

Have your say!

This consultation covers a broad range of questions. If there are certain questions that you don't have an opinion on please feel free to leave them blank.

This document contains respondents between 16 and 16 inclusive.

What do you think the purpose of Nominet should be?

Nominet's purpose should be public. It must consider the needs of all relevant stakeholders in making decisions.

What do you think the Vision and Values of Nominet should be?

I subscribe to the current vision and values Nominet has. It is absolutely critical that it continues to be open, honest, unbiased, accessible, trustworthy and leading the way on the Internet.

What do you think the development strategy of Nominet should be?

This is a matter for the board to determine based on Nominet's mission. It needs to be able to pass the current hurdles in its way and start focussing on long term strategy.

Do you want Nominet to continue as a not-for-profit organisation?

Nominet needs an organisational structure that fosters and supports its key role of a co-ordinator which allows commercial competitors to carry on with their respective businesses whilst having fair access to the centrally managed resources operated by Nominet.

Based on the discussions and evidence I have seen, I have yet to be convinced that there would be a better vehicle than a company limited by guarantee with members to achieve this, provided the membership is active, particularly on important matters.

What do you think should be done about the commercial discount arrangements?

The control over price should ultimately be left to the board, however given the significant effects any such price changes (or lack thereof) could have on the market in the short, medium and longer terms, and accepting that a vigorously competitive registrar market is critical, the following pricing principles might be useful:

1. Impact on registrars, registrants and other stakeholders

The Board must take into consideration the impact of a price change on registrars (the channel), registrants (the users) and other relevant stakeholders. This may include consultation or other evidence base, if appropriate.

2. Reasonable notice must be given of price changes.

It would not be appropriate to enshrine into a constitution specific time scales as 'reasonable' may vary depending on market conditions. Where a significant change is made, a phased approach or other transition options should be considered which may mitigate some negative effects.

3. Pricing must be non-discriminatory as between registrars.

Nominet should operate an open and flat pricing model which does not give a competitive advantage to any registrar, or group of registrars. This helps to encourage new market entrants which is generally in the interests of consumers.

4. Pricing must promote fair competition.

Pricing should be designed to promote competition between registrars of all sizes and across business models.

5. Registrar Cost neutrality

The Costs of registrar status should be reflected in registrar subscription fees on a cost recovery basis and not funded from domain registration income.

6. Marketing and Promotions

Where Nominet engages in marketing or promotional activity which stands to benefit one registrar or a group of registrars, it must ensure that (a) such activity does not distort the market by giving a registrar or group thereof a competitive advantage, and (b) that any such activity would not otherwise take place without Nominet's involvement, and (c) it should ensure, as far as is commercially viable, that such support is available to all registrars.

Nominet should ensure any promotional or marketing activity does not fund the general marketing budget of a registrar or group thereof but is targeted to ensure it aligns with Nominet's mission and its primary effect is to promote Nominet services.

What do you think should be done about broadening membership?

Broadening the membership could help ensure Nominet is not dominated by any single stakeholder group, but it is paramount that this is not seen as a solution to the 'membership engagement' problem. Broadening the membership base, in itself, could make the problem worse unless a membership engagement strategy is effective. A socially responsible and active membership requires nurturing. Any expansion in membership must be phased in with appropriate safeguards.

Nominet is a unique company managing a critical national resource, but it is also a critical supplier and it competes with other registries. It is therefore critical that it becomes more flexible in responding to threats and opportunities. Its membership should be broad and inclusive, but it should remain close to (but not dominated by) the industry.

Do you want Nominet to reform the voting procedures to allow members to feel enfranchised?

This is by far the most difficult issue for Nominet and its membership to tackle. We have to recognise the goodwill of those who started Nominet over a decade ago and ensure that is protected as the organisation transitions to its next step. This may therefore require an iterative approach.

There are common misconceptions about the current voting structure with many small members being under the impression that they have no effective influence in who is elected. This is of course untrue and election margins have on more than one occasions been tight.

I do not believe a 'one member one vote' approach would be appropriate under the current model as it would make the company more open to capture given the current voting turnout, especially by an organised campaign. Under a new model with different types of members, such a voting structure could work however, but this would require significant increases in other types of members.

What do you think should be done about the membership and ownership structure?

I support a Unitary Board Structure, as this is the optimal structure for ensuring communications and interaction between the membership and the board. The other structures create information barriers and make a presumption that board members elected by members seek to represent the interests of those members. Whilst this is a risk in such a model, there are also many benefits. Conflicts of interests are ubiquitous in varying shapes and forms. What is important, is to ensure the board is sufficiently large and diverse, that such conflicts can be managed effectively and those on the board have 'independent minds'.

In terms of how the 'elected' non-executive directors are selected, I would suggest that each constituency should not elect a director, but a way be found for them to influence the vote overall.

What do you think should be done about the entrenched provisions?

The current thresholds needed to make changes are too high. These would need considering in the context of the membership structure, but change must be possible where the vast majority of the membership believes it is desirable.

Split the present Chairman and Managing Director role

The combined role is built into Nominet's constitution. The splitting of these roles has been mandatory for listed companies since 1992. It seems very unwise that Nominet continues what is seen as bad practice here. It reflects badly on Nominet as it does not allow for either role to be developed fully nor for effective Board oversight of each role.

- I agree with the recommendation
- I don't agree with the recommendation
- I don't know enough to make up my mind

Comments

This is a constitutional abnormality which bears no resemblance to the way the board operates. It should be fixed.

Create a separate role of Managing Director who is a full Board member

This is good corporate governance practice and mandatory under the 2006 Combined Code. If the Chairman is 'the boss of the Board of Nominet' then the Managing Director is 'the boss of the day-to-day operations of Nominet' and is held fully accountable for them. This suggestion would require that the Managing Director becomes a statutory Board member, and that the current role of Chief Executive is absorbed into the MD role.

- I agree with the recommendation
- I don't agree with the recommendation
- I don't know enough to make up my mind

Comments

This recommendation is again nothing more than clearing up the articles to reflect the reality. I see no particular reason why a change in title from Chief Executive to MD would be necessary but such a matter should be left to the board.

Revise Nominet's system of voting for directors

This is designed to clarify the present position in Nominet where a conflict can be acknowledged but the Board has currently no power to do anything about it. I am suggesting, for example, the keeping of a register of interests of Board members, the updating of these at each Board meeting and having a clear process for deciding if a conflicted Board member may speak to a topic, whether they can vote on a specific issue, and that these decisions are recorded in the Board minutes.

- I agree with the recommendation
- I don't agree with the recommendation
- I don't know enough to make up my mind

Comments

The Board already keeps a register of interests and declarations are made at each meeting as applicable. I would agree with the recommendation of a clear process to manage those interests, along with a change in the articles to give the board the authority to approve such interests.

Give the Board the power to appoint at least two experienced and independent non-executive directors to the Board in addition to the present NED composition.

There are four reasons for making this proposal:

First, to add wider diversity to the industry-specific experience of Directors elected from the membership. This is always an issue in membership-based organisations as many elected Directors do not have any previous directorial experience.

Second, to allow Nominet to be seen to be acknowledging their wider role in creating the 'public good' by bringing in some externally-orientated Directors with their critical, independent oversight to balance the Board's risk assessment and decision making processes.

Third, to give the Board flexibility in bringing specific functional experience onto it where there is an obvious need.

Fourth, to allow the appointment of a Senior Independent Director who can act as a point of contact for members wishing to discuss issues such as the performance of the Chairman.

I suggest that good practice for these independent NEDs is that they are part of the Board's annual evaluation, and that they have a maximum term of three three-year contracts subject to satisfactory performance.

- I agree with the recommendation
- I disagree with the recommendation
- I don't enough to make up my mind

Comments

I believe that the board should comprise of up to:

- Two (possibly three) executive directors
- Three appointed non-executive directors
- Four (possibly three) elected non-executive directors

Additional executive directors ensure contingency and succession planning and appointed directors allow the board to complement its skill gaps. Appointed directors should be ratified by the membership at the next general meeting following their appointment and again every three years. Elected directors should serve either a two or three-year term. All non-executive directors should be subject to a six-year term limit. The chair should be elected by the board from one of the non-executive directors (or recruited by the board into one of the appointed non-exec roles). For avoidance of doubt, I would regard the current role of chairman as fulfilling the role of an appointed non-executive director.

Ensure that the Board has on it three Executives who are also statutory Directors

This is a further step in achieving better balance on the Board by having the Managing Director and other supporting roles as Board members as part of their employment contract. This would allow broader regular Board oversight mechanisms of the business and the development of Nominet.

- I agree with this statement
- I disagree with this statement
- I don't know enough to make up my mind

Comments

Agree, subject to the above comments.

Appoint a professionally-trained Company Secretary as an Officer of the Board

This role has proved crucial in many Boards, especially those onto which many members may be appointed without previous directorial experience. The Company Secretary is expected to ensure good practice and legal compliance around the boardroom table and to act as 'the conscience of the Board' when necessary.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Create a clear job description for each director

This is to go beyond the existing job description that is contained currently within the call for members' nominations to the Board. It needs to state their corporate legal duties and responsibilities, time commitments and the personal liabilities to which they will be committed. Such job descriptions must apply equally to the Chairman, the Managing Director and any other executives who are statutory directors.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Create annual evaluation and development plans for the Board itself, each committee and each individual director

This is standard practice and is contained in, for example, the Combined Code, the NHS Monitor Code, and, please note DBERR's Building Better Boards recommendations. They, and others, advocate using the Learning Board Model in which I declare an interest.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Ensure that the Board nomination, selection, induction, competence building, evaluation, renewal and de-selection processes are reviewed regularly

This can be started immediately without the need for constitutional change.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Publish in the Annual Report the reasons for, and cost of, the legal fees for directors seeking independent advice concerning their directorial roles

This is to make these costs transparent and, given the recent experiences, to demonstrate the future effectiveness of the induction and competence building processes. Hopefully, it will reduce the tendency to litigation amongst future directors.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Review and publish the remit and membership criteria of the Audit, Remuneration and Nominations Committees

In March 2009, I realise that a start has been made on the Audit Committee. In many businesses it has been found wise to combine the Nominations and Remuneration Committees.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

Reconsider the role and processes of the Policy Advisory Body so that it becomes more an 'outward facing' part of the membership's connection and sensitivity to the external stakeholders and the public good.

- I agree with the recommendation
- I disagree with the recommendation
- I don't know enough to make up my mind

What does being a member of Nominet mean in this changing world?

Nominet's membership as a whole should have a common vision about the general direction of Nominet as an organisations. I believe it should be to promote the 'good' on the Internet, and to help tackle abuse. We should be leading the way in technology, governance and other areas.

What are Nominet's obligations to the wider range of stakeholders who are now affected by, or have potential or actual regulatory powers over its actions?

Nominet must take into consideration the interests of all stakeholders in making decisions. The Internet has evolved very rapidly, and the set of key stakeholders in 1996 are not quite the same as those in 2009 or more so in 2012 and beyond. We need to be responsive to those needs and be a good corporate citizen.

What do the answers to these questions mean to redesigning the governance system of Nominet?

Nominet itself has been engaging many stakeholders, but these are mostly informal relationships. A wider membership could help to make Nominet more accountable to the UK Internet community; this includes every Internet user or prospective Internet user. Tackling the specifics of how that change can be implemented is a very difficult task.

Please give us your contact details

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