Local Presence Requirements
- Pros and Cons -

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Agenda

- Pros
- Cons
- Situation for ‘.hk’ domain?
- Recommendations
Pros

➤ **Distinct Identity for Domain Holder** – “no need to say, everybody knows where my company is based by looking at my website address.”

➤ **Image of Reliance** – registrant information is verified (registration certificate proves the local existence of the company. Vetting of eligibility can be executed).

➤ **Less Fraud cases** – with vetting of eligibility
Cons

- **Limited Market Size** – *Market size limited by local population.*
- **Longer time for registration** – *vetting of eligibility takes time.*
- **Higher Cost** – *resource is required to conduct vetting.*
- **Less competitive price** - *price cannot be too competitive without economy of scale.*
Situation for ‘.hk’ Domain?

- 2 out of 14 ‘.hk’ domain categories do not require local presence *i.e. we accept overseas applications for 2\textsuperscript{nd} level English domain and 2\textsuperscript{nd} level Chinese domain.*

- Growth of these 2 categories outperforms others that require local presence *(61\% vs 12\% per yr growth)*

- Reported malicious use of domain: *(18\% \textit{vs} \sim 0\%)*

- Many of the overseas registrants are International brand name holders – *it reflects that overseas market does exist.*
Recommendations

- Review the positioning and identify the competitive advantage of different domain categories.
- Provide more options with different domain categories if possible e.g. some require local presence and some not.
- Response procedure and preventive measures for domain phishing/spamming – include procedure to verify malicious use of domain, rapid suspension mechanism in place, acceptance of VBV / secured code authenticated credit cards etc.
Thank you!