

OCTOBER 2008 COMMUNIQUÉ

Nominet's Board of Directors met on 21st October 2008. The meeting was adjourned to 27th October to conclude the Board's deliberations on the formal complaints relating to Jim Davies.

Events & Feedback

- The Board is pleased to announce that financial modelling for variable registration periods is under way. The executive will undertake further research on demand and pricing scenarios, further details will be announced in due course.
- The Board congratulated the DRS team, which has been shortlisted for the 2008 CEDR (Centre for Effective Dispute Resolution) awards, in the Industry category. The awards ceremony will take place on 12th November.
- We sponsored the Parliament and Internet conference held on 16th October, which raised our profile within government and industry. The conference formed part of the UK Internet Governance Forum's preparations for Hyderabad. Lesley Cowley addressed the plenary session with Tom Walker of BERR and Nick Thorne (former UK Ambassador to the UN). Our workshop session, "Internet, a force for good", included Dr Tanya Byron and was moderated by Rt Hon Alun Michael MP.
- Emily Taylor was renewed as a member of the IGF Multi-stakeholder Advisory Group (MAG) in September. Membership of the group was fully reviewed and there was a 1/3 turnover in membership. Appointments are made in a personal capacity.
- On 9th October, we had a visit from Meredith Baker, Acting Assistant Secretary for Communications and Information, and some of her officials at the Department of Commerce. We discussed ICANN, DNSSEC and signing the root, new gTLDs, and general Internet Governance issues. They were immensely positive about Nominet as an international role model.
- We also had the honour of welcoming Vint Cerf, one of the Internet's founding fathers, to Minerva House in September. We used the opportunity to have a Q&A session with the staff, which was enthusiastically received.
- We will be holding our .uk registrar conference on the 19th November at Wembley Stadium and will be launching our latest domain name industry report at this event. Further details are available at <http://www.nominet.org.uk/news/latest/?contentId=5648>
- Ray Bellis of the Advanced Projects Team, has co-authored a report on the impact of DNSSEC on consumer routers. The report has been published by the ICANN SSAC (Security and Stability Advisory Committee) and can be found at <http://public.icann.org/files/ssac/sac035.pdf>. This continues to position us as a leading registry in developing best practice in this important area of Internet development.
- We will be holding a joint workshop with APACS, the bank clearing house, and the PAB to discuss industry responses to phishing. The session will showcase best practice amongst the Nominet registrars.

Board Matters

- Following a recent meeting with David Hendon, a senior BERR official, the Board have received a letter outlining BERR's concerns about Nominet's governance. A copy of the letter can be found at http://www.nominet.org.uk/digitalAssets/31728_BERR-Letter-October2008.pdf As a result, the Board unanimously resolved to appoint an expert to urgently undertake an independent review.
- The Board received a Strategic Priorities Performance report for 2007/08 from the executive and offered congratulations on the achievements for the year.
- By a majority, the Board agreed to appoint Gordon Dick as Deputy Chairman, to stand in for the Chairman where necessary.

- Following a formal complaint against one of Nominet's non-executive Directors, Jim Davies, which was upheld in August 2008, the Board was disappointed to receive two more formal complaints concerning Jim Davies (who withdrew from all discussions and decisions about the complaints).

The first complaint was by one of our largest member/registrar, which alleged that Jim Davies had a conflict of interest and had brought the Nominet Board and company into disrepute by acting as a solicitor against them on behalf of another large member/registrar. In investigating the complaint, it emerged that Jim Davies had failed to disclose specifically – either to the Board, or to the membership prior to his election - that he had been on a retainer with the second large member/registrar since March 2008. Jim Davies stated that all relevant disclosures had been made.

The Board upheld the complaint. Angus Hanton abstained from this decision.

The second complaint was from a litigant in a domain name dispute, which alleged that Jim Davies had an interest in a contract between Nominet and a third party, and that he was in breach of his fiduciary duties to the company. In investigating this complaint, it emerged that Jim Davies had personally given a statement to the Court indicating that Nominet was in breach of contract or other duties to the third party. Jim Davies stated that all relevant disclosures had been made.

The Board upheld the complaint. Angus Hanton abstained from this decision.

The Board noted that, as advised by leading counsel, all directors have a legal duty to avoid situations of conflict and possible conflict. The Board requested that Mr Davies urgently sign written undertakings that he will not breach his duties in future.

- The Board continued to press for Jim Davies to sign the standard Non Executive Director contract, outstanding since his election in May 2008.
- Following the recent changes to the Companies Act, the Board reviewed a draft Conflicts of Interest Policy. The Board unanimously agreed to update the register of Directors' interests in the light of the new legislation.
- The Board agreed an Ethical Investments Policy to ensure environmental factors are taken into account with investments.

Operational Statistics

There were 2,883 active members and 4,158 active tags as at 30th September 2008. Since August 2008, 8 new members have joined. The number of new registrations in August 2008 was 134,515 and September 2008 was 139,871. The average renewal rate for the year was 70%. The net growth of the register for the last 12 months was 12%.