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NETRUST'S RESPONSE TO JOINT IDA-AGC CONSULTATION REVIEW OF ELECTRONIC TRANSACTIONS ACT, STAGE III: REMAINING ISSUES

1. Our views on selected portions of the Consultation Paper is provided below:

PART 2
REGULATION OF CERTIFICATION AUTHORITIES

Q1. Do you have any comments on the proposal to move technology specific details in the ETA to the ETR?

It is generally acceptable to keep the main legislation technology neutral, while leaving the details to the ETR. It is our understanding that the ETR would not be totally technology neutral, as any technologies introduced must satisfy the requirements for reliability and non-repudiation. PKI is one of the most secure authentication architectures that has the key attributes for supporting non-repudiation. Its standards are well defined and internationally recognised, and therefore can easily support cross-border applications.

Q2. Do you have any comments on the proposal to replace the current "licensing" approach with an "accreditation" approach in the ETA and ETR? (See Annex A)

Netrust agrees with the change towards an "accreditation" system. An accredited CA should enjoy the same benefits of a 'licensed' CA, namely:

- Evidentiary presumption for digital signatures generated from the certificates it issues. With the presumption, the party relying on the signature merely has to show that the signature has been correctly verified and the onus is on the other party disputing the signature to prove otherwise. Evidentiary presumption hence assures online merchants of the security of their transactions when they use such signatures to validate electronic contracts.
- Limited liability under the ETA. The CA will not be liable for any loss caused by reliance on a false or forged digital signature of a subscriber as long as the CA has complied with requirements under the ETR. In all other situations, the CA will also not be liable in excess of the reliance limit amount specified in the certificate.

- An indication to the public that the CA has met stringent regulatory requirements and is therefore trustworthy and deserving of consumer confidence.

Q3. Do you have any comments on the proposed amendments to the financial criteria and fees for CA accreditation?

While it is generally beneficial to the Company seeking accreditation to have fees reduced, this must be weigh against the need for adequate protection and assurances on the continuity of CA operations. There must be baseline financial and operational requirements for the *initial* accreditation of a CA. For its ongoing operations, as a minimum, baseline indemnity insurance should be defined.

Q4. Do you have any comments on the proposed increase in the accreditation duration from 1 year to 2 years?

The Accreditation duration can be more than 2 years. The auditing requirements can be de-linked from the Accreditation period. A Company will remain accredited as long as it meets the Audit requirements.

Q5. Do you have any comments on the proposed amendments to limit the audit requirement to relevant security guidelines?

It is important to recognize that a CA is trusted not just for its security implementation, but also for its processes and proper handling of the issuance of certificates. Thus an Accredited Company needs to be audited against the processes and requirements defined in the ETA and ETR. Otherwise, potential customers would need to do their own investigation into whether an Accredited Company truly meets those requirements.

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PART 5
UNCITRAL ELECTRONIC CONTRACTS CONVENTION AND RELATED ISSUES

Q15. Do you agree that the definition of an electronic signature should not require such a signature to fulfill both an identification as well as an approval function?

Agreed. The intent or reason for signing should always be included within the document itself.

Q16. Do you agree that a general provision providing for the functional equivalence of electronic signatures to handwritten signatures (e.g. section 8) should not contain any reliability requirement?

Q17. Should any laws imposing a signature requirement be clarified by prescribing the requirements as to reliability that should apply to electronic signatures? If yes, please state the legal requirement (e.g. Civil Law Act, section 6) and describe the standard that should be required of electronic signatures in order to satisfy that legal requirement.

Disagree.

It is easier to forge a link between a person and a transaction in the electronic world as compared to the physical world. Also, in the physical world, a signature is created by a person, and is unique to his temperament and generally non-reproducible. In the electronic world, this is not the case. Hence reliability requirements should remain.

Submitted by:

Digitally signed by Jong Ai FOO
DN: CN = Jong Ai FOO, C = SG, O = Netrust Certificate Authority 1, OU = Netrust CA1 (Corporate)
Reason: I am the author of this document
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