

APNIC EC Meeting Minutes

Face-to-Face Meeting, Manila, Philippines

Sunday, 14 June 2015, 9:05 am – 17:25 pm

Meeting Start: 9:05 am (UTC+8)

Present

Akinori Maemura
Che-Hoo Cheng
Gaurab Raj Upadhaya
Kenny Huang
Jessica Shen
Ma Yan (by WebEx)
Paul Wilson

Craig Ng
Richard Brown
Sanjaya (by WebEx)
Connie Chan

Apologies

James Spenceley

Agenda

1. Opening of meeting and declaration of quorum
2. Agenda bashing
3. Declaration of interests
4. Review of minutes of last meeting and record of circular resolutions passed since the last meeting
5. Matters arising from the last meeting
6. Financial Report
7. DG Report
8. RIR accountability update
9. RIR stability fund
10. Risk register update
11. IANA transition update
12. Inter-RIR transfer
13. APNIC 40, 42 and 44 update
14. APNIC Foundation update
15. AOB
16. Next EC meeting

Minutes

1. Opening of meeting and declaration of quorum

The Chair of the Executive Council declared the meeting open at 9:05am (UTC+8) on Sunday, 14 June 2015 and noted that a quorum was present. Ma Yan and Sanjaya joined remotely.

Che-Hoo Cheng was appointed as Chair of the Meeting.

2. Agenda Bashing

The Chair called for comments. There were no changes to the agenda.

3. Declaration of interests

The Register of interest was presented as at 23 March 2015 (attached).

Jessica Shen has declared that she is an employee of CNNIC as Director of IP Operation, under the Ministry of the Cyberspace Administration of China.

The Chair asked the EC members to declare any potential conflict of interests, and any such declaration is recorded in the minutes.

No other declarations of interest were noted.

4. Review of minutes of past meeting and record of circular resolutions passed since the last meeting

The following circular resolutions (which require the agreement of all EC members who are entitled to vote on the resolution) were passed by the EC during the period between the last EC meeting and prior to this meeting, and are recorded in these minutes for completeness.

On 1 April 2015, the EC resolved to adopt the minutes of the EC meetings held on 28 Feb, 2 Mar and 6 Mar 2015.

5. Matters arising from the last meeting

The following matters were completed:

Action item 2015-01: Che-Hoo Cheng's interest will be updated in the Register of Interests.

Action item 2015-02: A summary of attendance record at EC meetings will be maintained and published on the APNIC website.

The outstanding action was updated:

Action item 2015-03: The Secretariat will carry out further investigations and provide the EC with options and recommendations for the NIR framework a month before the APNIC 40 in Jakarta.

6. Financial report

The EC considered the Monthly Financial Report for May 2015 and the Investment Fund Management Report (attached). The EC noted that APNIC is solvent and able to meet all current debts.

The current projected operating surplus for 2015 is \$1.6M, which is higher than forecast in the budget. Membership growth and investment income have both been higher than

the budget forecast (tracking at 2% over budget) and expenses are tracking at 1% under budget forecasts.

The membership growth in 2015 continues to be in line with budget. As at the end of May 2015, APNIC had a total of 4,884 members serving 54 economies, representing a net gain of 266 new members for the year to date.

APNIC taxation status was discussed. The Secretariat is working with KPMG to submit the new Private Ruling Application by the end of June 2015.

7. DG report

The DG reported on the activities of the Secretariat (attached).

The IPv4 allocation and transfer activities in the APNIC region were discussed.

A high level of satisfaction within the membership over the services and processes used within APNIC was noted. Further improvement to APNIC's services and processes are identified.

8. RIR accountability update

Craig Ng gave an update on the review of the legal and corporate documents and structure.

The DG noted that the RIRs have completed the development of an accountability matrix which compares transparency and accountability mechanisms across the five RIRs.

The proposed next step is for the review and analysis of the matrix to be undertaken by each RIR which will be coordinated by an independent legal firm. The initial legal work to develop the framework and templates for the proposed RIR accountability review will be shared by the NRO. Each RIR will fund its own legal review according to that framework.

The EC is supportive of this approach and has agreed to proceed along these lines.

9. RIR stability fund

The EC discussed the proposed Joint RIR Stability Fund (attached) to safeguard RIR system in unlikely event of an RIR requiring financial assistance.

2015-09 – The EC resolved to establish a reserve of 5% of APNIC's total equity as APNIC contribution towards the Joint Stability Fund. This amount will remain part of the APNIC reserves until the fund is called upon by one of the RIRs.

Motion proposed by Maemura Akinori, seconded by Gaurab Raj Upadhaya. Passed unanimously.

10. Risk register update

The EC was briefed on the current work undertaken to date with regards to the APNIC Risk Registry [REDACTED]

The EC discussed the risks currently on the risk register and expressed a preference for a simplified approach to the management of the risks. It was agreed that a risk register in the new format will be presented to the EC in September.

11. IANA transition update

The DG provided an update on the discussions with ICANN about the proposed Service Level Agreement (SLA) [REDACTED]

2015-10 – The EC resolved on the following statements on IANA transition:

- 1. APNIC acknowledges that the CRISP draft Service Level Agreement has been released for public comments.**
- 2. APNIC believes that any comments or objections to the draft Service Level Agreement or its underlying Principles should be provided publicly to CRISP team on the mailing list ianaxfer@nro.net, whether those comments originate with the RIR organizations, ICANN, or others in the community.**
- 3. APNIC believes that the feedback received should be collected by the CRISP team, and that the CRISP team should facilitate discussion of any proposed changes using an open and transparent process.**
- 4. Finally, APNIC reaffirms the necessity of CRISP SLA outline Principle 6 - Termination of the contract in the event that the IANA Numbering Services Operator fails to perform or cure in accord with the terms of the SLA**

Motion proposed by Paul Wilson, seconded by Kenny Huang. Passed unanimously.

12. Inter RIR transfer policy

The EC was briefed on the Inter RIR transfer policy discussions and current implementation status [REDACTED] RIPE Inter RIR transfer policy has been endorsed and awaiting implementation. ARIN confirms that the policy is deemed compatible with ARIN's Inter RIR transfer policy.

The EC will review the implementation progress on the Inter RIR transfer policy in September.

13. APNIC 40, 42 and 44 update

The EC was briefed on the budget, logistics and status of the meeting location relating to APNIC 40, to be hosted in Jakarta, Indonesia during 3-10 September 2015 and APNIC 42, to be hosted in Dhaka, Bangladesh during 29 September – 6 October 2016 (attached). The venue of APNIC 42 is yet to be determined.

The EC discussed the proposed three locations in Taiwan for APNIC 44. TWNIC has expressed interest to host the APNIC 44 conference. The EC directed the Secretariat to continue discussion with TWNIC to finalise the meeting location in 2017.

14. APNIC Foundation Concept paper

The EC was updated on the development of the APNIC Foundation (attached). The EC has agreed to obtain a legal opinion on governance and tax implications for the establishment of an APNIC Foundation in Hong Kong (attached).

15. AOB

a. Disaster update

Gaurab Raj Upadhaya updated on the latest Nepal earthquake disaster. The EC discussed how APNIC could support and coordinate with the Internet community during

disasters. APNIC could play a role in offering reverse DNS which would be very useful to the membership.

2015-11 – In the event of a disaster affecting APNIC members, APNIC Secretariat is given the discretion to grant extra time to members to pay fees without penalty or interest.

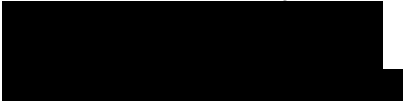
Motion proposed by Gaurab Raj Upadhaya, seconded by Maemura Akinori. Passed unanimously.

16. Next EC Meeting

The next meeting will be held at the APNIC 40 in Jakarta on 7 September 2015.

Meeting adjourned at 17:25pm

Attachments:

- A. Register of interest**
- B. Financial reporting executive summary**
- C. May 2015 financial report**
- D. May 2015 investment report**
- E. DG report**
- F. Joint RIR stability fund**
- 
- J. Conferences update**
- K. APNIC foundation update**

Agenda Item 3

Declaration of Interests

EC Register of Interests

Declaration of interests of EC members

This register records the interests of EC members, which may conflict with the EC members' duties to APNIC. This register is accurate as at 23 March 2015.

Akinori Maemura declared that he currently holds the following positions:

- Director of JPCERT Coordination Center
- Member of APRICOT-APAN 2015 Japan Executive Committee
- Employee of JPNIC as General Manager, Internet Development Department

James Spenceley declared that he currently holds the following positions:

- Chief Executive Officer and director of Vocus Communications Limited
- Director of FX Networks
- He also has an equity interest in [AmCom](#) ?

Che-Hoo Cheng declared that he currently holds the following positions:

- Secretary of APIX Steering Committee
- Member of the HKNOG Program Committee
- Employee of the Chinese University of Hong Kong as Associate Director (Infrastructure) of IT Services
- Company Secretary of the Hong Kong Internet Exchange Limited

Gaurab Raj Upadhaya declared that he currently holds the following positions:

- Member of the APRICOT Program Committee
- Member of the ICANN Fellowship Committee
- Employee of Limelight Networks as Director, Network Strategy and Interconnect

Kenny Huang declared that he currently holds the following positions:

- Member of IP Committee of TWNIC
- Board of Director, ISOC Taiwan Chapter
- Member of the Advisory Council of [DotAsia](#) Organization
- Director of Mind Extension Inc.

MA Yan declared that he currently holds the following positions:

- Co-Chair of APAN IPv6 Working Group
- Member of Technical Board, CERNET

Jessica Shen declared that she currently holds the following positions:

- Employee of CNNIC as Director of IP Operation, under the Ministry of the Cyberspace Administration of China

Paul Wilson declared no conflict of interests.

Agenda Item 6

Finance report

Executive Summary – Financial Reporting

This report provides a summary of the 2015 actuals, as at the end of May 2015. This report includes a forecast of both revenue and expenses based on analysis of current and planned activities for the remainder of the year.

Financial Position May 2015

Net equity increased by 9% to \$23.3M at the end of May from \$21.4M at the end of 2014, and the number of months expenses covered by equity has increased slightly from 16.52 to 16.54 at the end of last year

Financial Performance YTD May 2015

As at the end of May, the YTD surplus is **\$1,331,060** that is **\$426,727** above the budget for the same period. Forecast estimates for the remainder of the year show that the final surplus will be **\$1,666,415** or **\$469,708** above the budget estimate.

This forecast variance is driven by a forecast overachievement on Revenue of **\$291,429** and a reduction in forecast expenditure of **\$178,279** compared to budget.

Revenue highlights:

- **Investment Income** – A review of the Credit Suisse forecast of investment income and interest on cash deposits will see the final results for 2015 being very close to budget. July is normally a month with significant income and the estimate is for over \$280k in income for July 2015.
- **Membership Income** – Membership revenue growth continues to be higher than budget with members joining at higher tiers than anticipated in the budget and existing members increasing the size of their resource holdings since their last anniversary. The budget assumed an average annual member fee of around \$1,450 for new members, the actual results show that this average is over \$1,800, showing that for new members the annual fee is averaging higher than the fee for a /22. This is driving the variance in membership revenue highlighted above. Based on a review of the YTD performance income from these fees will be at least \$330k above the budget estimate.
- **Non-members Fees** – Growth in Non-member accounts is above the budget estimate and it is forecast that this will result in a positive variance of over \$13.5k in 2015.
- **Signup Fees** – Sign-Up Fees are anticipated to be above budget by the end of the year as new membership growth is tracking slightly above the target of 800 set out in the budget. At this stage new members will likely achieve between 850 and 900 by the end of 2015.
- **Transfer Fees** – The fees derived from Transfers of APNIC resources will be as much as \$15k below budget by the end of 2015 based on the activity so far this year.
- **Sundry Income** – Income budgeted from training receipts and income from meeting registration for non APNIC members will be below budget based on analysis of the activity so far this year.

Expense Highlights:

- **Bank Charges** – The actual costs for Bank and Merchant fees are tracking below budget and are forecast to be below budget by over \$17k by the end of the year. There is still a strong preference for members to settle accounts by bank transfer as opposed to using a Credit card.
- **Communication Expenses** – Based on an analysis of committed and planned expenses for the rest of 2015, this expense will be higher than budget by \$26k at the end of the year. The Global Who-Is cloud service that will be more than \$20k above the budget estimate.

- **Doubtful Debts Expenses** – includes a significant write-back of accounts that were outstanding at the end 2014. This credit is offset by a reduction in the Membership Fee income where accounts have been credited and closed. An accurate amount will not be available until the end of the year.
- **Meeting and training expenses** – Actual costs incurred for the APNIC39 meeting were less than budgeted by nearly \$35k and the use of local hosts to reduce venue and catering costs for training (budgeted at \$72k) have all contributed to this variance.
- **Membership Fees Expenses** – The ISOC Annual membership was reduced from Gold to Silver membership this year resulting in a variance of \$12k.
- **Professional Fees** – Professional Fees are not incurred evenly across the year, and it anticipated that the actuals for the end of the year will be below budget by over \$50k, the main driver of this variance is the PR agency fees that were included in the budget but will not be proceed in 2015. There were budgets for PR activities in Thailand, Philippine, Malaysia, and Cambodia.

Expense by Activity Codes

- The financial reports include analysis of Expenditure by Activity code and show that the expenditure by category is closely correlated with the budget by activity.

Investment Funds YTD 2015

The Investment portfolio has increased in value by \$557k since the end last year, with income being declared at \$338,475 as at the end of May. The end of year forecast provided by the Investment advisors shows that Investment income is in line with budget and the total return from all investments will be within \$7.8k of the budget estimate.

Financial Stability

APNIC's balance sheet remains in a very strong position with APNIC's total equity representing 16.54 months of 2015 forecast operating expenses. Cash or cash equivalents represent 110.5% of APNIC's equity position.

Membership Growth 2015

Membership Growth in 2015 continues to be in line with budget, with a net growth of 266 members at the end of May, continuing on this trend, net new members at the end of 2015 will be around 640, and with budgeted net growth being 559.

Growth is strongest in; Australia (79), Hong Kong (54), and Japan (48) up until the end of May.

The introduction of the new fee schedule sees that the vast majority of new members join as Tiered members and the number of Associate members continues to reduce as new members from last year transition to a Tiered category upon renewal.

PT.TELKOMSEL Indonesia became an Extra Large member in April.

Some of the larger account closures in 2015 are:

Member Size	Name	Account	Start Date	End Date	Termination Date	Closure Reason
extra large	Technology Networks Inc	ATHOME-JP	10/11/1999	30/11/2014	5/01/2015	Merger/ Acquisition
large	Snap Limited	SNAP-NZ	5/09/2002	30/09/2015	20/05/2015	Transfer to Other Accounts
large	Micronet Broadband (Pvt) Ltd.	MBL-PK	31/01/2003	31/01/2016	1/04/2015	Merger/ Acquisition
large	Super Broadband Network	SUPERBROADBANDNETWORK-TH	12/08/2008	31/08/2015	21/05/2015	Transfer to Other Accounts
medium	DMZGlobal	DMZGLOBAL-NZ	9/12/2014	31/12/2015	20/03/2015	Merger/ Acquisition
medium	Satyam Computer Services Ltd.	SATYAM-IN	4/01/2008	31/01/2015	6/01/2015	Transfer to Other Accounts
medium	WISH NET PRIVATE LIMITED	WISHNET-IN	7/04/2009	30/04/2015	13/04/2015	Transfer to NIR
medium	MarbelNetworks	MARBELNETWORKS-PH	1/02/2011	28/02/2015	4/05/2015	Non Payment/ Non Contactable

The closure related to Non Payment/non- non-contactable relates to 2 /19's and 1 /22.

Taxation Status

KPMG have advised that:

“Based on more recent discussions, we now understand that the ATO internal review has become inactive, and we believe that now is an opportune time to apply for a new Private Ruling as a favourable outcome is more probable”

Based on this advice APNIC has engaged KPMG to prepare the documentation for submission by the end of June.

Other issues

The finance team are currently undertaking a review of APNIC's transactional banking arrangements, there are currently proposals being considered from; HSBC, WESTPAC, ANZ, CBA. We are expected to make a recommendation to the APNIC treasurer at the end of June in relation to this review.

Monthly Financial Report

(in AUD)

May 2015

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1 Statement of Financial Position

	31/05/2015	Year-End 2014	% Change from 31/12/2014
CURRENT ASSETS			
Cash/ Term deposits	5,132,608	5,420,158	-5%
Receivables	1,143,383	923,332	24%
Others	721,033	472,950	52%
TOTAL CURRENT ASSETS	6,997,024	6,816,440	3%
NON-CURRENT ASSETS			
Other financial assets	18,732,785	17,924,950	5%
Property, plant and equipment	7,949,284	7,905,732	1%
Deferred tax assets/ liabilities	157,749	157,749	0%
TOTAL NON-CURRENT ASSETS	26,839,817	25,988,431	3%
TOTAL ASSETS	33,836,842	32,804,871	3%
CURRENT LIABILITIES			
Payables	1,168,778	1,513,519	-23%
Provisions	1,121,952	1,074,692	4%
Unearned revenue	7,695,723	8,301,739	-7%
TOTAL CURRENT LIABILITES	9,986,453	10,889,951	-8%
NON - CURRENT LIABILITIES			
Deferred Tax Liabilities	284,963	284,963	0%
Provisions	289,202	241,459	20%
TOTAL NON-CURRENT LIABILITIES	574,165	526,423	9%
TOTAL LIABILITIES	10,560,618	11,416,374	-7%
NET ASSETS	23,276,224	21,388,497	9%
EQUITY			
Share capital	1	1	0%
Reserves other financial assets investment	1,171,330	614,663	91%
Retained earnings	20,773,833	17,684,724	17%
Net Income	1,331,060	3,089,109	-57%
TOTAL EQUITY	23,276,224	21,388,497	9%

Table 1 Statement of Financial Position

1.1 Notes to Financial Position

The Statement of Financial Position shows that APNIC's net position has increased by 9% compared to the end of last year.

The Reserves other financial assets investment shows an increase of \$557k over the balance at the end last year, this represents the capital growth of the Investment portfolio in 2015.

2 Statement of Income

2.1 Expenses

This report incorporates the approved 2015 budget, May expenses are compared to the figures for the YTD Budget and the same period last year. The Forecast figures have been derived from a detailed review of the expected revenues and committed and planned expenditure for 2015, to compare with the budget.

EXPENSES (AUD)	YTD Actual May 2015	YTD Actual May 2014	Variance %	Forecast 2015	Budget 2015	Forecast Variation to Budget \$	Forecast Variation to Budget %
Bank charges	57,915	55,590	4%	134,055	151,950	-17,895	-12%
Communication expenses	229,834	192,799	19%	564,139	537,940	26,199	5%
Computer expenses	272,890	239,204	14%	648,298	642,172	6,126	1%
Depreciation expense	314,762	326,202	-4%	759,418	762,266	-2,848	-0%
Doubtful debt expenses	-36,543	8,084	-552%	0	20,000	-20,000	-100%
ICANN contract fee	117,850	110,500	7%	286,408	282,835	3,573	1%
Income Tax Expenses	0	0	0%	0	0	0	0%
Insurance expense	52,729	55,847	-6%	132,289	136,900	-4,611	-3%
Meeting and training expenses	83,608	104,719	-20%	417,383	519,400	-102,017	-20%
Membership fees	14,747	22,772	-35%	52,342	64,435	-12,093	-19%
Miscellaneous Expenses	0	0	0%	0	0	0	0%
Office operating expenses	119,649	120,289	-1%	304,121	305,107	-986	-0%
Postage & delivery	19,931	19,617	2%	49,431	50,000	-569	-1%
Printing & photocopy	17,018	21,956	-22%	41,338	44,840	-3,502	-8%
Professional fees	370,483	454,109	-18%	1,216,113	1,267,300	-51,187	-4%
Recruitment expense	45,766	69,366	-34%	98,266	90,000	8,266	9%
Salaries and personnel expenses	3,728,596	3,468,774	7%	9,460,248	9,460,248	0	0%
Sponsorship and Publicity expenses	49,569	35,447	40%	647,551	649,900	-2,349	-0%
Staff training/conference expenses	30,199	58,692	-49%	150,614	155,000	-4,386	-3%
Translation expenses	570	0	0%	25,000	25,000	0	0%
Travel expenses	783,751	893,280	-12%	1,900,000	1,900,000	0	0%
TOTAL EXPENSES	6,273,326	6,257,247	0%	16,887,014	17,065,293	-178,279	-1%

Table 2 Expenses

Notes to Expenses:

It is forecast that expenses will be less than the original budget approved for 2015. Major variances are:

- **Bank Charges** – The actual costs for Bank and Merchant fees are tracking below budget and are forecast to be below budget by over \$17k by the end of the year. There is still a strong preference for members to settle accounts by bank transfer as opposed to using a Credit card.
- **Communication Expenses** – Based on an analysis of committed and planned expenses for the rest of 2015, this expense will be higher than budget by \$26k at the end of the year. The Global Who-Is cloud service that will be more than \$20k above the budget estimate.
- **Doubtful Debts Expenses** – includes a significant write-back of accounts that were outstanding at the end 2014. This credit is offset by a reduction in the Membership Fee income where accounts have been credited and closed. An accurate amount will not be available until the end of the year.

- **Meeting and training expenses** – Actual costs incurred for the APNIC39 meeting were less than budgeted by nearly \$35k and the use of local hosts to reduce venue and catering costs for training (budgeted at \$72k) have all contributed to this variance.
- **Membership Fees Expenses** – The ISOC Annual membership was reduced from Gold to Silver membership this year resulting in a variance of \$12k.
- **Professional Fees** – Professional Fees are not incurred evenly across the year, and it anticipated that the actuals for the end of the year will be below budget by over \$50k, the main driver of this variance is the PR agency fees that were included in the budget but will not proceed in 2015. There were budgets for PR activities in Thailand, Phillipine, Malaysia, and Cambodia.

2.2 Expense by Activity code

The APNIC budget for 2015 was complimented with a detailed Activity Plan, breaking down APNIC’s core activities into Activity Codes. The actual figures have been allocated to these codes and the following charts provide an analysis of the expenses for each activity against budget:

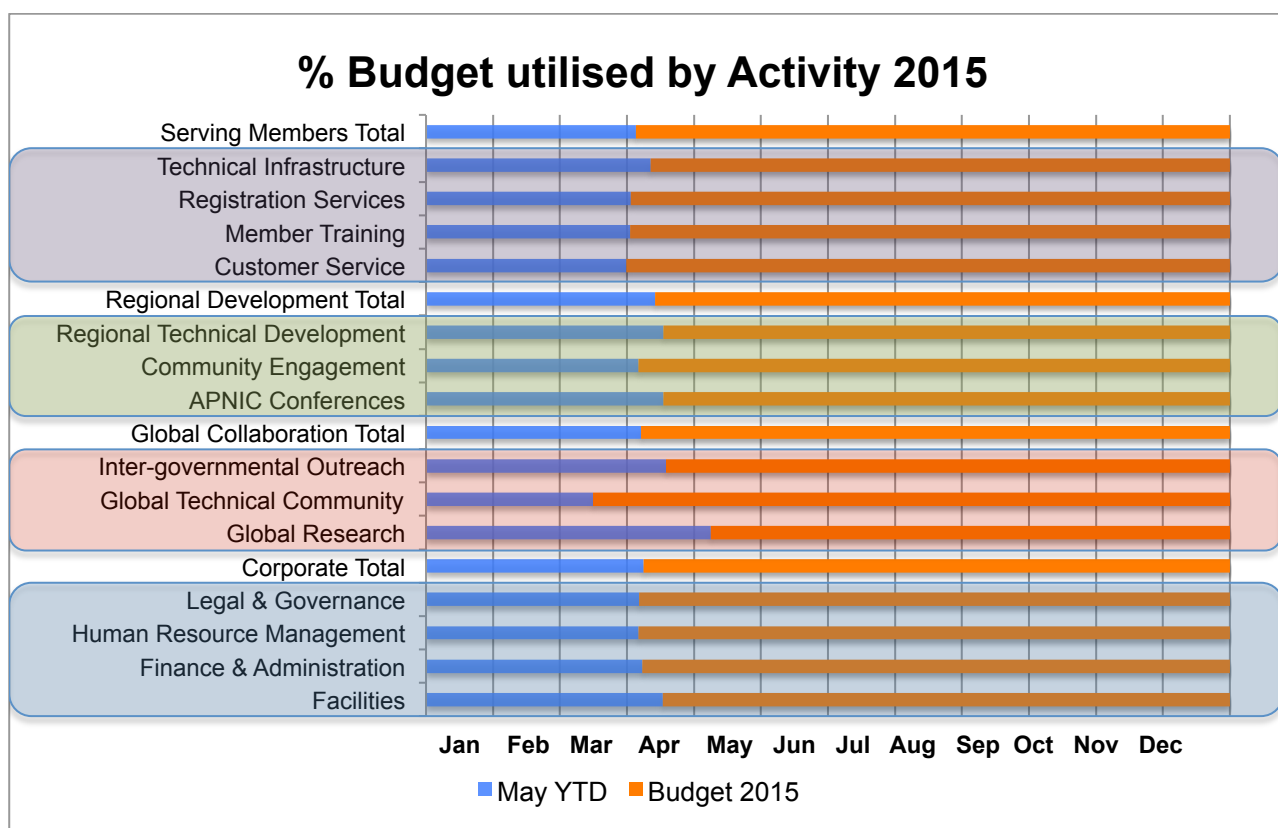
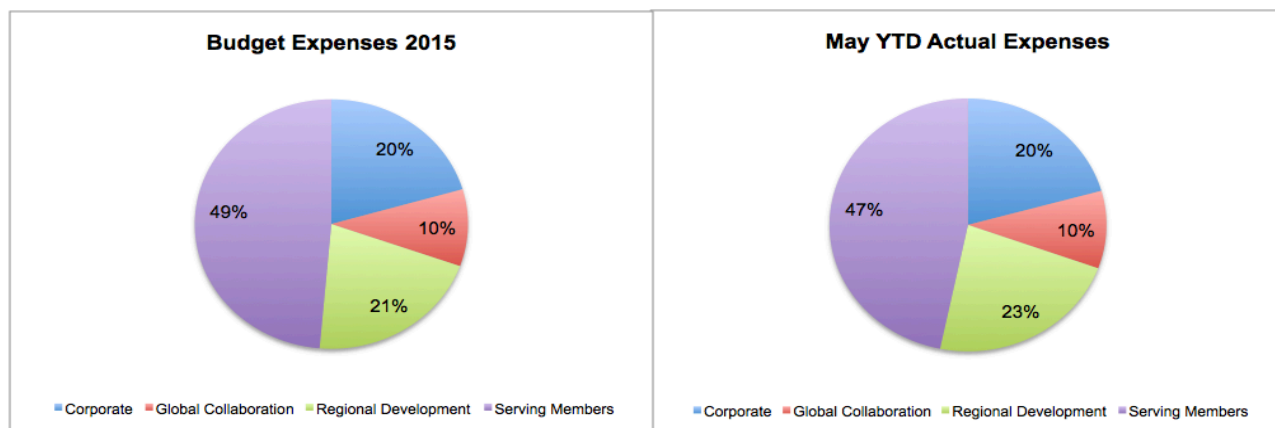


Table 3 Expenses by Activity Code



2.3 Revenue

REVENUE (AUD)	YTD Actual May 2015	YTD Actual May 2014	Variance %	Forecast 2015	Budget 2015	Forecast Variation to Budget \$	Forecast Variation to Budget %
IP Resource application fees	-18,375	610,750	-103%	-18,375	0	-18,375	0%
Investment income	338,475	274,765	23%	847,225	855,000	-7,775	-1%
Membership fees	6,899,519	6,496,827	6%	16,783,507	16,450,000	333,507	2%
Non-members fees	102,950	106,359	-3%	245,785	232,000	13,785	6%
Reactivation fees	18,200	29,700	-39%	48,200	24,000	24,200	101%
Sign-Up Fee	178,500	0	0%	425,165	380,000	45,165	12%
Transfer fees	25,636	36,648	-30%	59,386	75,000	-15,614	-21%
Sundry income	40,201	69,409	-42%	162,536	246,000	-83,464	-34%
Foreign exchange gain/(loss)	19,280	-12,664	-252%	0	0	0	0%
TOTAL REVENUE	7,604,386	7,611,794	-0%	18,553,429	18,262,000	291,429	2%

Table 4 Revenue

Notes to Revenue:

- **Investment Income** – A review of the Credit Suisse forecast of investment income and interest on cash deposits will see the final results for 2015 being very close to budget.
- **Membership Income** – Membership growth continues to be higher than budget with members joining at higher tiers than anticipated in the budget and existing members increasing the size of their resource holdings. Based on a review of the YTD performance income from these fees will be at least \$330k above the budget estimate.
- **Non-members Fees** – Growth in Non-member accounts is above the budget estimate and it is forecast that this will result in a positive variance of over \$13.5k in 2015.
- **Signup Fees** – Sign-Up Fees are anticipated to be above budget by the end of the year as new membership growth is tracking slightly above the target of 800 set out in the budget. At this stage new members will likely exceed 850.
- **Transfer Fees** – The fees derived from Transfers of APNIC resources will be \$15k below budget by the end of 2015 based on the activity so far this year.
- **Sundry Income** – Income budgeted from training receipts and income from meeting registration for non APNIC members will be below budget.

2.4 Operating Surplus/ Deficit

REVENUE and EXPENSES (AUD)	YTD Actual May 2015	YTD Actual May 2014	Variance %	Forecast 2015	Budget 2014	Forecast Variation to Budget \$	Forecast Variation to Budget %
Total Revenue	7,604,386	7,611,794	0%	18,553,429	18,262,000	291,429	2%
Total Expenses	6,273,326	6,257,247	0%	16,887,014	17,065,293	-178,279	-1%
OPERATING SURPLUS/(DEFICIT)	1,331,060	1,354,547	-2%	1,666,415	1,196,707	469,708	39%

Table 5 Operating Surplus/ Deficits

3 APNIC Reserve

3.1 Cash Flow Statement

This report shows the draft cash flow status for the year as at the end of May.

Accounts	YTD May 2015
Operating Activities	
Net Income	1,331,060
Adjustments to Profit/(Loss)	
Accounts Receivable	-87,944
Other Current Asset	-380,191
Accounts Payable	-148,671
Sales Tax Payable	-77,478
Other Current Liabilities	-677,350
Total Adjustments to Profit/(Loss)	-1,371,633
Total Operating Activities	-40,573
Investing Activities	
Fixed Asset	-43,552
Other Asset	-807,835
Total Investing Activities	-851,387
Financing Activities	
Long Term Liabilities	47,742
Other Equity	556,667
Total Financing Activities	604,409
Net Change in Cash for Period	-287,550
Cash at Beginning of Period	5,420,158
Cash at End of Period	5,132,608

Table 6 Cash Flow Statement

3.2 APNIC Capital Reserve

The APNIC Reserve is diversified between Cash Investments, Investment Portfolio, and Property (APNIC Office). At the end of May, APNIC maintained \$5.1M in cash reserves, \$18.7M has been invested in the investment portfolio, and \$6.5M invested in the APNIC Property. Figure 3.1 below tracks the value and the allocation of these reserves over time and also tracks the operating expenses for each year for comparison:

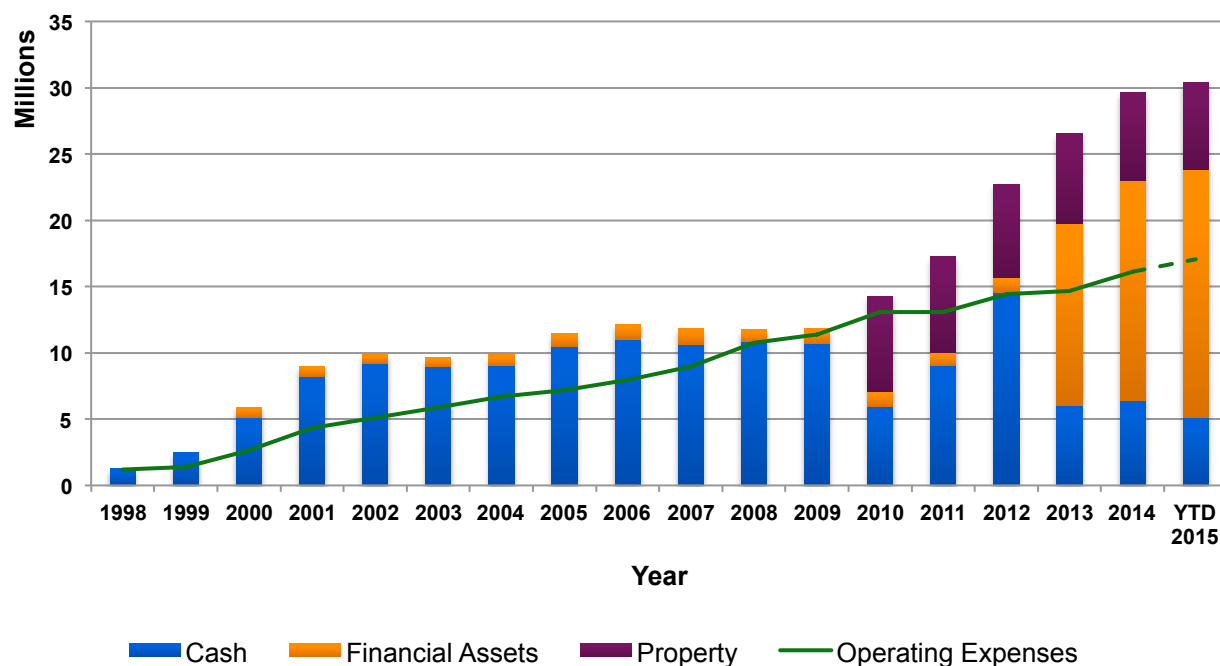


Figure 3.1 Reserve

3.3 APNIC Investment Policy

The amount of \$18.7M comprising invested funds, capital growth and reinvested returns invested in the Credit Suisse investment management account at the end of May. Please refer to the attached investment report outlining the portfolio.

3.4 APNIC's Equity and Reserves

By comparing APNIC's Total Equity (including retained earnings and unrealised capital gains) to the daily operating costs, the number of month's coverage of operational expenses is set out below:

	31/05/2015	2014	2013	2012
Total Equity	\$23,276,224	\$21,388,497	\$17,826,296	\$14,808,757
% Equity covered by Cash and/or Equivalent	110.5%	115.7%	119.0%	105.7%
Forecast/Actual Daily Operating Expenses	\$46,266	\$44,182	\$39,864	\$39,461
Number of Months of expenses covered by Equity	16.54	16.52	14.70	12.34

4 Membership

4.1 Membership Statistics

As at the end of May 2015, APNIC had a total of 4,884 Members serving 54 economies.

4.2 Membership by Category

The table below shows the monthly changes in membership. Majority of APNIC Members remain in the Very Small and Small membership tiers. It is anticipated that the majority of Associate members will transition to higher tiers by the end of 2015.

Membership	Total Apr-15	New May-15	Reactivate May-15	(Closed) May-15	Size Change May-15	Total YTD May-15	% Total
Extra Large	21	0	0	0	0	21	0%
Very Large	42	0	0	0	0	42	1%
Large	141	0	0	-2	0	139	3%
Medium	412	0	0	-1	6	417	9%
Small	1,586	33	1	-9	36	1,647	34%
Very Small	1,951	41	0	-21	38	2,009	41%
Associate	688	3	0	-2	-80	609	12%
TOTAL	4,841	77	1	-35	0	4,884	100%

Table 7 Membership by Category

4.3 Membership by Economy

Figure 4.1 illustrates the APNIC membership distribution by economy.

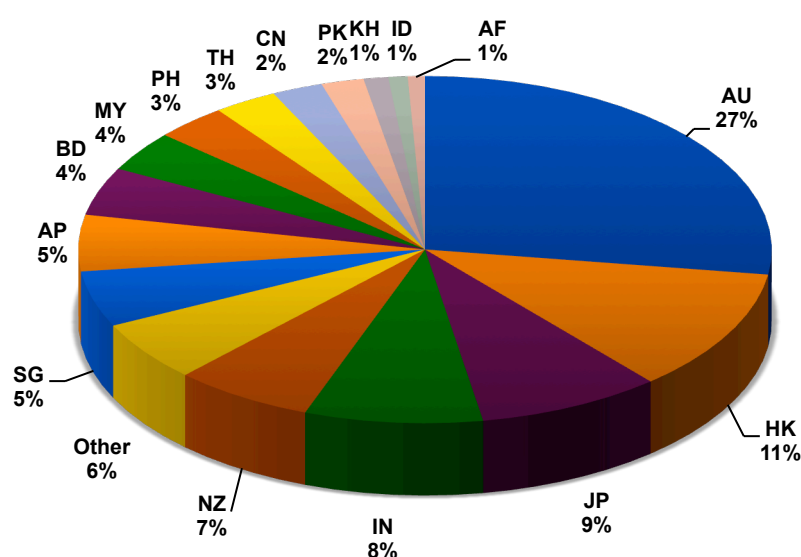


Figure 4.1 Membership by Economy

4.4 Membership Growth

APNIC membership monthly movements are illustrated at Figure 4.2 below. Membership growth budgeted for 2015 has been incorporated in this graph to track monthly growth against monthly budget growth.

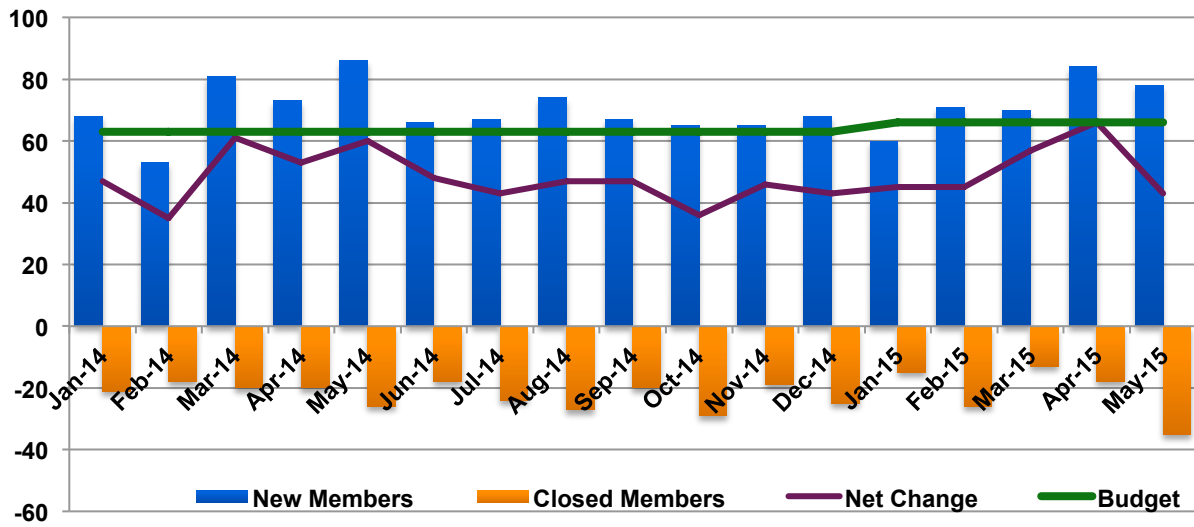


Figure 4.2 Monthly Growth Analysis

Figure 4.3 below illustrates APNIC membership growth by membership tier:

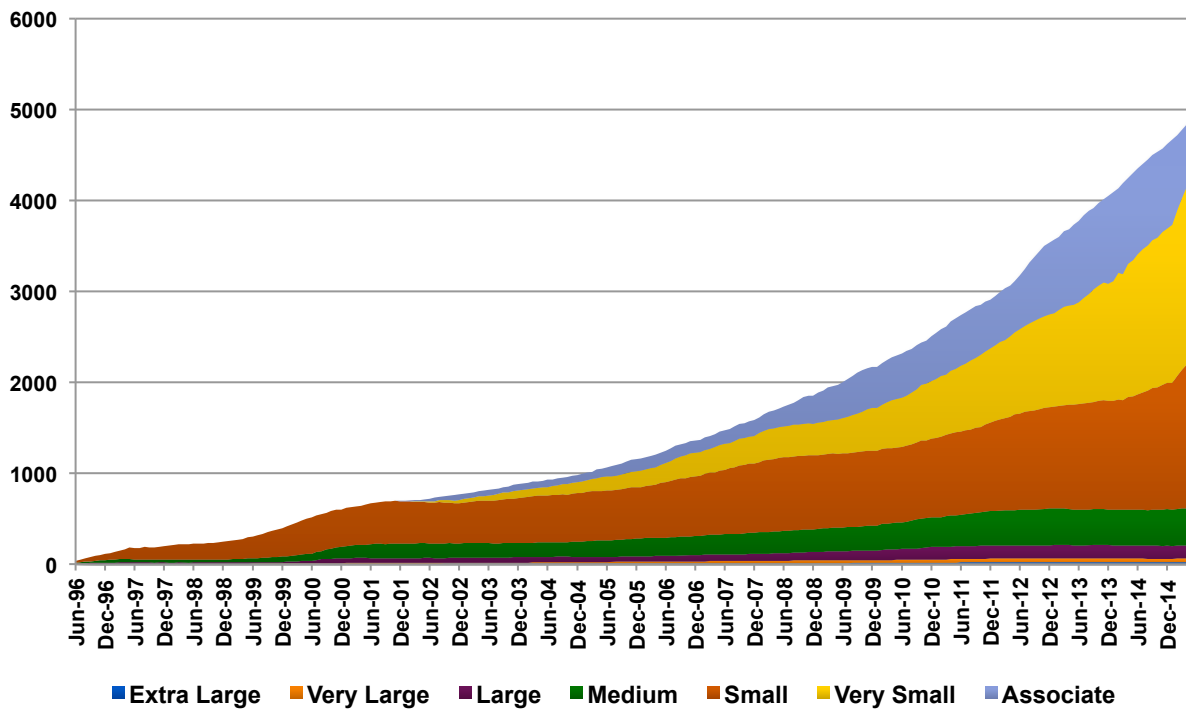


Figure 4.3 Total membership

4.5 Year-to-Date Membership Movement by Economy

Figure 4.4 below shows new and closed membership movement by economy as at end of May 2015.

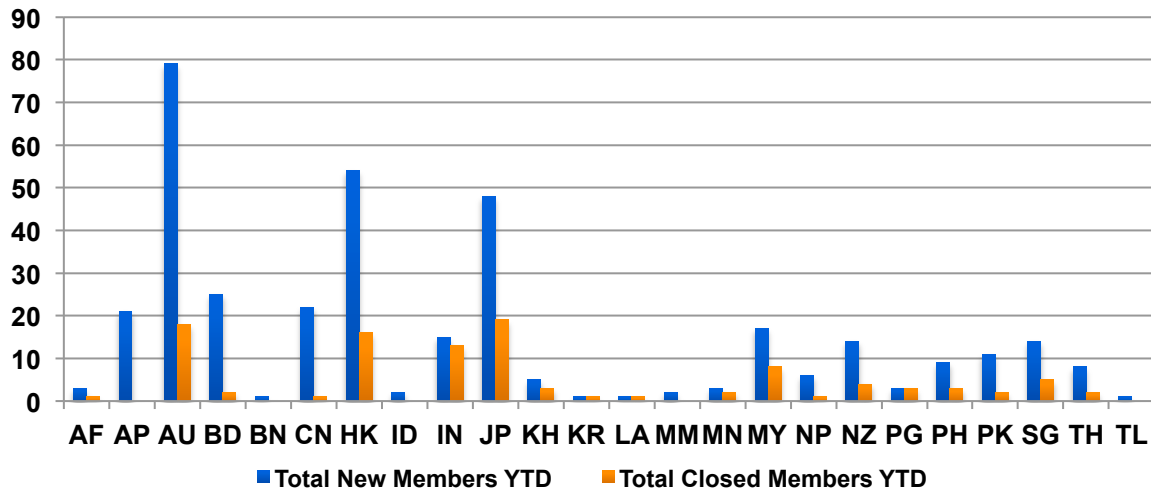


Figure 4.4 New and Closed Members Analysis

Figure 4.5 below provides an analysis of the 105 Membership closures as at the end of May. There were 3 (out of 20) transfers to NIR in May, 70% of the accounts closures relate to accounts closed due to the failure to establish contact or the business is no longer operating and resource holdings are returned to APNIC.

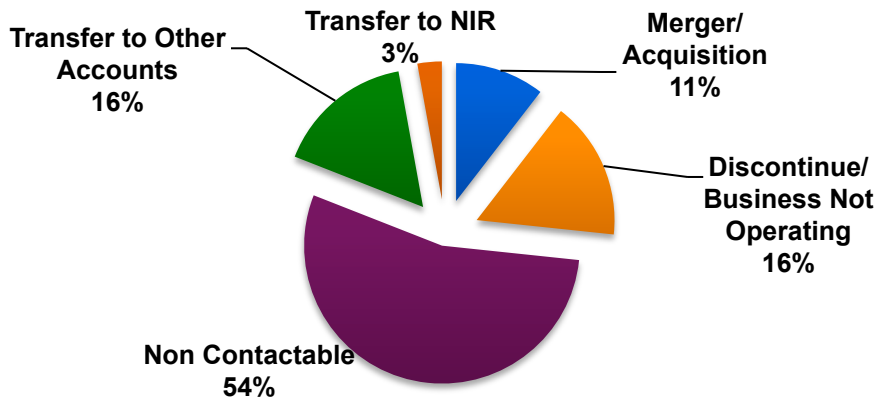


Figure 4.5 Closure Analysis

APNIC PTY LTD
PO BOX 3646
SOUTH BRISBANE, QLD 4101
AUSTRALIA

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Private Banking

Investment Report 1.5.2015 – 31.5.2015

APNIC PTY LTD

Portfolio Group: 3000039

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Private Banking

Investment Report 1.5.2015 – 31.5.2015

Portfolio Group 3000039
 In the Name of APNIC PTY LTD
 Produced on 30.5.2015
 Reporting Currency AUD
 Relationship Manager Andrew Page
 Phone +61 2 8205 4416

APNIC PTY LTD
 PO BOX 3646
 SOUTH BRISBANE, QLD 4101
 AUSTRALIA

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Scope of Analysis as of 31.5.2015

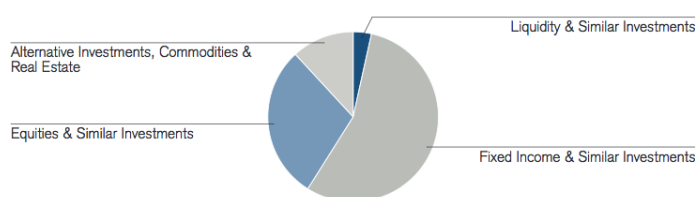
Components	Portfolio	Asset Value in AUD	Discretionary Mandate	Opened	Closed
Portfolio Group: 3000039					
Investment related Positions					
AUD Portfolio	3000039-10	0		16.08.2013	
AUD Portfolio	3000039-70	18,732,786	Yes	16.08.2013	
Total Investments		18,732,786			
Total Wealth		18,732,786			

1. Overview

1.1. Asset Allocation

Asset Allocation by Asset Category
 Period 1.5.2015 - 31.5.2015

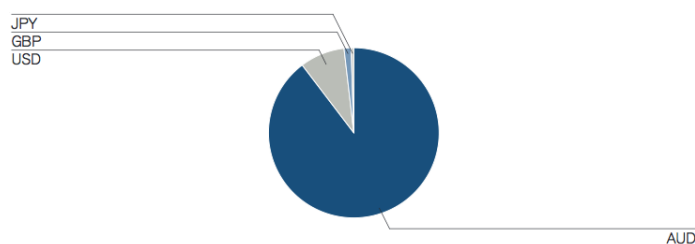
	Beginning of Period in AUD	Change	End of Period in AUD	End of Period Proportion
■ Liquidity & Similar Investments	654,705	-6,835	647,871	3.46%
■ Fixed Income & Similar Investments	10,435,257	-42,869	10,392,388	55.48%
■ Equities & Similar Investments	5,356,138	118,942	5,475,080	29.23%
■ Alternative Investments, Commodities & Real Estate	2,201,910	15,537	2,217,447	11.84%
Total Investments	18,648,011		18,732,786	100.00%



Investments in %

Asset Allocation by Currency
 Period 1.5.2015 - 31.5.2015

	Beginning of Period in AUD	Change	End of Period in AUD	End of Period Proportion
■ AUD - Australian Dollar	16,811,757	-2,659	16,809,098	89.73%
■ USD - US Dollar	1,516,907	75,246	1,592,153	8.50%
■ GBP - Pound Sterling	243,470	7,861	251,331	1.34%
■ JPY - Japanese Yen	75,878	4,327	80,205	0.43%
Total Investments	18,648,011		18,732,786	100.00%



Investments in %

1.2. Income and Activity

Income Summary
 Period 1.5.2015 - 31.5.2015

	Current Period in AUD	Year to Date in AUD
Cash Dividend	0	273,755
Coupon Received/Paid	0	0
Interest Earned/Paid	855	4,959
Net Income	855	278,714

Activity Summary
 Period 1.5.2015 - 31.5.2015

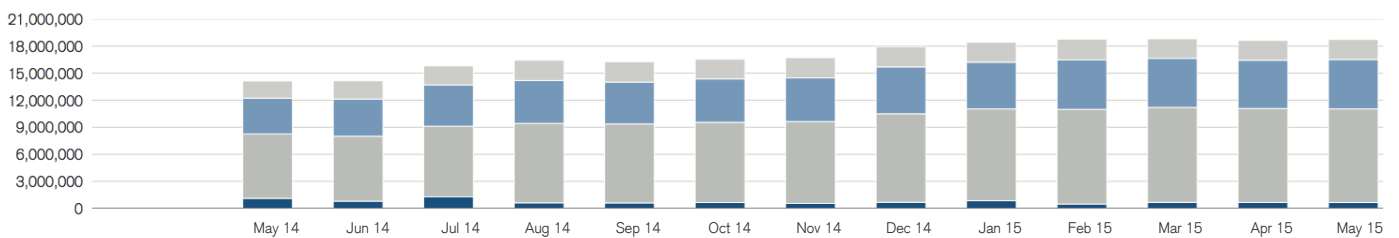
	Current Period in AUD	Year to Date in AUD
Asset Inflows	0	0
Asset Outflows	0	0
Total Asset Flows	0	0

2. Analyses

2.1. Asset Allocation

Asset Allocation by Asset Category Details
 Period 1.5.2014 - 31.5.2015

	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
■ Liquidity & Similar Investments	1,114,067	804,330	1,273,716	616,970	604,392	648,839	552,517	680,838	852,037	487,490	666,637	657,060	647,871
■ Fixed Income & Similar Investments	7,146,569	7,202,651	7,841,238	8,811,784	8,764,441	8,904,622	9,084,191	9,814,453	10,184,183	10,499,138	10,536,651	10,423,981	10,392,388
■ Equities & Similar Investments	3,967,091	4,126,990	4,587,248	4,759,789	4,645,388	4,808,850	4,841,350	5,202,209	5,180,053	5,482,236	5,442,791	5,355,023	5,475,080
■ Alternative Investments, Commodities & Real Estate	1,900,664	2,020,735	2,103,287	2,244,925	2,262,399	2,184,297	2,239,957	2,239,223	2,200,904	2,305,215	2,158,797	2,188,374	2,217,447
Total Ending Market Value in AUD	14,128,391	14,154,705	15,805,489	16,433,468	16,276,620	16,546,609	16,718,015	17,936,723	18,417,176	18,774,080	18,804,876	18,624,438	18,732,786



Investments in AUD

3. Positions

3.1. Investment Related Positions as of 31.5.2015

Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
Liquidity & Similar Investments							
Accounts							
AUD	639,081.81	Current Account -2300003970945 AUD Portfolio: 3000039-70	1.000		639,082		
					3.41%		
GBP	1,632.83	Current Account -2300003970089 AUD Portfolio: 3000039-70	1.000	1.9139 GBP/AUD	3,269	144	4.61%
					0.02%	144	4.61%
USD	4,227.35	Current Account -2300003970780 AUD Portfolio: 3000039-70	1.000	0.7899 AUD/USD	5,520	168	3.14%
					0.03%	168	3.14%
Total Liquidity & Similar Investments					647,871		
					3.46%		
Fixed Income & Similar Investments							
Fixed Income & Similar Investments AUD							
AUD	3,381,435.43	UNITS BLACKROCK INDEXED AUSTRALIAN BOND FUND AUD Portfolio: 3000039-70	AU60BGL01056 2244170	1.024	1.053 BID 27.05.2015	3,560,942	97,921 2.83%
					19.01%	97,921	2.83%
AUD	1,946,065.03	UNITS ABERDEEN AUSTRALIAN FIXED INCOME FUND AUD Portfolio: 3000039-70	AU60CRS00041 1739745	1.143	1.177 NAV 28.05.2015	2,291,297	66,672 3.00%
					12.23%	66,672	3.00%
AUD	1,318.066	UNITS PIMCO AUSTRALIAN BOND FUND CLASS -A- AUD Portfolio: 3000039-70	AU60ETL01152 3432899	1,110.818	1,134.167 NAV 28.05.2015	1,494,907	30,775 2.10%
					7.98%	30,775	2.10%

Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
AUD 171,323.45	UNITS GOLDMAN SACHS GLOBAL STRATEGIC BOND FUND AUD Portfolio: 3000039-70	AU60JBW00976 23326554	1.025	1.012 BID 27.05.2015	173,414 0.93%	-2,264 -2,264	-1.29% -1.29%
AUD 2,499,197.46	UNITS VANGUARD AUSTRALIAN FIXED INTEREST INDEX FUND AUD Portfolio: 3000039-70	AU60VAN00014 1653500	1.122	1.149 NAV 28.05.2015	2,871,828 15.33%	66,879 66,879	2.38% 2.38%
Total Fixed Income & Similar Investments					10,392,388	55.48%	
Equities & Similar Investments							
Equities & Similar Investments AUD							
AUD 4,569	SHS AMP LIMITED AUD Portfolio: 3000039-70	AU000000AMP6 917234 AMP.AX	6.530	6.660 CLO 29.05.2015	30,430 0.16%	596 596	2.00% 2.00%
AUD 4,906	SHS AUSTRALIA & NEW ZEALAND BANKING GROUP LTD AUD Portfolio: 3000039-70	AU000000ANZ3 640139 ANZ.AX	31.884	33.190 CLO 29.05.2015	162,830 0.87%	6,405 6,405	4.09% 4.09%
AUD 5,774	STAPLED SECURITY APA GROUP AUD Portfolio: 3000039-70	AU000000APA1 1083439 APA.AX	6.352	9.320 CLO 29.05.2015	53,814 0.29%	17,136 17,136	46.72% 46.72%
AUD 4,656	SHS BHP BILLITON LTD AUD Portfolio: 3000039-70	AU000000BHP4 640390 BHP.AX	33.965	29.590 CLO 29.05.2015	137,771 0.74%	-20,370 -20,370	-12.88% -12.88%
AUD 8,782	SHS BORAL LTD AUD Portfolio: 3000039-70	AU000000BLD2 1050991 BLD.AX	5.501	6.260 CLO 29.05.2015	54,975 0.29%	6,667 6,667	13.80% 13.80%

3. Positions / 3.1. Investment Related Positions

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Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
AUD 9,457	SHS BRAMBLES LTD AUD Portfolio: 3000039-70	AU000000BXB1 2373150 BXB.AX	8.786	11.440 CLO 29.05.2015	108,188 0.58%	25,095 25,095	30.20% 30.20%
AUD 2,421	SHS COMMONWEALTH BANK OF AUSTRALIA AUD Portfolio: 3000039-70	AU000000CBA7 646758 CBA.AX	76.577	85.090 CLO 29.05.2015	206,003 1.10%	20,611 20,611	11.12% 11.12%
AUD 1,260	SHS CSL LTD AUD Portfolio: 3000039-70	AU000000CSL8 241548 CSL.AX	68.486	93.500 CLO 29.05.2015	117,810 0.63%	31,518 31,518	36.52% 36.52%
AUD 790	SHS FLIGHT CENTRE TRAVEL GROUP LTD AUD Portfolio: 3000039-70	AU000000FLT9 90307 FLT.AX	48.119	46.550 CLO 29.05.2015	36,775 0.20%	-1,239 -1,239	-3.26% -3.26%
AUD 2,513	STAPLED SECURITIES LEND LEASE GROUP AUD Portfolio: 3000039-70	AU000000LLC3 641373 LLC.AX	15.604	16.660 CLO 29.05.2015	41,867 0.22%	2,653 2,653	6.77% 6.77%
AUD 126,064	STAPLED SECURITY MIRVAC GROUP AUD Portfolio: 3000039-70	AU000000MGR9 821911 MGR.AX	1.755	2.010 CLO 29.05.2015	253,389 1.35%	32,147 32,147	14.53% 14.53%
AUD 1,766	SHS MACQUARIE GROUP LTD AUD Portfolio: 3000039-70	AU000000MQG1 3422370 MQG.AX	55.326	81.750 CLO 29.05.2015	144,371 0.77%	46,664 46,664	47.76% 47.76%
AUD 3,557	SHS NATIONAL AUSTRALIA BANK LTD AUD Portfolio: 3000039-70	AU000000NAB4 641643 NAB.AX	34.370	34.320 CLO 29.05.2015	122,076 0.65%	-179 -179	-0.15% -0.15%

3. Positions / 3.1. Investment Related Positions

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Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
AUD	13,207 SHS ORORA LTD AUD Portfolio: 3000039-70	AU000000ORA8 22750502 ORA.AX	2,234	2,200 CLO 29.05.2015	29,055 0.16%	-454 -454	-1.54% -1.54%
AUD	893 SHS RAMSAY HEALTH CARE LTD AUD Portfolio: 3000039-70	AU000000RHC8 646740 RHC.AX	42,438	63,520 CLO 29.05.2015	56,723 0.30%	18,826 18,826	49.68% 49.68%
AUD	1,267 SHS RIO TINTO LTD AUD Portfolio: 3000039-70	AU000000RIO1 603520 RIO.AX	63,692	58,200 CLO 29.05.2015	73,739 0.39%	-6,959 -6,959	-8.62% -8.62%
AUD	2,616 CHESS DEPOSITARY INTERESTS RESMED INC ON A RATIO OF 10 CDIS PER ORD.SH AUD Portfolio: 3000039-70	AU000000RMD6 1058638 RMD.AX	5,509	7,700 CLO 29.05.2015	20,143 0.11%	5,730 5,730	39.76% 39.76%
AUD	71,405 STAPLED SECURITY SCENTRE GROUP AUD Portfolio: 3000039-70	AU000000SCG8 23931192 SCG.AX	3,453	3,950 CLO 29.05.2015	282,050 1.51%	35,454 35,454	14.38% 14.38%
AUD	96,597 STAPLED SECURITY SHOPPING CENTRES AUSTRALASIA PROPERTY GROUP AUD Portfolio: 3000039-70	AU000000SCP9 19791333 SCP.AX	1,567	2,160 CLO 29.05.2015	208,650 1.11%	57,266 57,266	37.83% 37.83%
AUD	36,821 UNITS SPDR S&P/ASX 200 LISTED PROPERTY FUND EXCHANGE TRADED FUND AUD Portfolio: 3000039-70	AU000000SLF1 1377855 SLF.AX	9,675	11,900 CLO 29.05.2015	438,170 2.34%	81,913 81,913	22.99% 22.99%
AUD	6,697 UNITS SPDR S&P/ASX 200 FUND ETF AUSTRALIAN EQUITY EXCHANGE TRADED FUNDS AUD Portfolio: 3000039-70	AU000000STW9 1285707 STW.AX	51,028	54,630 CLO 29.05.2015	365,857 1.95%	24,125 24,125	7.06% 7.06%

3. Positions / 3.1. Investment Related Positions

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Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
AUD	4,221 SHS SUNCORP GROUP LTD AUD Portfolio: 3000039-70	AU000000SUN6 588679 SUN.AX	13,627	13,530 CLO 29.05.2015	57,110 0.30%	-408 -408	-0.71% -0.71%
AUD	3,933 STAPLED SECURITY TRANSURBAN GROUP AUD Portfolio: 3000039-70	AU000000TCL6 444655 TCL.AX	7,793	10,170 CLO 29.05.2015	39,999 0.21%	9,348 9,348	30.50% 30.50%
AUD	22,170 SHS TELSTRA CORPORATION LTD AUD Portfolio: 3000039-70	AU000000TLS2 720464 TLS.AX	5,113	6,220 CLO 29.05.2015	137,897 0.74%	24,543 24,543	21.65% 21.65%
AUD	5,613 SHS WESTPAC BANKING CORP AUD Portfolio: 3000039-70	AU000000WBC1 642372 WBC.AX	32,959	33,560 CLO 29.05.2015	188,372 1.01%	3,371 3,371	1.82% 1.82%
AUD	1,166 SHS WESFARMERS LTD AUD Portfolio: 3000039-70	AU000000WES1 642397 WES.AX	44,613	43,660 CLO 29.05.2015	50,908 0.27%	-1,112 -1,112	-2.14% -2.14%
AUD	799 SHS WOOLWORTHS LTD AUD Portfolio: 3000039-70	AU000000WOW2 81350 WOW.AX	34,789	28,000 CLO 29.05.2015	22,372 0.12%	-5,424 -5,424	-19.51% -19.51%
AUD	931 SHS WOODSIDE PETROLEUM LTD AUD Portfolio: 3000039-70	AU000000WPL2 642429 WPL.AX	40,307	36,630 CLO 29.05.2015	34,103 0.18%	-3,423 -3,423	-9.12% -9.12%
AUD	52,553.17980 UNITS ABERDEEN EMERGING OPPORTUNITIES FUND AUD Portfolio: 3000039-70	AU060ETL00329 2220820	2,121	2,481 NAV 28.05.2015	130,363 0.70%	18,903 18,903	16.96% 16.96%

3. Positions / 3.1. Investment Related Positions

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Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
AUD	24,918.0863	UNITS IRONBARK KARARA AUSTRALIAN SMALL COMPANIES FUND CLASS -A- AUD Portfolio: 3000039-70	AU60PAT00021 2879000	2,843	3,216 BID 28.05.2015	80,139 9,293 0.43%	13.12% 13.12%
AUD	74	SHS -PT (AUD)- ALLIANZ GLOBAL INVESTORS FUND SICAV - ALLIANZ EUROPE EQUITY GROWTH CAPITALISATION AUD Portfolio: 3000039-70	LU0757889166 18233884	1,444.994	1,982.100 NAV 29.05.2015	146,675 39,746 0.78%	37.17% 37.17%
AUD	4,172	SHS OIL SEARCH LTD AUD Portfolio: 3000039-70	PG0008579883 809900 OSH.AX	8,284	7,600 CLO 29.05.2015	31,707 -2,852 0.17%	-8.25% -8.25%
Total Equities & Similar Investments AUD						3,864,330 20.63%	
Equities & Similar Investments GBP							
GBP	17,870	SHS ISHARES PLC - ISHARES CORE FTSE 100 UCITS ETF (DIST) EXCHANGE TRADED FUND GBP AUD Portfolio: 3000039-70	IE0005042456 1083749 ISF.L	6,608 1.7403 GBP/AUD	6,933 OFF 29.05.2015	248,062 42,556 1.32%	20.71% 4.92% 15.79%
Total Equities & Similar Investments GBP						248,062 1.32%	
Equities & Similar Investments JPY							
JPY	359	UNITS NIKKEI 225 EXCHANGE TRADED FUND AUD Portfolio: 3000039-70	JP3027650005 1264151 1321.T	15,265.142 93,6016 AUD/JPY	21,170.000 CLO 29.05.2015	80,205 21,657 0.43%	36.99% 38.68% -1.69%
Total Equities & Similar Investments JPY						80,205 0.43%	

3. Positions / 3.1. Investment Related Positions

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Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
Equities & Similar Investments USD							
USD	369	ACCUM.PTG.SHS ISHARES VII PLC - ISHARES NASDAQ 100 UCITS ETF EXCHANGE TRADED FUND USD AUD Portfolio: 3000039-70	IE00B53SZB19 10737617 CSNDX	185.143 0.9196 AUD/USD	245,500 CLO 29.05.2015	118,282 43,994 0.63%	59.22% 32.60% 26.62%
USD	426	SHS -I- VONTOBEL FUND SICAV - EMERGING MARKETS EQUITY CAPITALISATION AUD Portfolio: 3000039-70	LU0278093082 2870698	163.174 0.9246 AUD/USD	171,910 NAV 27.05.2015	95,620 20,440 0.51%	27.19% 5.35% 21.83%
USD	1,804	SHS DBX ETF TRUST DEUTSCHE X-TRACKERS MSCI JAPAN HEDGED EQUITY ETF AUD Portfolio: 3000039-70	US2330515071 13179474 DBJP.P	36,222 0.9269 AUD/USD	44,450 CLO 29.05.2015	104,700 34,203 0.56%	48.52% 22.72% 25.80%
USD	4,321	SHS DBX ETF TRUST DEUTSCHE X-TRACKERS MSCI EUROPE HEDGED EQUITY ETF AUD Portfolio: 3000039-70	US2330518539 22178054 DBEU.P	28,368 0.8027 AUD/USD	29,580 CLO 29.05.2015	166,887 14,179 0.89%	9.28% 4.27% 5.01%
USD	974	SHS ISHARES GLOBAL HEALTHCARE ETF AUD Portfolio: 3000039-70	US4642873255 1352444 IXJ.P	93,648 0.9188 AUD/USD	111,010 CLO 29.05.2015	141,176 41,901 0.75%	42.21% 18.54% 23.67%
USD	2,379	TRUST UNITS SPDR S&P 500 ETF TRUST AUD Portfolio: 3000039-70	US78462F1030 45088 SPY.P	182,847 0.9185 AUD/USD	211,130 CLO 29.05.2015	655,819 182,252 3.50%	38.48% 15.47% 23.02%
Total Equities & Similar Investments USD						1,282,483 6.85%	
Total Equities & Similar Investments						5,475,080 29.23%	

3. Positions / 3.1. Investment Related Positions

12/17

001970938 012 058

Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
Alternative Investments, Commodities & Real Estate							
Hedge Funds							
AUD	380,462.814	UNITS GMO SYSTEMATIC GLOBAL MACRO TRUST CLASS -B- AUD Portfolio: 3000039-70	AU60GMO00067 3375604	0.998	1,109 NAV 27.05.2015	421,857 41,993 2.25%	11.05% 11.05%
AUD	268,325.29	UNITS BLACKROCK GLOBAL ALLOCATION FUND (AUST) CLASS -D- WHOLESALE AUD Portfolio: 3000039-70	AU60MAL00181 3379478	1.231	1,425 BID 25.05.2015	382,412 52,047 2.04%	15.75% 15.75%
AUD	261,512	RED.PTG.SHS -A1- AHL (CAYMAN) SPC.AUD CLASS A EVOLUTION SEGREGATED PORTFOLIO AUD Portfolio: 3000039-70	KYG012291145 22393979	1.138	1,473 NAV 30.04.2015	385,312 87,624 2.06%	29.44% 29.44%
AUD	133.596	RED.PTG.SHS -JD- PERSISTENT EDGE ASIA PARTNERS LTD SERIES JANUARY 2012 NON NEW ISSUE AUD Portfolio: 3000039-70	XD0146211822 14621182	1,306.500	1,410.520 NAV 31.03.2015	188,440 13,897 1.01%	7.96% 7.96%
AUD	1,792	SHS -AUD E (ACC)- MERRILL LYNCH INVESTMENT SOLUTIONS SICAV - YORK EVENT-DRIVEN UCITS.FUND CAPITALISATION AUD Portfolio: 3000039-70	LU1150219159 26301179	103.506	107.670 NAV 27.05.2015	192,945 7,462 1.03%	4.02% 4.02%
Total Hedge Funds						1,570,965 8.39%	

3. Positions / 3.1. Investment Related Positions

13/17

001970938 012 058

Number/ Nominal	Description	Identification ISIN Valoren Number Ticker	Cost Valuation Price Exchange Rate	Current Valuation Price/ Type Date	Value in AUD of which Accrued Interest Proportion in %	Profit/ Loss Unrealized in AUD of which Instrument of which Forex	P/L Unreal. in % Instr. in % FX in %
Commodities & Precious Metals							
AUD	2,309	ETC SECURITY ETFS METAL SECURITIES AUSTRALIA LTD 2003-WITHOUT FIXED MATURITY ON GOLD COMMODITY AUD Portfolio: 3000039-70	AU00000GOLD7 1583458 GOLD.AX	136.791	148,260 CLO 29.05.2015	342,332 26,483 1.83%	8.38% 8.38%
USD	255	UBS ETC UBS AG, LONDON BRANCH 2007- OPEN END ON UBS BLOOMBER CMCI COMPOSITE TOTAL RETURN AUD Portfolio: 3000039-70	CH0031794263 3179426 TCMCI.S	1,193.368 0.9327 AUD/USD	913.500 CLO 29.05.2015	304,150 -22,121 -93,182 71,061 1.62%	-6.78% -23.45% 16.67%
Total Commodities & Precious Metals						646,482 3.45%	
Total Alternative Investments, Commodities & Real Estate						2,217,447 11.84%	
Total Investments						18,732,786 100.00%	
of which Accrued Interest						0	

3. Positions / 3.1. Investment Related Positions

14/17

001970938 012 058

4. Appendix

4.1. Explanations

Accrued Interest

Accrued interest is not displayed for financial instruments with variable interest rate or frequency within the same interest period, except for Floating Rate Notes. For FINER Revexus, the accrued interest displayed is based on the deposit currency for reference purpose only. Entitlement to the accrued interest depends on the product features. All accrued interests are displayed in the reporting currency of the portfolio and are calculated recognizing trades end of day. The FX conversion rates (reflected below) are used to convert the amount from original currency to reporting currency. The accrued interest payable/receivable is displayed as the net amount on Current Account balances. As a result of the foregoing and other factors, the accrued interest is only an estimate and may not reflect the actual interest accrued, if any.

Activity Summary

The asset inflows and outflows include client-instructed transactions as well as non-investment related transactions such as loans which do not contribute to the performance of client's account. Such asset inflows and outflows do not include fees and taxes.

Analyses

Values displayed for the respective month labels are as of month-end dates. If the report end period is not a month-end, the report period end month label will show the values as of the report period end date.

Asset Classification

If an instrument is classified as 'not classifiable', the instrument is pending its proper classification. As soon this is available in the system, the instrument will reflect the correct classification.

Cost Valuation Exchange Rates

For the Positions section, the cost valuation exchange rate displayed is always against the instrument currency and portfolio currency. For the Transactions section, the cost valuation exchange rate displayed is always between the instrument currency and reporting currency.

Duration

Modified duration is a change in the price of a bond arising from a change in market yields. Modified duration is expressed as an approximate percentage. The investment report displays the Modified Duration method for all Fixed Income instruments.

Income Summary

Coupon received and coupon paid, as well as interest earned and interest paid, does not include accrued or unpaid coupon or interest.

Year to date figures include the addition of the monthly figures inclusive of any backdated income processing/ adjustments.

Figures shown can be gross or net depending on the specific country and market practice.

Non-Investment related Income is included in the Income Summary.

Market Value

The values stated as begin of period are asset values as of the last reported statement period.

The values stated as beginning/ ending market values are asset values that are inclusive of most updated market prices and backdated transactions.

Non-Investment Related Positions

Non-Investment Related Positions are displayed in the Scope of Analysis and in the Non-Investment Related Positions section. However, they are not included in any other analyses.

Profit/ Loss Calculation

Realized and unrealized profit and loss are calculated by comparing the market or transaction value with the average cost value. For every trade date the system computes the average cost, first processing investments before disinvestments. Transaction costs are included in both realized and unrealized profit/loss calculation.

Unrealized profit/ loss displayed in the Positions section are calculated as of the reporting date.

FX conversion rates used in the computation of the unrealized profit/loss is the derived rate based on the average price as of the individual transaction date.

Rating

Rating refers to the rating of an investment product and is either based on information available to the Bank or is obtained from sources believed to be reliable by the Bank as of the investment report date.

Yield

The investment report displays Yield for all Fixed Income instruments and is displayed per market price.

Abbreviations

BID = Bid Price
 CLO = Closing Price
 NAV = Net Asset Value
 OFF = Official Price

Rounding logic

Values in this investment report are calculated with exact numbers, however when presenting the data, values are rounded and therefore minor rounding differences might occur.

Large Numbers

The figures are consolidated and shown in denominations of thousands, millions and billions where applicable. If a value is too long to be displayed in the report itself, e.g. 1,526,555,333.26 the figure is consolidated and displayed as 1,526,555.33 in thousands in the report. If the value exceeds the column limit, a further division will take place and the phrase in millions/in billions will be displayed.

Conversion Rates as of 31.5.2015

AUD 1.0000 = JPY 94.7576
 AUD 1.0000 = USD 0.7659
 GBP 1.0000 = AUD 2.0022

4.2. Legal Information

According to the Account Opening Terms and Conditions, this investment report shall be conclusive and binding if the Bank does not receive your objection in writing to any matters contained in this investment report within 14 days from the issue date.

Deposits with Credit Suisse are not subject to Division 2 of the Banking Act - Protection of Depositors.

If your account is booked with Credit Suisse AG, Sydney Branch or if your Relationship Manager (RM) or Investment Consultant is located in Australia, please refer to the Important Notice on Sales Disclosure to Investors for sales related information including information on monetary benefits received by the Bank where it distributes an investment product to you.

The Bank provides price indications for financial derivatives transactions, structured products and non-listed financial instruments based upon available market reference prices believed to be reliable. The Bank does not make any representation as to the accuracy or completeness of price indications for transactions nor the guarantee to buy/sell at the price indicated. The Bank does not accept liability for any loss arising from the client's use of, or reliance on, such price indications. The price indications of the initial purchase price may be different from the actual purchase price.

In the absence of reliable market reference prices, the Bank may assign a nominal value or make an appropriate comment on your investment report. As a result, the investment report may contain price indications or comments as the Bank sees appropriate in the prevailing circumstances. If you have any queries in this respect, please contact your Relationship Manager.

The Bank will, at the time of printing this investment report, use the last price indications available to it. Due to the time differences between the Asia Pacific region and markets in other regions, the price indications reflected in the Bank's investment report will not always reflect the price indications available on the last business day of the month in certain markets.

The Bank may use either an onshore or offshore CNY rate for FX conversion to reporting currency depending on the asset. Please note that there may be a differential between the onshore and offshore rate. Please refer to your RM if you need further information on the FX conversion rate applied in relation to your CNY positions.

The information in this investment report does not constitute legal or tax advice. You should consult your legal and/or tax experts if you need any such advice. The investment report does not take tax rules and regulations into consideration, and thus it cannot be used for tax reporting purposes.

This investment report is an electronically generated report and does not require a signature.

Agenda Item 7

DG report

APNIC Director General's report to the Executive Council

Paul Wilson
14 June 2015

Draft v 3

This report is provided to the APNIC Executive Council for its quarterly face-to-face meeting in Manila, Philippines, on 14 June 2015.

<https://apnic-ec.apnic.net/bin/view/Main/ECmeetings>

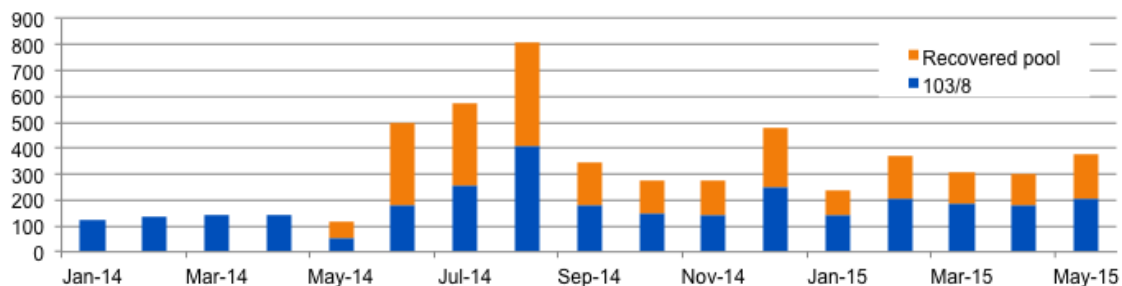
1 Services Area

Area Director: George Kuo

1.1 Registration Services

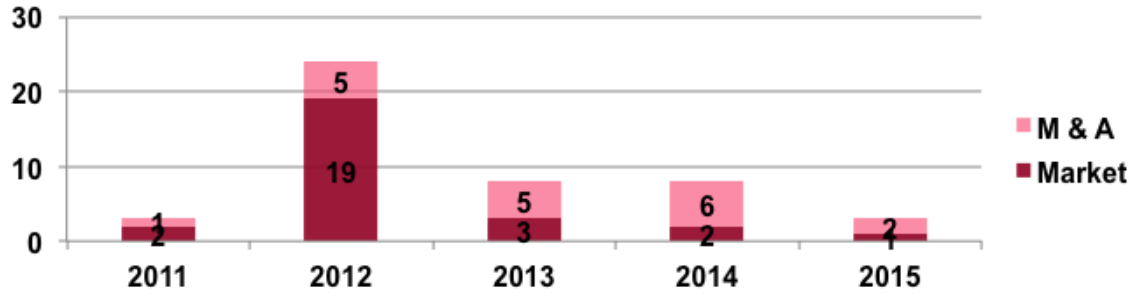
Unit Manager: Guangliang Pan

As shown below, IPv4 allocations continue at a rate of 300-400 per month, divided roughly evenly between "last /8" allocations from 103/8 and subsequent "prop 105" allocations.

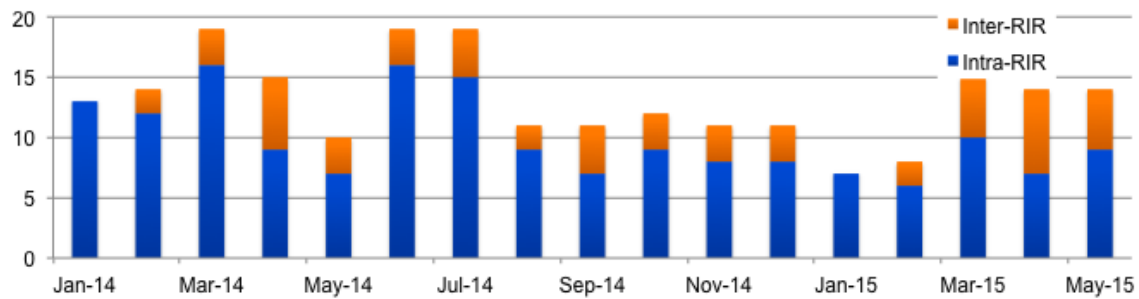


APNIC Services staff are tracking these allocations closely at present, and reporting activities to member meetings in more detail. It should be noted that while the annual rate of allocation appears to exceed 4000 blocks (of /24 to /22), the total number of /22 allocated from 103/8 cannot exceed the total number of APNIC + NIR members, which is currently around 8000.

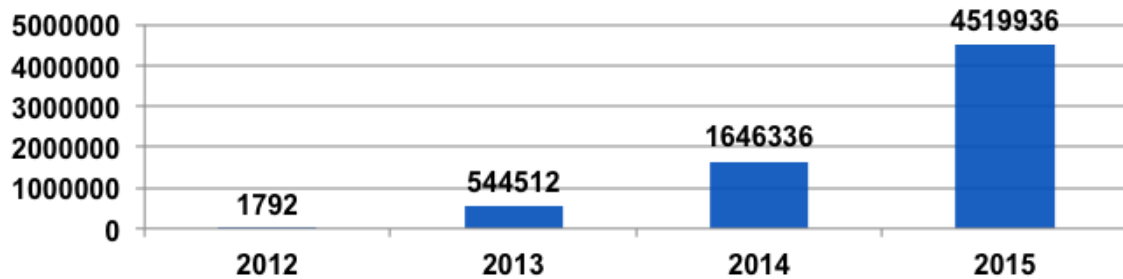
APNIC members have requested information about allocations which have been transferred to other organisations, and this will be reported at the next meeting. For example, the following chart shows the number of last /8 allocations which have been transferred within a year of allocation:



IPv4 address transfers continue at a relatively low rate, of less than 15 per month, during 2015:



Inter regional transfers have only been performed from the ARIN region to APNIC, as no other RIR yet has an inter-regional policy in place. Both the number of inter-regional transfers, and the volume of address space transferred, have continued to increase during 2015:



This chart shows that during 2015, more than a /10 of IPv4 space has been transferred into the APNIC region from ARIN.

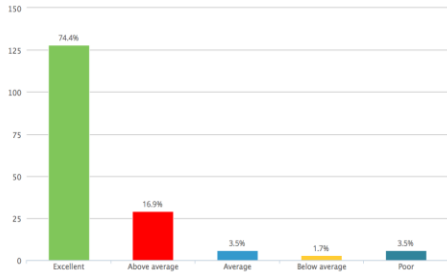
1.2 Member Services

Unit Manager: Vivek Nigam

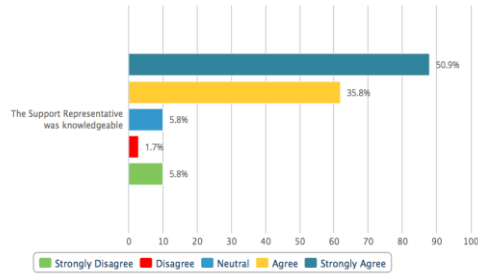
In March 2015 APNIC launched the first of our “Instant feedback” features, allowing customers to easily provide direct feedback service interactions with APNIC. The

first of these mechanisms is a service satisfaction poll which has been answered by 174 customers during March and April 2015, as follows:

1. How satisfied are you with the OVERALL quality of the service you received? - Helpdesk Feedback



2. Please tell us how well you agree with the following stat... - Helpdesk Feedback

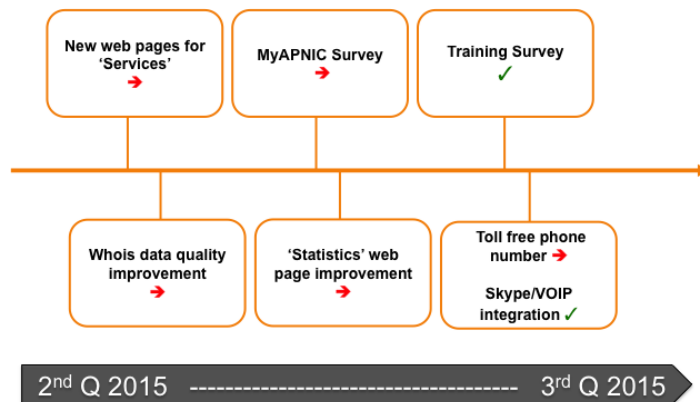


Customers who provided feedback also indicated whether their issue had been satisfactorily resolved (in 154 cases, or 86%), or not (in 20 cases, 14% of the total).

Adding to the current phone, fax, VoIP, email and Chat services, Skype is now also available as yet another way to contact the Member Services Helpdesk. Skype links have been added to MyAPNIC for ease of access by members.

During 2015 the APNIC Member Service and Events teams have worked together to develop a series of half-day “NetGrowth” outreach events. The next of these are scheduled during June in the Philippines, Malaysia, Cambodia, and Thailand, as part of our strategy to ensure that organisations that need Internet resources are aware of APNIC and the services we offer.

The Services Area has presented update reports regularly to the “APNIC Services” session of the APNIC Conference, and has promoted awareness of the Services Roadmap, a running plan of planned service developments:



A new project for “Member Services Improvement” has been proceeding during 2015 to thoroughly document current membership lifecycle processes, and identify improvements that can be made in both the short and long term. The project is

currently in the “Quick Wins” phase whereby small modifications can be made quickly to improve members’ experience of APNIC service.

2 Communications Area

Area Director: Tony Smith

2.1 Events

Unit Managers: Blandine Cousin and Molly Cheam

APRICOT 2015 was successfully held in Fukuoka, Japan. 835 delegates attended from 54 economies. The meeting saw the trial of a mobile meeting app which, while experiencing some teething problems, was well-received with 596 delegates signing in and 439 meeting requests sent using the app and its web interface.

The first “ARM” for 2015 was held in Bangkok, Thailand, with 50 attendees. This event followed an ISOC meeting where THNOG was formed. There were some concerns around the formation of THNOG voiced prior to this event however the community supported its creation at the meeting.

The second ARM will be held in Manila on June 15. 150 delegates have registered for the event, which is being held in cooperation with PHNOG and DOST-ASTI.

APNIC 40 preparations are progressing well, and progress has also been made on APNIC 42 and 44. A separate report will be provided to the EC during the June meeting.

2.2 Publications

Unit Manager: Siena Perry

The APNIC Blog continues to increase its readership and recognition. Average daily visitors in 2014 were 191; in 2015 this number is 300 per day. Forty-six people have blogged since its inception, including 19 guest bloggers (with 7 new guest bloggers in 2015).

In 2015, the Blog has been quoted at industry events and referenced in articles, enhancing its reputation as an importance source of community news. An informal content sharing agreement now exists with the RIPE NCC, and APNIC community-developed content is now appearing regularly on the RIPE Labs Blog.

The impending exhaustion of ARIN's available IPv4 pool has been used by the Comms team to generate media interest in IPv6. Interviews have been held with Computerworld, Australian Financial Review, and Telecom Asia, with coverage appearing in those titles. Further coverage appeared in the CommunicAsia Daily News, with an opinion piece from Paul Wilson appearing on the ABC News (Australia) website.

Further interviews and coverage is expected when ARIN's IPv4 inventory is exhausted. APNIC is well prepared for this event, which could occur any time in coming weeks or months.

2.3 Comms Team Recruitment

Robbie Mitchell will join the Communications team in the role of Digital Communications Officer on Monday 29 June (a new staff position vacant since the start of 2015). Robbie has a Masters in Science Communication and joins with more than five years experience working with scientists to promote their research. He has also delivered a number of social media workshops for researchers around the world. This completes recruitment for the Communications team following the restructure initiated in 2014.

APNIC's Communications Manager, Siena Perry, will take maternity leave from 1 November 2015 and is expected to return in mid-2016.

3 Development Area

Area Director: Duncan Macintosh

3.1 Training

Unit Manager: Kevin Meynell

The Training Needs Analysis conducted in March 2015 received 250 responses and produced the following conclusions:

- APNIC training is widely perceived as being good quality
- APNIC's neutrality is considered important
- Hands-on workshops are considered the most valuable form of training
- There is support for the introduction of self-paced online learning, especially if this leads towards some sort of certification.
- Courses should be more multi-vendor (e.g. not just Cisco)
- Service existing demand, reach out to more economies, and support new sectors such as LEAs and government policy makers
- There is strong demand for Technical Assistance Services, requested by 39% of respondents (while only 19% said that this was not needed).

Other training-related developments during 2015 include the following:

- Review and update of existing courses
 - IRM has recently been updated and has new graphics (APRICOT 2015)
 - Juniper-based routing and MPLS courses developed (bdNOG & IDNOG)
 - IRR currently being worked on + RPKI hands-on exercise being developed (target: APNIC 40)
 - Network Security and DNS(SEC) in pipeline
- eLearning webinars
 - Record core eLearning courses as video-on-demand for reference
 - Re-focus some the live eLearning topics
 - More guest topics
- Training Lab upgraded
 - 12 x Juniper SRX240 routers to support Juniper-based hands-on labs
- Pilot online self-paced learning
 - Starting with MyAPNIC, Whois Database, Internet Fundamentals, Requesting IP addresses and AS numbers, IP Governance
 - Free-up trainer resources for more advanced courses
 - Aim to validate basic knowledge of trainees before taking advanced workshops

Further details of the TNA are available on the EC Twiki here:

<https://apnic-ec.apnic.net/bin/view/Main/TNA2015>

As reported to the EC previously, there is a very strong case for recruitment of at least one additional full-time trainer at APNIC; given the ongoing demand for training and the limited resources we currently have. The risk of serious disruption due to staff loss or illness is high, and the workload is such that current trainers have little time for other activities. At this an additional trainer can be hired immediately with no risk to APNIC's annual budget projections.

Training delivery during 2015 has achieved the following:

	Face to Face	eLearning
Courses	33	60
Days	51	17
Locations	13 cities in 12 economies	N/A
Participants	902	313
YouTube channel	236,708 views + 3,436 subscribers	

(up 60,708 + 736 in 2015)

3.2 Technical Assistance Services (TAS)

As planned for 2015, we have begun a series of “Technical Assistance Service” (TAS) missions, to better understand community demand for direct assistance with network operations challenges. The scope of assistance includes those topics covered by APNIC services and training activities, such as: Internet resource management and planning, reverse DNS and DNSSEC, use of whois and IRR, routing security and RPKI, IPv6 deployment, support for establishment of IXPs and rootservers; and may include related areas where technical expertise is available.

Expertise for TAS is primarily sourced externally, from known experts such as Philip Smith and Dean Pemberton, and organisations such as NSRC. APNIC technical staff engaged with training and member support are also engaged, for development of their skills, and better engagement with members.

During 2015 so far, 2 TAS missions have been held: to Sri Lanka, where meetings were held with 8 members; and to Bangladesh, where we met with 13 member organisations. The next TAS will be in Thailand in July.

Currently, APNIC is funding the cost of TAS, as past efforts to recover costs have not been successful (due to lack of information about specific needs and capacities), but these trips have provided a huge amount of information about APNIC members, their local operation environments, and their technical capacities and needs. Where possible, visits will be held alongside other events such as NOGs, which minimizes overhead costs.

It is the intention that in future, TAS work will be able to scale through recovery of costs from “client” organisations, and from other sources such as development assistance funding (for instance via the APNIC Foundation).

Recent successful examples of cost recovery have included ongoing funding by ITU of workshops on IPv6 deployment (which continue twice per year), in which APNIC only pays travel costs; and direct funding of costs and professional fees (total \$14,000) for IPv6 training in Mongolia.

3.3 APNIC Foundation

The investigation of an “APNIC Foundation” has continued and at this time the leading candidate location for the foundation to be established is Hong Kong. This will be reported separately to the EC in the current meeting.

4 Technical Area

Area Director: Anton Strydom

Recent MyAPNIC feature enhancements include easier invalid contact reporting and maintainer object management, and a BGPToolkit service to provide information about routing and reachability amongst Autonomous Systems (AS). Work on 2-Factor Authentication (using TOTP) is underway to provide an alternative mechanism for securing access to critical MyAPNIC features such as voting and RPKI.

A significant project has been started in which the current internal management systems are being re-architected and rewritten. The current ARMS, written in legacy PERL code, is becoming more difficult to maintain and is not scalable. The new ARMS will be based on the Message Bus architecture, and refactored in Java, moving away from the legacy Perl code. This high performance system is based on best practice design methodology making it easy to maintain and scale. The back-end architecture of this system is targeted to be completed by the end of this year.

APNIC's online Community Feedback application (CONFER) allows local and remote members to participate in consensus calls in real time. Based on the success and positive feedback from its use at the APNIC39 conference, the tool is being further enhanced for use at APNIC40.

Using the ISO27001 specification as reference, APNIC is developing an internal Information Security Management System (ISMS) to make sure all processes and policies are in line with appropriate security principles. This project is currently in a fact-finding and information gathering phase, with a goal to have a solid framework by the end of this year.

The Registration Data Access Protocol (RDAP) service, addressing a number of limitations in the current WHOIS protocol, was deployed for production use from June 2015. This allows members to query registration data in a way that is consistent across all RIRs, with structured a query interface allowing automated queries. It also supports redirection capabilities to allow seamless referrals to other registries, and the provision of a single service for all RIR whois data.

As part of the ongoing improvement of services and infrastructure, a new SAN (Storage Attached Network) Backup system is being deployed targeted to be completed by end June 2015. This system will replace the current aging storage system, and is based on best design practices, providing full data recovery of all APNIC internal and external services.

5 Business Area

Area Director: Richard Brown

Regarding APNIC's Taxation Status, and recognition of the Mutuality principle, KPMG have advised that:

“Based on more recent discussions, we now understand that the ATO internal review has become inactive, and we believe that now is an opportune time to apply for a new Private Ruling as a favourable outcome is more probable”

Based on this advice APNIC has engaged KPMG to prepare the documentation for submission by the end of June.

5.1 Finance

Unit Manager: Pravina Naidu

For this meeting, APNIC financial, budget and investment reports have been posted to the EC Twiki here:

<https://apnic-ec.apnic.net/bin/view/Main/FinanceReports>

While the budget forecast is early and therefore subject to change, it projects a 2015 surplus of \$1,666,415 (being \$469,708 or 39% higher than budget), resulting from revenue of \$18,553,429 (being \$291,429 or 2% higher than budget) and expenses of \$16,887,014 (being \$178,279 or 1% lower than budget).

The largest factor in the increased surplus projected for 2015 is the additional annual membership fee revenue generated from subsequent allocations to members already holding a “last /8 allocation” (under Prop 105), and also the additional revenue generated by IPv4 transfers into the APNIC region. Both sources are relatively new and difficult to project, and were therefore not fully factored into the budget for 2015.

The financial report now provides a regular comparison of actual expenses against budget for individual APNIC activities, and this reporting format will be provided to the APNIC community in future conferences and annual reporting. The list of approved activity codes is provided in Appendix 2 to this report.

APNIC's investment portfolio has performed strongly in 2015, returning 23% more in 2015 than over the same period in 2014 (though on a higher invested amount), for a projected total of \$847,225 during 2015.

APNIC's capital reserve, in terms of Total Equity, is currently equal to 16.54 months of current operating expenses (as at 31/5/2015), slightly higher than the figure of 16.52 months as at 1/1/2015.

The finance team are currently undertaking a review of APNIC's transactional banking arrangements, there are currently proposals being considered from HSBC, WESTPAC, ANZ and CBA. We hope to make a recommendation to the APNIC treasurer at the end of June in relation to this review.

5.2 Planning

APNIC's activities are now reviewed regularly against the adopted operational plan, in weekly meetings with the Deputy DG and Area Directors. The current status of the high-level activity plan is included in Appendix 3.

The Executive Team is not also regularly reviewing a set of Key Performance Indicators (KPIs) developed during the last year. While this is a provisional set and may need to be updated with experience, it provides a useful monitoring mechanism. The current KPI "dashboard" is included as Appendix 4.

The next APNIC Member and Stakeholder survey will be launched in March 2016, so that its results are available for future planning from 2017. Planning for this survey will commence in Q3 of this year.

A special purpose training survey (Training Needs Analysis) was conducted during Q1 of 2015, in order to assist in planning and development of training activities. Further details are provided in the Development Area section of this report.

6 Director General

6.1 NRO

The RIRs have completed the development of an accountability matrix which compares accountability-related structures and processes at each RIR:

<https://www.nro.net/about-the-nro/rir-governance-matrix>

The proposed next step is for the review and analysis of this matrix (and the mechanisms documented) to be undertaken by each RIR, according to an agreed plan and template. These reviews are proposed to be conducted by independent legal firms (without existing relationship with any RIR), who would report back to the respective RIR boards by August 2015, for consideration of any recommendations or actions arising.

An initial estimate of the cost of this exercise may be up to \$20,000 in coordination (a shared NRO expense) and \$15,000 to \$20,000 per RIR in analysis and reporting. This expense was not anticipated and is therefore included in the APNIC budget for 2015.

The current assignment of NRO EC officeholder positions for 2015 is:

Chair: RIPE-NCC (Axel Pawlik)
Secretary: LACNIC (Oscar Robles)
Treasurer: ARIN (John Curran)

APNIC will serve as Treasurer in 2016, then Secretary in 2017, and Chair again in 2018.

6.2 Strategic Engagement

Director: Pablo Hinojosa

The year 2015 marks the ten-year anniversary of the World Summit on the Information Society (WSIS). The WSIS+10 Review Process is underway, and will end with a high-level meeting of the UN General Assembly (UNGA) in December. This meeting will determine the future of WSIS beyond 2015, including whether the IGF will continue and for how long. This process is taking place in the UN headquarters in New York and so far, the preparatory process has not been open and inclusive as needed.

APNIC recently supported a letter to the President of UNGA, to call for an open WSIS process and we are coordinating with other RIRs and I* organizations to develop strategies for WSIS process to continue to be multistakeholder and to consider views from the technical community. WSIS has been the place where governments have acknowledged the multistakeholder model in Internet Governance and it is important to keep it that way. While APNIC will not lead strategies in New York, it will need to support others, such as ISOC and ICANN, in their engagements there.

APNIC has increased its engagements with the GSM association (GSMA), for outreach to the CxO levels of mobile operators and support for IPv6 adoption. APNIC was an invited guest of the Ministerial Program of the Mobile World Congress in Barcelona and to deliver a keynote in their Asian MWC in Shanghai in July.

In the security arena, Adli Wahid has been attending and organizing workshops and engagements with LEAs and in partnership with the technical community (CERTS and other I* organizations). APNIC attended the Global Conference on Cyberspace (GCCS) at The Hague. This was mostly oriented towards policy-makers and diplomats around the world, but the continuity of GCCS is turning into an important process which will influence countries' approaches to cybersecurity. The Global Forum on Cyber Expertise (GFCE), an initiative launched at this conference, is an

important project to monitor and evaluate whether to have a role or participation in the future.

A new External Relations Program Manager has been appointed, releasing Connie who was managing the program on a 50% basis. Klée Aiken will be dedicated full-time to internally coordinate all APNIC engagements, helping to brief and debrief staff members that travel abroad and represent APNIC frequently. This will increase staff preparedness, internal information management, and improve public reporting through event wraps.

6.3 IANA Transition

Since publication of the CRISP proposal in January 2015, the NRO legal team has produced a draft Service Level Agreement between ICANN and the NRO/RIRs. This document was released in April 2015, and comments close on Sunday 14 June.

All RIRs have now held reporting and consultation sessions within their policy meetings, for community consideration both of the CRISP proposal and the SLA. These have been reported publicly by the NRO, and public discussion has continued on the ianaxfer@nro.net mailing list.

Other recent events include the publication of the third draft of the “CWG” proposal, namely the IANA transition proposal from the Names community, and the publication of the “CCWG” proposal for reform of ICANN’s accountability (for which the NRO EC and CRISP team recently prepared a joint response).

Pending activities related to the IANA Transition include:

- Publication by the NRO EC of a commentary on the SLA, by 14 June.
- Review by the NRO legal team of all comments on the SLA, with an aim to produce a final version by 14 July.
- Response (via ICG) to the NTIA’s request for information on transition implementation timelines.
- Review and response by the NRO on the latest CWG Names transition proposal.
- Continued review and response by the NRO to the proposals for ICANN structural and accountability reform.
- The 5th ICG face-face meeting to be held in Buenos Aires on 18/19 June.
- The ICANN 53 meeting in Buenos Aires, where there will be many consultations and meetings regarding the transition, including meetings of the NRO with NTIA representatives, and the ICANN board.
- After finalisation of the next version of the SLA, it is likely that we will enter discussions with ICANN and possibly the NTIA, on the details of the contract. The nature and likely timing of this negotiation is difficult to predict.

6.4 Human Resources

Director: Louise Tromp

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[REDACTED]

Appendix 2: APNIC Activity Codes 2015

<u>Activity Group</u>	<u>Activity Code</u>	<u>List of activities covered</u>
Serving Members	Registration Services	ARMS development (mostly FTEs and any related consultancy/software/license costs)
		Whois, RDNS, RPKI development (mostly FTEs but could include travel, consultancy, software etc.)
		NRO NC travel and expenses
	Customer Service	Helpdesk/Member services related expenses (FTEs, helpdesk systems/tools, CRM related costs)
		MyAPNIC development (mostly FTEs and any related consultancy/software/license costs)
		Membership outreach (was: memdev) expenses (member gathering, roadshows, sponsorship, booth setup etc.)
		NIR visits, OPM, individual member visits
		ISO 9001 compliance related costs
		EC travel to APNIC conference; EC standalone meeting or retreat
		Technical Assistance (was: Engineering Assistance) costs (consultant fees, travel expenses)
	Technical Infrastructure	Communication expenses (Internet backbone, dark fibre etc.)
		Data centre/co-location costs
		Technical equipment purchases (capex) and maintenance
		Software licenses, software support contracts etc. that's not directly related

<u>Activity Group</u>	<u>Activity Code</u>	<u>List of activities covered</u>
		to Registration Services or Customer Service
		ISO 27001 adoption costs
	Member Training	Training development costs (curriculum & training material development, reviews & consultancy)
		Training delivery costs (travel expenses, venue hire, coffee break/lunches/dinners)
Regional development & outreach	APNIC Conferences	APRICOT related expenses, including travel costs of the CORE team only
		APNIC conferences related expenses, including travel costs of the CORE team only
		ARM (APNIC Regional Meeting related expenses (venue, food), excluding travel costs
	Regional Technical Development	Participation at regional NOGs (travel expenses)
		Root server deployment costs, fees to root server operators etc.
		Measurement devices (e.g. RIPE atlas probes & anchors) costs, equipment donation to Internet Exchanges etc.
		Regional research costs (research related expenses, technical presentation at regional forums, etc.)
		Any costs related to APNIC's Policy Development Process, and management of SIGs
		ISIF grants and awards
		Fellowship costs for technical activities and events (e.g. APRICOT, APNIC, etc.)

<u>Activity Group</u>	<u>Activity Code</u>	<u>List of activities covered</u>
	Community Engagement	Expenses related to collaboration with AP* organisations
		National and Regional IGF participation and sponsorship expenses
		Government and sub-regional liaison work, including APECTEL, APT, SAARC, ASEAN, and bilateral meetings
		Expenses related to the planning and development of APNIC Foundation
		Participation in other non-technical forums
		Grants, awards and fellowship costs for non-technical activities
		Sponsorship (NOGs and other regional events)
Global collaboration	Global Technical Community	Expenses related to meeting attendance and collaboration work with other RIRs, I* (ICANN, IANA, IETF, ISOC etc.).
		Participation and sponsorship in global technical events and activities such as the global IGF
		Seed Alliance related expenses
	Inter-governmental Outreach	Expenses related to participating and collaboration with Inter-governmental organisations such as ITU, OECD and Interpol
	Global Research	Research and measurement costs that is global in scope (e.g. IPv6, DNSSEC, BGP etc.)
		Travel expenses related to technical presentation/advocacy at global (not regional) forums
Corporate	Human Resource Management	Staff recruitment, visa/work permit and migration expenses
		Staff development including education assistance, internal/external training/workshop/conference costs

<u>Activity Group</u>	<u>Activity Code</u>	<u>List of activities covered</u>
		HR systems (e.g. performance management system) and HR related professional service and consultancy costs
	Finance & Administration	Financial management related costs (FTEs and professional services for audit, tax, payroll, investment management etc.)
		Office management related costs (FTEs, office supplies, printing/copying, postage/shipment, phone/fax costs etc.)
		Travel management related costs (FTEs, travel agent fees, travel insurance, International SOS etc.)
	Legal & Governance	Legal counsel and other legal related costs
		Workplace health and safety compliance costs (consultancy, training, warden/first aid certification etc.)
	Facilities	Building and facilities depreciation expenses
		Building and facilities maintenance/repair, interior fit-out, furniture, kitchen/amenities, building security etc.

Appendix 3. Operational Planning 2015

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
<p>1. Ensure that APNIC services are widely known and used by all who need them</p>	<ul style="list-style-type: none"> Listen to the community needs through surveys and other feedback mechanisms Add value to APNIC membership through responsive service provision Cultivate community support throughout the region through effective engagement programs 	<p>Build APNIC & NIR membership to include all who need our services (15,000 combined members by the end of 2017, benchmarked with RIPE-NCC)</p>	Customer service improvements	Implement billing support SLA	Q1	Q1	Services/Business
			Customer service improvements	Member life cycle business process improvement project	Q1	Q4	HR/Services/Business
			Training	Training needs assessment	Q1	Q1	Development
			Technical Assistance	Technical Assistance business model and pilot implementation	Q1	Q4	Development
			Customer service improvements	Review web content and preparation work for APNIC services charter	Q1	Q3	Services/Comms

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
			Training	Curriculum revamp and examination based course development	Q 1	Q 4	Development
			Customer service improvements	Implement flexible billing cycles	Q 3	Q 4	Business
			Registry improvements	RPKI promotion	Q 1	Q 4	Services
			Customer service improvements	Instant feedback system implementation	Q 1	Q 4	Services/Business
			Registry improvements	Establish Whois data quality improvement processes	Q 1	Q 4	Services
			Membership development	Combined APNIC & NIR membership:	Q 1	Q 4	Services

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
				10,000			
			Membership development	Online ads, South-East Asia and South Asia Membership Outreach campaign	Q1	Q4	Communications
			Customer service improvements	Website improvements: home page, IPv6 pages, Services pages	Q1	Q4	Communications
2. Maintain and Improve core registry services	<ul style="list-style-type: none"> Adopt the best current practices, technologies and standards Continuous improvement of services in response to community feedback and anticipation of future needs 	Deploy a new, highly reliable and adaptable registry system built on technologies that anticipate the future	System redundancy	Backup on SAN infrastructure	Q2	Q2	Technical
			Registry improvements	Whois v4 for update	Q2	Q4	Technical
			Registry improvements	RPKI development work	Q1	Q3	Labs/Services
			Registry improvements	ARMS v3 development	Q1	Q4	Services/Tech
			Customer service improvements	MyAPNIC improvements	Q1	Q4	Services/Tech

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
			System security	Adopt ISO 27001:2013 Information Security Standard, and cyber defence practice	Q1	Q4	Technical
			System security	BYO device security project	Q1	Q4	Technical
			System security	Improving DNS Security and Resiliency	Q1	Q4	Technical
			Customer service improvements	Helpdesk toll-free number and/or Skype integration	Q1	Q4	Technical
			Registry improvements	Publication of new resource statistics	Q2	Q4	Services/Labs
			System monitoring	Monitoring included in configuration management	Q3	Q4	Technical
			Registry improvements	IDN & IEN support on all APNIC systems	Q2	Q4	Technical
3. Develop cost effective and sustainable	<ul style="list-style-type: none"> Technical: strengthen the region's technical 	<ul style="list-style-type: none"> Support establishment of Internet 	Regional events	Regional community development	Q1	Q1	Development

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
ways to support AP Internet infrastructure and human capacity development	<p>infrastructure robustness and develop technical skills and knowledge (as needed)</p> <ul style="list-style-type: none"> Policy: contribute uniquely to the development of policy environment which can maximise the value of the Internet to the AP region Partnership: work with others in attracting resources and implementing development strategies 	<p>Exchanges, root servers, and other technical infrastructure as needed in the region</p> <ul style="list-style-type: none"> Develop and maintain a high quality training and technical assistance programs Facilitate development and implementation of Internet Number Policies in the region Develop and maintain 		strategy			
			APRICOT/APNIC conferences	Introduce APNIC conferences delegate networking and mobile app at APRICOT 2015	Q1	Q1	Communications
			APRICOT/APNIC conferences	APRICOT 2015	Q1	Q1	Communications
				Cooperation SIG establishment and support structure	Q1	Q1	SE
			Government engagement	Development of the Internet Directory	Q1	Q2	SE
			APRICOT/APNIC conferences	Review of future APNIC meeting program	Q1	Q3	Communications
			APRICOT/APNIC conferences	APNIC 40	Q2	Q3	Communications
			ISIF and grant programs	Finalise a plan for APNIC foundation	Q1	Q4	Development

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES																														
		<p>strong relationship with like-minded organisations</p> <ul style="list-style-type: none"> • Maintain effective grant and fellowship programs 																															
<p>4. Promote and strengthen open, multi-stakeholder, bottom-up and transparent Internet governance model and policy development processes</p>	<ul style="list-style-type: none"> • Develop and maintain APNIC as a neutral and cooperative source of technical expertise • Engage with a wide stakeholder base e.g. governments, law 	<ul style="list-style-type: none"> • High level of community engagement and recognition • High level of support across different stakeholders for APNIC policy development process 	<table border="1"> <tr> <td data-bbox="1056 816 1247 914">Labs</td> <td data-bbox="1247 816 1535 914">Labs website improvements</td> <td data-bbox="1535 816 1587 914">Q1</td> <td data-bbox="1587 816 1640 914">Q1</td> <td colspan="2" data-bbox="1640 816 1913 914">Labs/Comms</td> </tr> <tr> <td data-bbox="1056 914 1247 1000">Labs</td> <td data-bbox="1247 914 1535 1000">Economy-based data extraction tool</td> <td data-bbox="1535 914 1587 1000">Q1</td> <td data-bbox="1587 914 1640 1000">Q1</td> <td colspan="2" data-bbox="1640 914 1913 1000">Services/Technical</td> </tr> <tr> <td data-bbox="1056 1000 1247 1088"></td> <td data-bbox="1247 1000 1535 1088">IANA transition plan</td> <td data-bbox="1535 1000 1587 1088">Q1</td> <td data-bbox="1587 1000 1640 1088">Q4</td> <td colspan="2" data-bbox="1640 1000 1913 1088">Legal</td> </tr> <tr> <td data-bbox="1056 1088 1247 1175">External relations</td> <td data-bbox="1247 1088 1535 1175">[*], ICANN & NRO engagements</td> <td data-bbox="1535 1088 1587 1175">Q1</td> <td data-bbox="1587 1088 1640 1175">Q4</td> <td colspan="2" data-bbox="1640 1088 1913 1175">SE</td> </tr> <tr> <td data-bbox="1056 1175 1247 1325">External relations</td> <td data-bbox="1247 1175 1535 1325">Enhancement of the ER process (including implementation of</td> <td data-bbox="1535 1175 1587 1325">Q1</td> <td data-bbox="1587 1175 1640 1325">Q4</td> <td colspan="2" data-bbox="1640 1175 1913 1325">SE/Comms</td> </tr> </table>	Labs	Labs website improvements	Q1	Q1	Labs/Comms		Labs	Economy-based data extraction tool	Q1	Q1	Services/Technical			IANA transition plan	Q1	Q4	Legal		External relations	[*], ICANN & NRO engagements	Q1	Q4	SE		External relations	Enhancement of the ER process (including implementation of	Q1	Q4	SE/Comms	
Labs	Labs website improvements	Q1	Q1	Labs/Comms																													
Labs	Economy-based data extraction tool	Q1	Q1	Services/Technical																													
	IANA transition plan	Q1	Q4	Legal																													
External relations	[*], ICANN & NRO engagements	Q1	Q4	SE																													
External relations	Enhancement of the ER process (including implementation of	Q1	Q4	SE/Comms																													

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
	enforcement agencies, civil society, Internet organizations, businesses, academic/research institutions etc.			the stakeholder profile)			
			Government engagement	Engage with governments in various multilateral and bilateral fora to achieve organisation goal #4	Q1	Q4	SE
			Labs	Enhanced-cooperation with RIR	Q1	Q4	Labs/Tech
5. Create a resilient organization to meet APNIC's obligations	<ul style="list-style-type: none"> Maintain a sustainable business model for the organisation 	<ul style="list-style-type: none"> Maintain a year after year operating surplus Maintain revenues through membership growth and additional services 	Business process improvements	Review banking service providers	Q2	Q2	Business
			Business process improvements	Review travel providers	Q2	Q2	Business
			Investment management	Facilities review	Q2	Q3	Business
			KPI measurement	KPI measurement improvements	Q3	Q3	HR/DG

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES				
		<ul style="list-style-type: none"> Maintain equity reserve as directed by the EC 					
	<ul style="list-style-type: none"> Motivate and align skilled people by providing a clear vision, optimal structure and enabling conditions to deliver tangible outcomes Maintain and attract the right human resources to meet organisational needs 	<ul style="list-style-type: none"> Manage cost by increasing staff productivity and diligent use of technology Recruit and maintain the right level of expertise 		Implement 2015 organisation structure	Q1	Q1	HR
				Systematic management of contractors and consultants	Q1	Q1	HR
			Requisite organisational structure	Requisite organisation audit and development	Q1	Q2	HR

Goals	Strategies	Objectives	KEY PROGRAM / PRIORITIES
Notes:			

Appendix 4: KPI Dashboard (sample)

2015 KPI dashboard

1. YTD number of engagement per economy [Engagement Map]

Source data (<https://staff.apnic.net/Development/EngagementMap>)



2. YTD \$ spent against total budget [Activity budget spending]



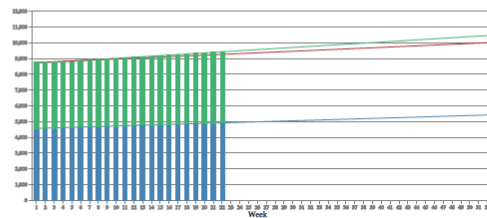
3. Weekly % of customer correspondence that meets 2 business day turnaround SLA [Service levels]

Unit/queue	Two weeks ago	One week ago
Finance	99.0	92
Member Services	100.0	99
Registration		

4. Daily % of key public services uptime [Public services uptime]

Status	Name	Check Rate	Jun 07	Jun 08	Jun 09	Jun 10	Jun 11	Jun 12	Jun 13
Up	Whois	60'sec	100%	100%	100%	100%	100%	100%	100%
Up	MyAPNIC login	60'sec	100%	100%	100%	100%	100%	100%	100%
Up	rDNS	60'sec	100%	100%	100%	100%	100%	100%	100%
Up	APNIC FTP	60'sec	100%	100%	100%	100%	100%	100%	100%
Up	APNIC Website	60'sec	100%	100%	100%	100%	100%	100%	100%

5. Weekly # of members [APNIC & NIR membership growth]



Agenda Item 9
RIR stability fund

Joint RIR Stability Fund

Proposed contribution by APNIC.

Paul Wilson
10 June 2015

This paper is adapted from a jointly authored NRO document, for consideration by the APNIC EC.

Overview

The Regional Internet Registry (RIR) system has been established for over two decades. The five RIRs have grown into substantial and professional organisations, in the process creating a strong and collaborative framework that the world relies on for the provision of IP address registry services.

All RIRs have adopted approaches to risk management and business continuity planning, as part of their operational frameworks, to mitigate and prepare for any risks to their operations. Likewise the global RIR system needs to be protected by managing the risks of regional disruptions to the integrity of our Internet registry services, including the failure of any RIR.

Various agreements of mutual support have long existed between the CEOs and staff of all the RIRs, which have allowed cooperation in many activities. For the case of a serious threat to an RIR's integrity or operations however, a more formalised agreement is needed, endorsed at the board levels of all RIRs. Therefore, the NRO Executive Council proposes this substantial formal commitment towards safeguarding the stability of the RIR system, in the form of a Joint RIR Stability Fund.

The motivation for establishing a Joint RIR Stability Fund is to guarantee the continued operation of all five RIRs and to ensure ongoing coordination support for the policy development communities of the five RIRs.

This initiative has not been triggered by any current events. On the contrary, it is a measure to better prepare for unforeseen events that may cause disruption to the RIR system. It is also intended to serve as a clear public declaration of the intent of the RIRs to maintain the global integrity of our services and functions, under any circumstances.

Naturally, the shared expectation and hope is that this fund will never be called upon. However, if any RIR encounters serious difficulties, there must be a substantial agreement and understandings in place to ensure that necessary actions are taken.

Implementation of a Joint RIR Stability Fund

During the September 2013 NRO retreat in Montevideo, the EC discussed and reaffirmed the RIRs' joint responsibility for the global system Internet number registries. They committed to mutual assistance, in kind and financial, to ensure operational continuity, as a matter of priority.

During their documentation efforts in late 2014, working within the context of the IANA stewardship transition process, the RIRs performed a thorough review of their corporate governance structures. From the results of this work, it appeared useful to establish a Joint RIR Stability Fund as a prudent contingency measure towards long-term Internet number registry stability.

In the next stage of discussions, the NRO EC reviewed several possible options for a Joint RIR Stability Fund:

- Separate entity; or
- Formal commitment via (for instance) escrow; or
- Trust relationship in line with existing practice

After consideration, the EC agreed to pursue the third option to reflect existing practices, and a preference for a lightweight, practical and pragmatic approach.

RIR Governance Measures

While the Joint Regional Internet Registry Stability Fund would exist as an emergency support measure, the RIRs would continue to ensure that they have strong measures in place to reduce the likelihood that the Stability Fund should ever be called upon.

Important measures which are agreed to be taken by the individual RIRs include the ongoing public assurance of at least the following:

- Good governance
- Risk management
- Community support
- Healthy revenue flow
- Ample reserves
- Suitable insurance policies

With these measures in place, and able to be assessed at any time by any interested party, the Joint RIR Stability Fund would essentially act as an extra insurance policy for all RIRs, against other threats to their operations.

Funding

The Stability Fund would be established through voluntary pledges of funds, publicly documented, from individual RIRs' reserves. Individual RIR contributions to the Stability Fund would be made only when needed; there is no requirement for any RIR to transfer or manage their pledged funds in any way.

Activation of Fund

The request for support from the Stability Fund must be a formal documented request by the Board of the affected RIR explaining the reasons why support from the Stability Fund is needed and outlining the requested support required. Support could be financial or in-kind, for instance through operational (staff) support to continue service provision.

Possible scenarios for the Joint RIR Stability Fund to be invoked include:

1. Financial distress
2. Sudden removal of critical staff members
3. Natural disasters
4. Military conflict, political instability, etc.
5. Criminal activity, e.g. cyberattacks, hacks, etc.
6. Serious structural/continuous infrastructure problems, etc.

RIR activities that are not registry- or PDP-related would generally not qualify for support from this fund.

Approval Process

Any use of funds would be conditional on having concrete budgeted action plans, and regular reporting of audited financials.

The Stability Fund would be accessed only when there is unanimous agreement from the NRO EC, and any allocation from the Stability Fund would be managed and accounted for jointly by the CFOs of all RIRs, coordinated by the NRO EC Treasurer.

In case the fund is accessed, the apportionment of funding responsibility among the contributing RIRs would be determined according to circumstances; it may reflect the existing cost-sharing formula, or another distribution formula as agreed.

In case of RIR provision of in-kind support, the cost of that support would be considered as part of that RIR's contribution to the fund, but only with the agreement of all RIRs.

Stability Fund Pledges

So far, only ARIN and RIPE NCC have made specific pledges to the fund, of US \$250,000 and EUR 1,000,000 respectively.

It is recommended that APNIC EC considers a pledge of between AUD \$500,000 and \$1,000,000 – noting that this amount will not be physically transferred from APNIC reserves, and will only be accessed in accordance with APNIC's own internal financial controls.

Agenda Item 13
APNIC 40, 42 AND 44 update

Conferences Update

APNIC 40 – 42 – 44

APNIC 40, Jakarta

- 3-10 September 2015
- Conference Venue: Ritz-Carlton Mega Kuningan
- Workshops Venue: Puri Denpasar
- APJII confirmed as Host Sponsor



Update on Key Event Criteria

Criteria	Projected	Actual	Notes
Air Route / Ease of Travel	Green	Green	Still fine. Served by all major air hubs. Traffic is bad in Jakarta however venue choices aim to minimise travel
Internet Infrastructure	Yellow	Green	APJII to advise – has assured us this will be secured
Travel Advisory	Yellow	Yellow	No major changes to Indonesia travel advisory
Political Stability	Green	Green	No developments that will impact us. ICT Minister secured to attend
Visa Requirement	Green	Green	Visa on arrival available for many nationalities

Update on Key Event Criteria

Criteria	Projected	Actual	Notes
Venues	Green	Green	Contracts signed with conference and workshop venues
Budget	Yellow	Green	No change to previous forecast
Suppliers	Green	Green	No issues at this stage
Sponsorship Opportunity	Green	Green	Current secured sponsorship of \$30k. APJII secured \$45k for IDNOG, now focusing on APNIC 40
Ease of arranging event	Green	Green	Good assistance from APJII

Additional Updates

Program

- Outreach to speakers continuing – on track with informal commitments covering most of the program
- Indonesia's ICT Minister confirmed

Fellowships

- 130 applications received so far (including 17 youth fellows)
- APJII sponsoring youth fellows from local universities

Registration

- Promotion at IDNOG 8-12 June, registration push will begin in earnest July

Budget

APNIC 40 Expenses

Description	Approved Budget	Forecast	Change
APNIC 40 Workshop week - venue hire + catering	22,000	22,000	-
APNIC 40 Conference week - venue hire and catering	58,500	72,500	-14,000
APNIC 40 Conference AV rental	20,000	20,000	-
APNIC 40 social events (workshops + conference)	50,500	29,500	21,000
APNIC 40 Shipment costs + insurance	25,800	25,800	-
APNIC 40 Professional fees (stenographers, Photographer, videographer)	25,500	25,500	-
APNIC 40 Marketing collaterals and signage costs	27,000	27,000	-
APNIC 40 Others	2,500	2,500	-
			-
Total expenses	231,800	224,800	7,000

APNIC 40 Revenue

Description	Approved budget	Forecast	Change
APNIC 40 Workshop and conference Registration Income	35,000	21,000	-14,000
APNIC 40 Sponsorship (international and APJII local sponsors)	75,000	75,000	-
Total revenue	110,000	96,000	-14,000

Total	121,800	128,800	-7,000
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Note: APNIC Staff & EC accommodation costs negotiated lower - \$185 / night (compared to normal budget \$220-230 / night). This saving will balance shortfall

APNIC 42

APNIC



APNIC 42, Dhaka

- Initial dates 8-15 September 2016 – however recommend moving to 29 September – 6 October
 - Eid ul-Adha festivities (around 12 and 13 September) necessitate a move
 - Workshop week 29 Sept – 3 Oct 2016
 - Conference week 4 – 6 Oct 2016
 - No clashes identified with other events
- Potential co-located events
 - BDN OG 6
 - APTLD
 - APCERT
 - DNS-OARC Workshop



Update on Key Event Criteria

Criteria	Projected	Actual	Notes
Air Route / Ease of Travel	Yellow	Yellow	Major air hubs – HK, SG, BKK – service Dhaka. Traffic in Dhaka is terrible so central location needed for venue and hotel.
Internet Infrastructure	Yellow	Green	ISPAB has assured us they will secure connectivity/bandwidth sponsors from their members
Travel Advisory	Green	Yellow	Political violence has moved travel advisories to be more cautious
Political Stability	Green	Yellow	Political violence and transport blockades since Jan 2015 following election dispute
Visa Requirement	Yellow	Yellow	No change

Update on Key Event Criteria

Criteria	Projected	Actual	Notes
Venues	Yellow	Green	Few central venues that can host the meeting – recommend Pan Pacific Sonargaon for conference and Lakeshore Hotel for workshop.
Budget	Yellow	Yellow	Accommodation is expensive and will need to be negotiated.
Suppliers	Yellow	Yellow	No change. Host will assist.
Sponsorship Opportunity	Red	Yellow	ISPAB interested in being host. Have said they will provide assistance with local sponsors and will confirm their commitment post AGM later this month.
Ease of arranging event	Yellow	Yellow	We must be prepared to accept some compromises in Dhaka.

APNIC 44

APNIC



Taiwan City Selection

- Kaohsiung and Tainan transport details as requested included in document
- New city option: Taichung
 - Third largest city, good transportation options, competitive delegate packages
- Taichung Government is willing to contribute to APNIC 44 conference
 - Sponsor the opening reception
 - Provide transportation between hotels and venue/s
 - Promote APNIC 44 via media channels
 - Sponsor student registrations for the conference
 - Help negotiate special rates with recommended conference venues
- TWNIC supports Taichung as a location

Conferences Update

APNIC 40 – 42 – 44

Agenda Item 14
APNIC Foundation update

APNIC Foundation Update 3*

EC meeting - Manila

* “Update 1 and 2” were in Singapore and Fukuoka

APNIC



The Brisbane Proposal

"The EC invited the Director of Development to develop a proposal **for a developmental funding foundation** for further EC consideration, **including consideration of developmental needs in the region**, and **the means and methods for fulfilling those needs**, noting that APNIC is committed to providing no lesser level of developmental support than is the case today."

The Singapore Road Map

- Nov 2014 (Singapore)
 - This presentation to APNIC EC*
- Feb 2015 (Fukuoka)
 - Presentation of Concept Paper*
- June 2015 (EC meeting, Manila)
 - Presentation of options identified* (HK or Singapore)
- Aug 2015 (Jakarta)
 - Proposal for EC approval*
- Nov 2015 (EC meeting, TBD)
 - Implementation plan and budget approval*

* With go/no-go at each stage

The Fukuoka proposal

“Seeks EC support to contact the appropriate government agencies in Hong Kong/China and Singapore to assess the level of official support for the establishment of an APNIC Foundation in either nation.

This process will also include an assessment of the potential for other financial and in-kind support outside of the government agencies contacted.”

Hong Kong visit – 16/4

Met with lawyer specialising in non-profits and charities (information sheets provided):

- Recommended a charity focused on education
- Set-up a non-profit first (company limited by guarantee) and then register as a charity
- 12 to 18 month process to do both
- APNIC Foundation is an acceptable name
- Recommended that EC is provided a legal opinion on governance, tax and other implications

Singapore visit – 24/4

Met with Economic Development Board (EDB) representatives:

- Categorised as International Charitable Organisation focused on education
- Must either hire at least 3 local staff; or business spend S\$1 million per annum; or hold events in Singapore
- 3 to 6 months to register
- Cannot be APNIC Foundation could be APNIC Fund

Recommendation

- Continue activities in Hong Kong
- Trip to China in late July

Related developments

- **World Bank financial support (A\$11,340)** for training in Myanmar (salaries, airfares and accommodation)
- **JICA financial support (A\$5-600)** for regional (Cambodia, Laos and Vietnam) CERT training in Indonesia (accommodation and local transport).
- **ITU financial support (A\$14,000)** for IPv6 training in Mongolia (salary and travel)

Thank you



Setting up a Non-Profit / Charitable Organisation in Hong Kong

There are two options for registering a non-profit legal entity in Hong Kong:

- (A) Register as a Company under the Companies Ordinance, or
- (B) Register as a Society under the Societies Ordinance

(A) Company

To incorporate a Company, an organization must comply with Memorandum and Articles of Association. After that it can proceed to register with Companies Registry (<http://www.info.gov.hk/cr/>).

Many charities and non-profit organisations opt for this.

The entity follows the usual steps to register a Company limited by "guarantee" instead of limited by "shares", because there is no capital involved. Similar to the structure of a private limited company, a non-profit organisation has a Board of Directors, members, and a local secretary. The members can either be individuals or corporations.

The process of incorporating a Company is around 1 month for non-profit organisations.

Subjected to Companies Registries' approval, a non-profit organisation can be incorporated without the word "Limited" (in its company name). However, the processing time can be very long, e.g. one year, depending on the case.

(B) Society

To register as a Society, an organization must register with the Societies Office of the Police Department (<http://www.police.gov.hk/>)

Many less formal industry associations and social/recreational groups opt for this.

Advantages

Cost - minimal. A society is free of the statutory controls which companies are subject to, and can be inexpensive to run. There is no fee for registering under the Societies Ordinance.

Simplicity – set-up process is simple and hassle-free. A registered society can be very simple to run. Minimal formalities are required and administrative complexity can be kept to a minimum.

Disadvantages

Unincorporated structure - One drawback of an unincorporated body is that if the organisation becomes inactive, great difficulties can sometimes be encountered in identifying



the persons with the authority to take decisions as to the disposal of the assets, or locating a quorum having power to take decisions. Personal liability - Both members of the management committee and sometimes the members of the association itself may incur personal liability.

Business Registration with the Inland Revenue Department

Whether a non-profit organization registers as a Company or a Society, it must also complete Business Registration with the Inland Revenue Department (<http://www.ird.gov.hk/eng/tax/bre.htm>)

Non-Profit Organizations versus Charitable Organisations

What is a Charity?

A charity must be established for public benefit and for purposes which are exclusively charitable according to law. Charitable purposes are classified into four heads:

- a. relief of poverty;
- b. advancement of education;
- c. advancement of religion; and
- d. other purposes of a charitable nature beneficial to the Hong Kong community

Tax Implications

Not all voluntary or non-profit organisations are charities, however worthy their causes may be. Only non-profit organisations that qualify for Inland Revenue Ordinance Chapter 112 Section 88 are charitable organizations, and as such, are entitled to tax exemption status in Hong Kong.

Please note that donations made to organizations without charitable status cannot be tax-exempt.

How to Set Up a Charity

To incorporate a charity, one begins by following the above procedures required in setting up a non-profit organisation. For further information on how to obtain recognition of tax exemption status (Inland Revenue Ordinance Chapter 112 Section 88), please refer to:

Inland Revenue Department: http://www.ird.gov.hk/eng/tax/ach_tgc.htm

Inland Revenue Ordinance Chapter 112 Section 88:
http://www.legislation.gov.hk/blis_ind.nsf/e1bf50c09a33d3dc482564840019d2f4/23688a01429858c6c825648000410048?OpenDocument





We set up the regional office in Hong Kong to serve our members who are increasingly working in the Asia Pacific and Middle East regions. Through them we aim to achieve our belief that civil engineers are at the heart of society, delivering sustainable development through knowledge, skills and professional expertise.

*Dr Patrick W T Chan
Regional Director for Hong Kong, Institution of Civil Engineers*



Sector Snapshot

Hong Kong is a popular location for international industry, cultural, advocacy and charitable organisations as well as professional institutes to set up their regional base. As of March 2010, there were over 23,300 non-profit organisations in Hong Kong, of which 6,380 were approved charitable organisations.

Hong Kong is a very charitable and generous society. By year-end 2009, there were nearly 2,000 registered volunteer organisations and more than 880,000 individuals registered as volunteers.

Donations to approved charitable organisations can be tax exempt. Since the 2008-09 financial year, individuals or businesses can claim a tax deduction for approved charitable donations of an amount up to 35 percent of their income or profits. In 2007-08, the total tax-deductible donations approved by the Inland Revenue Department were HK\$4.52 billion (under Salaries Tax) and HK\$2.51 billion (under Profits Tax).

In addition, there is increasing awareness among companies large and small of corporate social responsibility. In 2009-10, 2,082 companies were given "Caring Company" status by the Hong Kong Council of Social Service, which in 2002 launched the campaign to recognise private companies that demonstrate good corporate citizenship.

The Professional Services Development Assistance Scheme (PSDAS) is a HK\$100 million fund that provides financial support for professional organisations aimed at increasing the competitiveness of the professional service sector. This helps equip many professional bodies to build capacity for their members in Hong Kong.

Advantages

- Freedom of information, expression and the press is guaranteed under the Basic Law
- Government is politically neutral and transparent, giving rise to a better foundation for dialogue between society and the public sector
- Located within five hours' flight time of half the world's population, Hong Kong is an ideal base from which to conduct initiatives in the Asia-Pacific region
- There is an active and efficient academic community with strong links to Chinese institutions and an ever-growing wealth of reliable Mainland China knowledge
- The presence of a large range of local, Mainland and international firms provides a cluster of decision makers increasingly aware of their corporate social responsibility
- The extensive financial, legal and professional services network gives rise to a pool of corporate funding and the opportunity for pro bono work
- International standards are rigorously applied and maintained with the mature business community willingly participating in business and industry associations that promote professional development

Some Leading International Charitable and Cultural Organisations in Hong Kong

- Amnesty International
- Asia Foundation
- Asia Society
- Enlighten for Epilepsy
- Half the Sky Foundation
- Medecins San Frontieres
- Orbis
- Oxfam
- Red Cross
- Room to Read
- UNICEF
- World Vision

Some Leading International Industry and Advocacy Organisations in Hong Kong

- Certified Financial Analysts Institute (RHQ)
- Chartered Institute of Management Accountants (China HQ)
- Institution of Civil Engineers
- Institution of Electrical Engineers (RHQ)



- Committee of 100 (RHQ)
- Computing Technology Industry Association (RHQ)
- Conference Board (RHQ)
- CPA Australia (China HQ)
- Pacific Basin Economic Council (International HQ)
- Royal Institution of Chartered Surveyors (RHQ)
- Women in Technology International (RHQ)
- The World Gemological Institute

Case Study

Organisation: Leading International Business Advocacy Group

Objective: To relocate its international headquarters to Hong Kong in order to increase its standing and membership base in Asia, in particular in Mainland China

Assistance provided by InvestHK:

- Supplied supporting documents for Hong Kong chapter's pitch to attract the association's international HQ to Hong Kong
- General information on Hong Kong's business environment
- Liaised with the association's legal counsel regarding registration of its business in Hong Kong
- Expedited substantially the company registration process to meet the association's urgent needs
- Assistance to facilitate its vice president's employment visa application. Followed up with Immigration Department regarding status of application
- Networking opportunities by inviting association representatives to social functions including Rugby Sevens and other business conferences
- Information on how and where to obtain a business visa for Mainland China
- Advice and contact details for relevant government departments and research facilities for proposed research programmes

Useful Contacts

Companies Registry

Tel: (852) 2234 9933
www.cr.gov.hk

Inland Revenue Department

Gen Tel: (852) 187 8088
Email: taxinfo@ird.gov.hk
www.ird.gov.hk

Professional Services Development Assistance Scheme (PSDAS)

Secretariat

Tel: (852) 2918 7593
Email: psdas@cedb.gov.hk
www.cedb.gov.hk/citb/psdas/

Hong Kong Council of Social Service

Tel: (852) 2864 2948
www.hkcss.org.hk

Community Business Ltd

Tel: (852) 2152 1889
Email: shalini@communitybusiness.org.hk
www.communitybusiness.org

Protocol Division, Government Secretariat

Tel: (852) 2810 2055
Email: protocol@csd.gov.hk
www.protocol.gov.hk

Societies Office

Tel: (852) 2860 3573
Email: societies-office@police.gov.hk

Social Welfare Department

Tel: (852) 2832 4311
Email: eoifc@swd.gov.hk
www.swd.gov.hk

Volunteer Movement

Tel: (852) 2234 0100
Email: covs1@swd.gov.hk
www.volunteering-hk.org

Association of Fundraising Professionals

Tel: (852) 9840-0096
Email: vkmlaw@netvigator.com
www.afpnet.org

Community Investment and Inclusion Fund (CIIF) Secretariat

Tel: (852) 2136 2711
Email: ciif@lwb.gov.hk
www.ciif.gov.hk

For more information, please visit our website: www.investhk.gov.hk
or contact us NOW to access our free, customised and confidential services.

Invest Hong Kong is the department of the Hong Kong Special Administrative Region (HKSAR) Government responsible for Foreign Direct Investment, supporting overseas, Mainland and Taiwanese businesses to set up and expand in Hong Kong. We partner with clients on a long-term basis and are available at any stage of their business development process.

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COMMISSIONER OF CHARITIES' OFFICE
Guidance on Regulation of International Charitable Organisations (ICOs)

(A) INTRODUCTION

Q1. What is the purpose of this guidance?

In Budget 2007, the Government has announced plans to develop Singapore into a premier hub for nonprofit organisations and philanthropy. To attract and retain qualifying *International Charitable Organisations* (“*ICOs*”) which can help achieve Singapore’s vision, the office of the Commissioner of Charities (“*COC*”) has worked with the Economic Development Board (“*EDB*”) to develop a more conducive charity registration regime for these *ICOs*. This guidance clarifies how such *ICOs* would be considered for charity registration.

Note: If you are a grantmaking organisation, please refer to our guidance on *Regulation of Grantmakers* instead.

Q2. What are qualifying International Charitable Organisations?

ICOs are charitable organisations with a regional or global charter. They are involved in delivering some form of charitable aid or charitable services on a regional or global scale. An established *ICO* typically operates on a large budget and has offices spanning the globe, choosing to locate where conditions are most favourable to its causes. Examples of well-known *ICOs* would include *World Vision International*, *Habit for Humanity International* and *World Wide Fund for Nature*.

Qualifying *ICOs* are defined by the *COC*’s office as those who satisfy **all** the following criteria:

- (a) **A bona fide non-profit entity** – the *ICO* must prove that it has received tax exempt status in other countries outside Singapore (typically under the respective non-profit legislation in those countries);
- (b) **Non-political affiliation** – the *ICO* must prove or declare that it is not funded by any political parties and that it does not have a political agenda.
- (c) **Its activities must directly fulfil at least one of the charitable purposes listed below:**
 - (i) relief of poverty;

- (ii) advancement of education;
- (iii) advancement of religion, or
- (iv) other purposes beneficial to the community, such as:
 - a. the advancement of health;
 - b. the advancement of citizenship or community development;
 - c. the advancement of arts, heritage or science;
 - d. the advancement of environmental protection or improvement;
 - e. the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantages;
 - f. the advancement of animal welfare; and
 - g. the advancement of sport, where the sport advances health through physical skill and exertion.

(d) The organisation should have a regional or global charter;

(e) Based on EDB's economic criteria, the organisation must commit to meet at least one of the following targets which will benefit Singapore economically:

- (i) Employ at least 3 staff within three years of setting up office in Singapore, at least one of them being a Singaporean Citizen or Permanent Resident. The office must conduct at least two regional functions from the following list:
 - Strategic Business Planning and Development
 - General Management and Administration
 - Marketing Control, Planning and Brand Management
 - Intellectual Property Management
 - Corporate Training and Personnel Management
 - Research, Development and Testbedding of New Concepts
 - Shared Services
 - Economic or Investment Research and Analysis
 - Technical Support Services
 - Sourcing, Procurement and Distribution
 - Corporate Finance Advisory Services
- (ii) Commit at least S\$1 million in annual business spending
- (iii) Conduct activities in Singapore (such as regional / global conferences) that will generate at least 300 visitor-nights¹ annually.

(B) CHARITY REGISTRATION FOR ICOs

¹ Visitor-nights are defined as the number of foreign attendees multiplied by the event duration in days.

Q3. Do ICOs need to register themselves as a charity in Singapore?

Under Section 5(6)(a) of the Charities Act², any organisation which operates in Singapore for exclusively charitable purposes³ should apply to register itself as a charity with the COC's office within 3 months. While application to register is mandatory, successful registration is conditional on certain criteria which the organisation needs to meet. Hence, an ICO which plans to conduct or is already conducting exclusively charitable purposes in Singapore should apply to the COC's office for charity registration. Application can be done online through the Charity Portal (www.charities.gov.sg).

Q4. What are the key charity registration criteria in Singapore?

The key charity registration criteria are:

- (a) The organisation's purposes must be exclusively charitable;
- (b) The institution to be registered locally must have at least 3 trustees, of whom at least two must be Singapore citizens or permanent residents; and
- (c) The purposes/objects of the organisation must be beneficial wholly or substantially to the community in Singapore.

Q5. What are the benefits of being a registered charity to that of an unregistered charitable organisation?

Registered charities receive an automatic tax exemption on their income regardless of where the income is spent (locally or overseas). In addition, registered charities also receive property tax exemption on premises used for exclusively charitable purposes.

Q6. Our ICO has purposes which are only partially charitable, or whose charitable purpose(s) does/do not fall under any of the categories of charitable purposes listed above. Can we still qualify for charity registration?

The COC's office registers only organisations with exclusively charitable purposes so as to safeguard the public interest that registered charities are truly charitable in nature.

For organisations with partially charitable purposes, we encourage them to separate the exclusively charitable functions from the non-charitable functions, and register the separate entity with the exclusively charitable purposes as a charity instead. Similarly, ICOs with partially charitable purposes could simply set up local chapters or entities with exclusively charitable purposes and register these local chapters / entities as charity.

² Legislation that governs the charity sector in Singapore, available on <http://statutes.agc.gov.sg/>

³ Charitable purposes are listed in part (b) of Q2 in Section (A).

If your organisation is unsure about whether your purpose is exclusively charitable, you could submit your governing instrument(s) to the COC's office for our assessment.

Q7. Can the COC's office be flexible for ICOs on the 3-trustee requirement and the requirement to have at least two of the three trustees for the locally registered charity to be Singapore citizens / permanent residents?

The COC's office has put in place the 3-trustee requirement to ensure greater accountability in our charities and to protect the public against rogue charity trustees. The requirement for at least two of the three trustees to be Singapore citizens / permanent residents enables the COC's office to have proper jurisdiction and regulatory oversight of the charity. For qualifying ICOs which are unable to meet this criterion, the COC's office will consider being more flexible on a case-by-case basis.

Q8. Can the COC's office be flexible for ICOs on the requirement that the purposes of the organisation must be beneficial wholly or substantially to the community in Singapore?

Since registered charities typically receive local donations as well as automatic tax exemption on their income, there is an expectation that they should also benefit the local community to justify the donations received and the tax benefit.

However, the COC's office recognises that ICOs typically conduct regional or global charitable work from a base location. It would therefore be unrealistic to expect a locally registered office of an ICO to have to contribute wholly or substantially to the community in Singapore when its charter is regional or global. Hence, the COC's office will exercise flexibility on the extent of the ICO's local office's contributions to local charitable causes vis-à-vis foreign charitable causes, in processing their registration.

Nevertheless, locally registered chapters of ICOs are still expected to benefit the local community, albeit not wholly or substantially. Some of the ways ICOs could contribute would include the following:

- (a) Contributing a certain percentage of their income to local charitable causes;
- (b) Partnering with local charities to conduct joint charitable programmes / services;
- (c) Building or improving capabilities⁴ in the local charitable sector by way of sharing of best practices through workshops, conferences, consultancy, etc.

⁴ For instance, ICOs could share best practices in governance, strategic planning and fund-raising programme management with the local charities or other stakeholders in the local non-profit sector.

Q9. If I am an ICO who is also a grantmaker, would I need to contribute to local charitable causes?

Grantmakers are charities which are founded with private family/institutional money and which do not raise funds from the public. As such, there is no requirement that they should contribute to local charitable causes although their contributions would be welcomed. Please refer to the COC's guidance on *Regulation of Grantmakers*.

Q10. What is an Institution of a Public Character (IPC) status and can ICOs qualify for such status here?

Institutions of a Public Character (IPCs) are non-profit organisations that are authorised to receive tax-deductible donations. Currently, donors are given double tax-deduction for donations made to IPCs.

Due to the tax benefits, IPCs are required to spend 100% of their income on local charitable causes and the IPC status is conferred by the COC's office based on stringent criteria. ICOs with registered charity status in Singapore are welcome to apply for IPC status if they wish to contribute wholly to local charitable causes. More information on IPCs as well as IPC application can be found online via www.charities.gov.sg

Q11. If an ICO fails to qualify for charity registration, can it still obtain tax incentive given its nature as a non-profit organisation?

Yes, this is possible. The Economic Development Board (EDB) administers an NPO Incentive Scheme. ICOs who do not qualify for charity registration could approach the EDB International Organisation Programme Office to inquire about the scheme. However, ICOs who qualify for charity registration cannot apply for EDB's NPO Incentive Scheme.

(C) FUND-RAISING FOR FOREIGN CHARITABLE CAUSES

Q12. Can ICOs fund-raise in Singapore for foreign charitable causes? If yes, what are the requirements?

Yes. Any organisation that wishes to conduct any fund-raising appeal for any foreign charitable purposes must apply to the COC's office for a fund-raising permit. The application should be submitted not less than 30 days before the date on which the fund-raising appeal commences. The applicant must be an organisation (corporate or unincorporated) in Singapore as the permit will not be granted to an individual person. Applying for a permit is a simple procedure that can be done online via the Charity Portal (www.charities.gov.sg).

If the ICO is not registered (corporate or unincorporated) in Singapore, then it must seek the help of a locally-registered organisation to apply for the permit on its behalf. This is to allow the COC's office to have jurisdiction over a foreign organisation which is unregistered in Singapore but intends to fund-raise in Singapore.

Q13. What documents do I need to submit with the application?

The following attachments are required with the completed application form (which can be downloaded from www.charities.gov.sg):

- (i) Proof that the beneficiary is a bona fide organisation in its country;
- (ii) Letter from beneficiary acknowledging the fund-raising activity held in its name;
- (iii) Constitution of the charity, intended beneficiaries of the relief fund (where applicable); and
- (iv) Information on the estimated expenses (in detailed breakdown) to be deducted from fund raised.

Q14. Are there any restrictions to the use of the funds raised through such appeals?

If the funds are to be raised from the general public, then the applicant has to apply at least 80% of the net proceeds of the funds raised within Singapore. Depending on the nature of the fund-raising appeal such as for disaster relief, the COC has the discretion to allow a lower percentage to be applied within Singapore.

If the funds are to be raised only from private donors such as family, friends and business associates, then the applicant need not apply 80% of the net proceeds in Singapore. However, application for a permit is still required.

In addition, the fund-raising appeal expenses should also not exceed 30% of the total funds raised i.e. "30/70" rule.

Q15. What is the difference between public donations and private donations?

Public Donations

Essentially, the following guidelines will determine whether the donations are considered as from the public:

- (i) House-to-house and street collections: the appeal intends to fund-raise by way of house-to-house or street collections e.g. use of volunteers or paid staff to sell "flags"; or

- (ii) Use of Media Publicity: the appeal, direct or indirect, leverages on any form of traditional or new media publicity e.g. news coverage on the plight of individuals, use of Internet advertising, fund-raising appeal through radio, television, etc; or
- (iii) Use of Outdoor Display: the appeal, direct or indirect, leverages on any form of outdoor display such as billboards, banners and blimps that is accessible to the general public; or
- (iv) Accessibility of Collection Instrument: the collection instrument used for the fund-raising appeal is accessible to the general public e.g. donation boxes used by companies such as MacDonaldis and other charities such as Society for the Prevention of Cruelty to Animals (SPCA).
- (v) Relationship of Donors: the fund-raising appeal, though not publicised in the media, is targeted at members of public who have no relationship with the fund-raising organisation. For instance, the use of telemarketing, flyers, mass mailers, spam email, mass “SMS” text messaging, etc will be in this category.

Private Donations

The following guidelines will help to determine whether the donations can be considered as private:

- (i) Defined Donor Relationship: Private donations should be sourced from donors who share a defined relationship to the organisation conducting the fund-raising appeal, and not from the general public. These defined relationships could include the organisation’s subscribed members, family members, personal friends, business associates or acquaintances⁵. In addition, the *ultimate target group* of the fund-raising appeal should have a defined relationship⁶ with the organisation or belong to a unique or exclusive category of individuals that would not constitute as the general public.

Categories of unique target groups could include

- i. religious congregations;

⁵ This could include acquaintances made through first-degree (or higher) introductions e.g. a fund-raiser knows someone who can introduce the fund-raiser to other persons. A defined relationship is established when the fund-raiser gets to know these other persons.

⁶ This is to prevent a situation whereby a fund-raiser accesses the database of a “member” company to solicit funds from individuals in that database, who are not directly related to the fund-raiser. A fund-raiser using this practice could thus access many databases, effectively targeting its appeal at the general public. However, if the database is a unique or exclusive list of, say, rich persons, then this can be considered as private.

- ii. a university's alumni network;
- iii. members from a particular club, society or association.

Exclusive categories of individuals could include

- i. Chairmen/CEOs in public-listed firms or private companies;
 - ii. High-net-worth-individuals (HNWIs);
- (ii) No Advertisement of Fund-Raising Appeal: The fund-raising appeal should not be advertised or publicised to the general public in any form.
- (iii) Bequest of private assets: Bequeathed assets are private assets that can be donated to a charitable or philanthropic cause. This would not constitute as fund-raising as long as the assets are bequeathed according to the individual's will. Hence, any bequests to an organisation for foreign charitable purposes do not require a fund-raising permit provided the organisation does not solicit such bequests as part of their fund-raising appeal.

Organisations that wish to fund-raise for foreign charitable causes from private donors would have to abide by the guidelines above in order to be exempted from the 80:20 fund-raising rule. If any of the guidelines above is contravened, the fund-raising appeal would be considered as targeting public donations and the 80:20 fund-raising rule will be imposed. COC's office may allow appeal on a case by case basis if there are strong justifications for exceptions to the guideline.

Q16. Is a permit required for privately-owned money that is donated for foreign charitable causes without having been solicited through fund-raising?

A fund-raising permit for foreign charitable causes is only required to solicit funds for foreign charitable causes. If the funds are donated without having been solicited, then a permit is not required.

Q17. What records must be maintained for such fund-raising appeals?

Every permit-holder must maintain proper record and accounts in respect of the fund-raising appeal as follows:

- (i) Names of the authorised persons who participated in the appeal;
- (ii) Dates on which the appeal commenced and concluded;
- (iii) Gross amount received from the appeal;
- (iv) Amount of every item of expenditure disbursed from the funds raised;

- (v) The amount of net proceeds applied to the foreign charitable purpose for which the appeal was conducted and the means by which it was distributed; and
- (vi) The amount transmitted to any person outside Singapore and to whom the money was transmitted.

The permit-holder must also ensure that all payments out of the funds raised are made with due care and the payment properly authorised.

Q18. Must the Statement of Accounts for foreign fund-raising appeals be audited?

Yes. The Statement of Accounts of the fund-raising appeal must be audited by an auditor approved by the COC. The audited Statement of Accounts must be submitted to the COC’s office within 60 days of the last day of the appeal or within such extended period as may be allowed by the COC. Besides submission to COC, no public disclosure of the Statement is necessary.

(D) SUMMARY REFERENCE TABLE FOR QUALIFYING ICOs

S/N	Charities Act / Regulations	Conditions / Treatment for Qualifying ICOs
<u>Qualifying Conditions for ICOs</u>		
1.	Based on regulatory guidance	<ul style="list-style-type: none"> ▪ Bona-fide non-profit entity ▪ Non-political affiliation and no political agenda ▪ At least one charitable purpose ▪ Regional or global charter ▪ Commit to meet at least 1 of the following criteria: <ul style="list-style-type: none"> (i) Employ at least 3 staff within 3 years of setting up in Singapore, at least one of them being a Singapore Citizen or Permanent Resident. This office must conduct at least 2 regional functions from the following list: <ul style="list-style-type: none"> ○ Strategic Business Planning and Development ○ General Management and Administration ○ Marketing Control, Planning and Brand Management ○ Intellectual Property Management ○ Corporate Training and Personnel Management ○ Research, Development and Testbedding of New Concepts ○ Shared Services ○ Economic or Investment Research and Analysis ○ Technical Support Services ○ Sourcing, Procurement and Distribution

		<ul style="list-style-type: none"> ○ Corporate Finance Advisory Services (ii) At least S\$1 million in annual business spending (iii) Generate at least 300 visitor nights annually
<u>Charity Registration Requirements</u>		
2.	Requirement for a minimum of 3 charity trustees; and 10 trustees for large charities	For qualifying ICOs which are unable to meet this criterion, the COC's office will consider being more flexible on a case-by-case basis.
3.	Requirement that grantmakers have to apply their funds wholly or substantially to benefit the Singapore public	Qualifying ICOs are still expected to benefit the local community. However, they will be given flexibility on the extent of their contributions to local causes vis-à-vis foreign causes.
<u>Fund-Raising Permit for Foreign Charitable Causes</u>		
4.	Requirement for fund-raising permit for foreign charitable causes	<p>Qualifying ICOs which intend to solicit funds from public or private donors for foreign charitable causes are required to apply for a fund-raising permit from the COC's office.</p> <p>If the funds are donated without having been solicited, then a permit is not required.</p>
5.	Imposition of 80:20 rule	<p>For funds which are raised from the general public, the qualifying ICO must undertake to apply 80% of the net proceeds of the funds raised in Singapore i.e. "80:20" rule.</p> <p>The 80:20 rule will be waived for funds which are to be raised from private donors. The onus will be on the qualifying ICO to demonstrate that the funds are raised from private donors and not from the general public, based on the COC's guidelines to distinguish between public and private donations.</p>
6.	Imposition of 30/70 rule	Fund-raising appeal expenses should also not exceed 30% of the total funds raised
