

DotAsia Board Finance Committee (BFC) Meeting Minutes

Date(s) & Time:	July 14, 2021 (Wednesday) 15:50 – 16:53 HKT
Location:	DotAsia Zoom Meeting Room: http://aji.asia/zoomboardfinance
Attendees:	<p>Santanu ACHARYA * Kashif ADEEL Satish BABU ** Andi BUDIMANSYAH Edmon CHUNG Joel DISINI Maureen HILYARD Rebecca CHAN (DotAsia Team) Freda CHEUNG (DotAsia Team)</p> <p>Apologies: Nicole CHAN</p> <p>* Joined meeting during Discussion Item 3.1. ** Left meeting during Discussion Item 5.4.</p>

No.	Action Items:	Owner	Remarks
F2021.01.A04	Search other bank options for opening new Namesphere bank account.	Rebecca CHAN	On going.
F2021.04.A05	Follow up with Fusion regarding the re-organization of service arrangement.	Rebecca CHAN	Completed.
F2021.05.A03	Gather information of what, if any, other comparable not-for-profit organizations offer as compensation to their Directors.	Edmon CHUNG	Completed. Refer to Discussion Item 4.
F2021.06.A01	Discuss and confirm with Fusion on monthly compliance reporting.	Rebecca CHAN	Completed. Refer to Discussion Item 5.4.
F2021.07.A01	Circulate the updated engagement letter of the new Fusion entity to the Board and table for discussion at Jul Board meeting.	Edmon CHUNG	Completed.
F2021.07.A02	Follow up with Tectura on the waiver or discount of subscription fees.	Rebecca CHAN	Completed.
F2021.07.A03	Bring the discussion of renewal of Directors' (D&O) Insurance to Board Exco and the Board for budget approval.	Edmon CHUNG	To be discussed at Jul 2021 Board Meeting.

No.	Action Items:	Owner	Remarks
F2021.07.A04	Follow up with Chubb to move forward on renewal of Directors'(D&O) Insurance and try to negotiate the price.	Rebecca CHAN	Completed.

Discussions:

1. Roll Call

- 1.1. With apology from Santanu, Maureen HILYARD chaired the BFC meeting as Board Chair on Jul 14, 2021.
- 1.2. Roll call. Those present for all or part of the meeting are included in the Attendees section.

2. Adoption of Minutes of Last BFC Meeting on Jun 15, 2021

- 2.1. BFC meeting minutes 2021.06.15 and action items were discussed.
- 2.2. BFC meeting minutes 2021.06.15 approved unanimously.

3. Review of BFC-001

- 3.1. Santanu joined the meeting and chaired the rest of the meeting as the Chair of BFC.
- 3.2. Brief overview of BFC-001 (version 1.1) was provided to BFC, which was designed with 2 major parts: 1. expenditures approval processes (which includes bank account operations), and 2. procurement processes.
- 3.3. There was discussion on updating Expenditure Limit of unbudgeted expenditure in BFC-001.
- 3.4. It is planned to consolidate received suggestions from BFC members for further discussion.

4. Study on Board Member Compensation

- 4.1. The compensation for Board Members in a Non-profit Organization of various organizations including ISOC, APNIC, several ccTLDs, and non-profit organizations in Hong Kong (through the feedback from Hong Kong Council Social Services – HKCSS) was presented and briefed to BFC for consideration.
- 4.2. It was highlighted that based on the guide for not-for-profit organizations in Hong Kong, members of its governing body (e.g. directors, members of executive committee, trustees, etc.) should not be receiving remuneration. However, certain exemptions could be put in place for the members of the governing body who have special qualifications (e.g. legal or special domain knowledge). Also, the number of remunerated board members must be less than the majority of the quorum, which would be 3 members or less for DotAsia as the quorum is 6 members.

- 4.3. It was also highlighted that based on DotAsia's M&A, which aligns with the guide, no member of the governing body should be receiving remuneration or other benefit in money or money's worth. Furthermore, HKCSS explains that the Boards of charities and nonprofit organizations generally serve on a volunteer basis in Hong Kong.
- 4.4. It was reported that both APNIC and ISOC had similar discussions in the past, but the proposals for compensation were rejected. Whereas PIR, which is not a not-for-profit organization, provides compensations to the Board as honorarium. Some other examples of compensation were provided for consideration, including optional compensation by ICANN, sitting fee for meetings for the board of JPNIC, and annual remuneration for board members of AUDA.
- 4.5. General rationales for providing compensation to Board members of not-for-profit organizations were briefed to BFC for discussion. Received feedback further commented that compensation to Board members should only be considered when an organization does have significant surplus annually. It was further reported that based on the feedback from organizations that have implemented such mechanisms, there is no particular indication on enhancement to board governance or quality of discussion for compensated Board.
- 4.6. It was commented that sitting fees and other forms of support for attending conferences etc., be considered.
- 4.7. There was agreement that an annual remuneration scheme is not appropriate for DotAsia board at this time.
- 4.8. For next steps, it was suggested to obtain legal advice on the issue to explore the appropriateness of providing a form of sitting fee to Board members attending Board meetings, and/or a mechanism to support Board member participation at relevant events.
- 4.9. A comment was raised that sitting fees should be modest and that bank transaction fees be taken into consideration for the administration of any such recompense scheme.
- 4.10. Further discussion to be continued at next BFC meeting.

5. Updates on Accounting Software Upgrade & Fusion

- 5.1. It was reported that some delays have been experienced in the data migration and deployment of the accounting software upgrade, and Tectura is now targeting to complete the migration of the historical data by end of July, when DotAsia could start to use the live system for new data entry. Meanwhile, Fusion had already studied and tested the new software, and bookkeeping training session with Fusion will be completed by first week of August.
- 5.2. Following up from previous reports of Fusion's internal reorganization of corporate structure, it was reported that DotAsia has aligned the engagement with Fusion with their new entity providing financial services. The engagement terms are exactly the same, with same services as agreed before and the same team of individuals servicing DotAsia. The only change is that billing will be sent from Fusion Accounting Services Limited from now on.

- 5.3. It was commented that since there is a change in the name of the entity, the matter should be brought to both the BFC and the Board. The updated engagement letter should be circulated to the Board for reference and tabled for discussion at the Jul Board meeting. (F2021.07.A01)
- 5.4. It was reported that Fusion will include compliance/confirmation wording in the monthly financials that they prepare. The expected wording was presented and briefed to the BFC. It was highlighted that Fusion will further report any problems, if any, directly to the BFC and/or Board.
- 5.5. It was highlighted that although the completion of the system has been delayed, Fusion will catch up on the historical data and do the bookkeeping after the system is live.
- 5.6. Question was raised on whether there will be any punitive action for Tectura for the delay. DotAsia team will follow up with Tectura to seek if any waiver or discount of subscription fees could be provided. (F2021.07.A02)

6. Renewal of Directors & Officers (D&O) Insurance

- 6.1. It was reported that the D&O insurance is for covering the liabilities against directors of the organization, and the existing D&O Insurance was expired on Jun 30, 2021. Due to the lawsuits against DotAsia, the current insurer, Chubb, has taken a long time to assess the case for renewal this year and their quote was received only on Jun 30, 2021. It was further reported that the existing insurance was extended for 14 days to allow DotAsia board to consider the matter.
- 6.2. It was reported that 9 insurance companies were contacted by our insurance agent JLT for quotes, and that Chubb was the only insurer willing to provide a quote and policy.
- 6.3. It was reported that legal advice received on the matter suggests strongly for DotAsia to maintain the D&O Insurance coverage for Board Members, especially given the current litigations.
- 6.4. BFC discussed and agreed to proceed and bring the discussion further the Board. (F2021.07.A03)
- 6.5. DotAsia will follow up with Chubb to move forward and try to negotiate the price. (F2021.07.A04)

7. Expenses of DotAsia

- 7.1. Discussion was raised on whether the expenses of DotAsia could be cut or minimized. It was explained that all the expenses and line items are included in the monthly cash flow report, which is provided to the Board regularly.
- 7.2. Further discussion to be continued at the Aug BFC meeting.