

Raising industry standards

Introduction to a new strategic priority

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1. Introduction

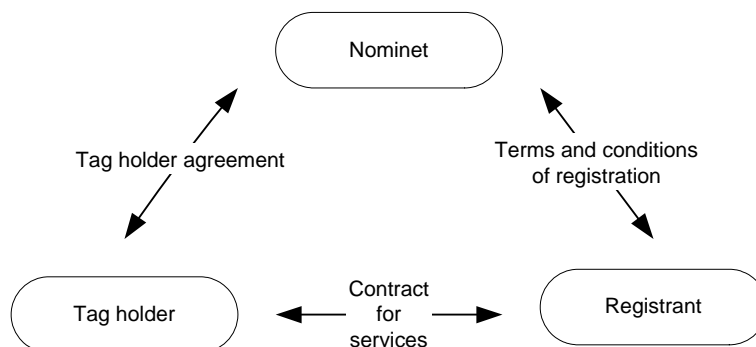
This paper provides background information to the presentation at the PAB meeting on *Raising Industry Standards*. It explains the relationship between Nominet and its tag holders and is therefore primarily aimed at the appointed PAB members who may be less familiar with this relationship. In addition it provides background information on the strategic priority of raising industry standards.

2. The Nominet model

Nominet is a company limited by guarantee. It has members instead of shareholders. The vast majority of members are UK based companies that offer domain name registration services to third parties. We have 2,851 members as at 1 August 2005. Members pay a joining fee (£400) and annual subscription (£100) and are entitled to a discounted registration rate.

In order to register domain names these companies must also become 'tag holders'. As a tag holder, a company can process domain name applications through our automated registration system - the Automaton. Only tag holders who are members of Nominet are entitled to receive a discount for domain name registrations. The contractual relationship between Nominet and its tag holders is set out in the tag holder agreement. We currently make no checks on an organisation or individual applying to become a tag holder other than a basic credit check. An applicant without a favourable credit rating can still become a tag holder but will not be offered credit. Therefore any organisation or individual can become a tag holder subject to signing the tag holder agreement.

As the registry, Nominet also has a contractual relationship with each domain name registrant. The contractual relationships involved in domain name registrations are characterised as followed:



2.1 The tag holder agreement (THA)

The current THA was introduced in 1999, with minor revisions in 2002. The agreement sets out the obligations and liabilities on tag holders and Nominet. There are a number of normative requirements in the current THA that cover:

- A tag holder's inability to prevent a registrant moving to an alternative tag holder
- The requirement for a tag holder to update information at the request of a registrant
- The requirement for a tag holder to make new registrants aware of our terms and conditions

A copy of the THA is attached at appendix A.

3. A new strategic priority

The decision to consider a strategic priority focussing on industry standards was prompted by several issues that we will outline during our presentation.

Last year the PAB requested clarification of the level of enforcement of the current THA and also asked whether a more specific THA would aid that enforcement.

At the same time, as one strand of the governance review, the executive was also carrying out a review of the current tag holder model. We investigated alternative registry/registrar models, benchmarked our systems and services against other models and reviewed the feedback from tag holders and registrants. The result of the review was the creation of a new strategic priority to raise standards in the industry.

Specifically we have said that we want to:

- Take a proactive approach to raising industry standards
- Work with our tag holders to respond to registrant concerns
- Offer choice to stakeholders through different service levels
- Lead the development of a wider code of practice body

3.1.1 Taking a proactive approach to raising industry standards

Our decision to pursue this new strategy is informed by feedback from our tag holders and opinions expressed by other key stakeholders. In an independent survey carried out at the end of 2004, 81% of tag holders said that we should look at the introduction of a code of practice.

Raising standards is not just about the way a tag holder works but also means ensuring that tag holders have sufficient understanding of the technical implications of registering .uk domain names and the business processes used by the registry, so that they can provide comprehensive and correct advice to their customers.

3.1.2 Working with our tag holders to respond to registrant concerns

We have said that we will work with tag holders to determine the most effective approach and those areas in which improved standards would make the most difference to registrants.

3.1.3 Offering choice to stakeholders through different service levels

The strategy proposes several approaches: addressing standards through our contractual relationship with tag holders, through a possible optional gold standard for tag holders and more widely through a code of practice body. This will require significant stakeholder consultation to ensure we provide solutions that best meet the needs of our tag holders, their customers and other stakeholders.

We also recognise that the industry supports a variety of different business models. Far from proposing a homogenised approach we are committed to identifying flexible solutions that ensure these models can continue to coexist while still supporting best practice approaches across the industry.

3.1.4 Leading the development of a wider code of practice body

Our mission relates to the .uk ccTLD but we recognise that a drive to improve standards could also encompass domain names registered in other Top Levels Domains as well as other related services. For this reason we believe that the possibility of a broad voluntary Code of Practice, independent of Nominet, warrants renewed investigation. We see our function in this area as one of facilitating discussions, initiating contact and cooperation between relevant organisations and potentially providing partial seed funding.

4. Timeline

At the PAB meeting on 14 September we will provide further information on the review we have undertaken and details of the next steps towards launching a public consultation focussed on raising industry standards.

The current timeline we are working to is as follows:

September 2005	Presentation to PAB
November 2005	Draft consultation paper to PAB
January 2006	Launch public consultation
May 2006	Take revised tag holder agreement and/or 'Gold Standard' requirements to the PAB
June 2006	Launch revised tag holder agreement and/or 'Gold Standard'

(NB. Timelines may be subject to change particularly in light of the responses to the public consultation.)