to get much done in all these years in a market where they are the monopoly really makes one question if they are ready to deal with the complexities of running in a Registry Registrar model. They may currently say that they already have one registrar - HKDNR, however it will be a totally different when the registrar is a 3rd party that they don't control and is only driven by commercial interests.

HKIRC's actions could have a very negative impact on anyone who becomes a registrar. I suggest that the organisation is slimmed down whilst the name space they serve is so small. Those applying to be registrars should be aware of the

The Registry - Registrar Model.

If HKIRC/HKDNR were driven properly there would not be a need to have an registry/registrar model in a tiny market where only 100,000 domains are active.

I personally really question if the market size can support more than 2 registrars, particularly if we get to launch. We will of course have the flexibility and will undercutting the other registrars rates as our domains are not the providing the official hk domains. As in HK most of the competition is done on pricing I think having an large number of registrars will only result on margins will be eroded.

I recommend only approving 2 registrars and then determine if the market can accept a 3rd registrar. Establishing a registrar not affordable. They typically carry costs upwardly of HK\$500,000 and it would be a shame to see profit margins are so slim that customer service becomes poor. This is a problem that today HKDNR is still trying to tackle when it has very large profit margins.

We also believe that only neutral organisations which are not tied to selling hosting services, Internet access and are not portals should be permitted to become registrars. Allowing companies that are involved in providing web or Internet services, paid or free would have an unfair advantage in the business they are in.

Only companies whose head quarters are in Hong Kong should be permitted to control an asset that belongs to Hong Kong.

We wish HKIRC/HKDNR very good luck in going forward.

Yours sincerely

Maren S. Leizaola

Director

15 Jun 2007

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