

Together we can shape the future of .uk

The Internet has changed dramatically in the 13 years since Nominet was formed and we are proud of the good reputation of .uk and the domain name industry. We want it to continue to flourish, but for that to happen together we need to make changes to the way we operate.

Why we need to change

Last year, the Department for Business Innovation and Skills (formerly BERR) said that if self-regulation within the domain name industry was to continue, we needed to update our constitution. They also urged us to reaffirm our commitment to our wider public purpose – being a guardian of the UK Internet for today's users and future generations. As a result we commissioned an [independent review](#) conducted by Professor Bob Garratt.

Following the review [we consulted you](#) on the recommendations. We listened to your views, and as a result have been able to develop our understanding of the challenges facing us all.

We have developed a statement of commitments that outlines how we can work together to shape the future of .uk. Related to those commitments we have a set of proposals that we believe will help bring about a number of important changes. Those changes should enable Nominet to continue to prosper into the future and, crucially, present a united face and approach to the Government which is considering imposing regulations on the industry.

Together we can satisfy Government and preserve the self-regulation model that has served Nominet, the domain name industry, our members and all stakeholders so well.

What we need to do

If your view of Nominet is that 'it just works' and you are happy with the way we operate and the services we provide for you, then we need you to take action now. Let us know that you are prepared to positively embrace the requirement for change by supporting and backing our proposals.

If we don't get the required level of membership support, the Government is likely to intervene and regulate Nominet and the domain name industry. If that happens, the way the industry works and Nominet's role in it could change in some very significant ways with government imposed regulation, more red tape and paperwork and the erosion of members' business interests being the most likely outcome, as outlined in the government's proposed Digital Economy Bill last week

So, please spend a few minutes reading through the information below and let us know what your views are and whether you agree or disagree with our proposals. You can complete the brief questionnaire below, or email us at shapingthefuture@nominet.org.uk or you can come along to one of our [face-to-face meetings](#).

Once we know your views, we'll firm up the proposals for you to vote on them in early 2010.

Statement of commitments

This statement of commitments outlines the guiding principles that form the basis of the way we would like to work together with our membership and .uk stakeholders to ensure the domain name industry in the UK continues to flourish and remains an example of effective self-regulation.

Together we can shape the future of .uk

Together we can secure Nominet for the public purpose

- We hold .uk in trust for the nation
- With our registrars we will serve all UK Internet users equitably and fairly
- We will reinvest Nominet profits for the public purpose and Nominet will remain a non-profit distributing private company

Together we can have strong Nominet governing principles

- We will have an effective and well-balanced Board
- We will treat all members equitably and fairly
- We will adopt transparent and accountable Board procedures

Together we can ensure that Nominet pricing is fair and flexible

- We will ensure no interest group is favoured
- We will engage registrars and stakeholders if we are considering price changes
- We will be responsive to market conditions

Together we can keep membership at the heart of .uk

- We will maintain a responsive and responsible self-regulated domain name industry
- We have a responsibility to reflect the diversity of all .uk stakeholders and put Internet users at the heart of .uk policy
- We believe a member-led Nominet will be best placed to deliver for all .uk stakeholders

Our proposals

Each of the following proposed changes to our constitution is allied to one of our underlying commitments to shape the future of .uk. In each case we have included the reasons why we need to make this change and the details of what the change will mean.

When we have determined the final wording of these proposals we will be asking you to vote on them in February/March.

1. Together we can secure Nominet for the public purpose

- We hold .uk in trust for the nation
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- We will reinvest Nominet profits for the public purpose and Nominet will remain a non-profit distributing private company

Why we need to make this change

Nominet was set up by Internet pioneers who established it as a non-profit distributing, member-led organisation with a responsibility to ensure the UK domain name space was a trusted, self-regulated space for the benefit of everyone. We want to retain this public purpose. Member consultation so far has told us that you do too. Now we're seeking to put this commitment in writing and we want to enshrine this in our constitution, just as The Internet Corporation for Assigned Names and Numbers (ICANN) has recently made a public interest commitment. The Government views .uk as being an increasingly important part of the national infrastructure and believes Nominet has a responsibility to manage .uk for all stakeholders.

What this change will mean

We will retain our existing objects as set out in our constitution. However, we will explicitly state that we will perform these objects "with a view to public benefit".

2. Together we can have strong Nominet governing principles

- We will have an effective and well-balanced Board
- We will treat all members equitably and fairly
- We will adopt transparent and accountable Board procedures

Why we need to make this change

Effective governance, how we are organised and controlled, is crucial to our success. We believe the domain name industry should continue to be self-regulated. Self-regulation has served members and stakeholders well up to now and we believe it will do so in the future too. To restore Government confidence in our ability to self-regulate, we need to update our Board structure and the role and responsibilities of the Board.

What this change will mean

The Garratt Report recommended that we make specific changes in order to balance the Board and to make Nominet less susceptible to capture by a section of the membership with special interests.

Currently the Board includes the chairman, chief executive and four non-executive directors. We propose that the Board should be made up of:

3 appointed independent non-executive directors
4 elected non-executive directors and
up to 3 executives with an initial position that we would have the CEO and one other.

The independent non-executives will be appointed using a transparent nominations committee process.

The non-executive directors elected by members are invariably registrars themselves or are closely affiliated with one or more registrars, and this means that they usually have inherent conflicts of interest in serving on Nominet's Board and participating in decisions. The Companies Act 2006 prohibits a director of a company from being in a situation where they may have a conflict of interest and this has the technical effect of placing all such directors (and the Board itself) in breach. Companies invariably have the power to authorise such conflicts, and such a change is essential to protect the position of Board members from the registrar community. Under the new articles the Board would, where appropriate, have the ability to authorise conflict situations – it would not do so where, for example, the conflict of interest was substantial and/or financial.

Professor Garratt also made the following recommendations that do not require constitutional change and we intend to adopt them all in full:

- Create a clear job description for each director
- Create annual evaluation and development plans for the Board itself, each committee and each director
- Ensure that the nomination, selection, induction, competence building, evaluation, renewal and de-selection processes are reviewed regularly
- To publish in the Annual Report the reasons for, and cost of, the legal fees concerning independent legal advice for directors concerning their directorial roles
- To review and publish the remit and membership criteria of the audit, remuneration and nomination committees.

3. Together we can ensure that Nominet pricing is fair and flexible

- We will ensure no interest group is favoured
- We will engage registrars and stakeholders if we are considering price changes
- We will be responsive to market conditions

Why we need to make this change

To restore Government confidence in our ability to self-regulate and to remove concerns about a potential cartel of members as described in the review conducted by Professor Garratt, we need to give the Board the power to determine charging and pricing.

What this change will mean

We propose that the EGM should remove Article 19A, which says:

Except as required by law, before making any change to the level of Membership subscriptions or registration fees, the Board must consult with the Members by conducting a ballot. The ballot, which may be carried out by electronic communication or in writing must seek votes for and against each proposed change; and the Board shall only implement the proposed change if at least seventy-five percent of the votes cast in the ballot are in favour of the proposed change.

This would mean that the Board has control over pricing and membership fees.

The current Board has no intention to change the current fee structure for registrations or renewals in terms of amount (£5 registrar and £80 direct) for the foreseeable future or to change the fee structure for membership without due consideration of the registrar base.

We believe that giving the Board control over pricing would make Nominet more democratic (because at the moment a minority with a vested interest can thwart changes in the interests of the registrar and stakeholder community as a whole) and also enable us to respond to changing market conditions and opportunities. The Board is committed to engaging members and stakeholders when it exercises these powers, and is very conscious of the importance of not adversely affecting the business models of registrars.

For example, if the Board wanted to introduce Variable Registration Periods (allowing domain name registration periods of up to 10 years, in addition to the current two year period) they would be able to do so without needing to call a member vote over pricing. Similarly if they wanted to run an auction for two letter domain names they could do so without needing to call a member vote. They could also run a price promotion that was equal and fair for all members if they wanted to without needing to call a member vote.

4. Together we can keep membership at the heart of .uk

- We will maintain a responsive and responsible self-regulated domain name industry
- We have a responsibility to reflect the diversity of all .uk stakeholders and put Internet users at the heart of .uk policy
- We believe a member-led Nominet will be best placed to deliver for all .uk stakeholders

Why we need to make this change

Alongside members and registrars, all stakeholders including domain name registrants and UK Internet users should have a voice in Nominet if they wish. This is in keeping with our commitment to a wider public purpose for Nominet. Specifically, we are seeking backing from you that you agree the principle of wider stakeholder involvement in Nominet. If this principle is agreed, we will then give detailed consideration to how we can bring this about, and we would bring back specific suggestions for you to consider and

vote on in due course – we think such changes will need the most careful thought and deliberation. We see this change as a further essential part of effective governance, and as a critical part of satisfying Government that there will be an effective stakeholder voice within Nominet.

What this change will mean

At this stage we are seeking agreement in principle, together with members' authority for the Board to develop and bring back specific proposals. We recognise that this does not fully meet the Garratt recommendations in this area and therefore we will need to explain this position to the Government and also to the wider stakeholder base and observers.

However, we believe that with the adoption of the clause enshrining Nominet's public purpose benefit being given prominence in the constitution plus an expanded Board which would avoid sectional capture, together with better representation of wider stakeholders via the Policy Advisory Body process (see below), then this may be sufficient for the present time for us to continue without Government intervention. However, the Board does want membership support for us to review this fully in the future.

We propose an additional ordinary resolution along the lines of "Members agree the principle of wider stakeholder involvement in Nominet, and request the directors to begin a considered process of examining the membership structure and voting rights so as to bring them into line with the Garratt recommendations and ensure representation of wider .uk stakeholders".

In the meantime, we are conscious that widening stakeholder involvement in Nominet has a number of facets, and one of these is Nominet's Policy Advisory Body. This has reviewed the way it operates and has developed a suggested new structure which it is confident will result in a .uk policy process that will provide an opportunity for the wider stakeholder community to identify issues which are relevant to Nominet and .uk. The new process will effectively capture stakeholder views by providing a mechanism where relevant stakeholders are identified and able to participate in discussion on issues pertinent to them.

We should also emphasise that we do not propose at the present time to make any changes to the link between membership and discounted domain registration, or to change the voting rights, because members have given us mixed views on these issues.

Timetable

Now until 15 December

Members give views on proposals

December – January

Board consider consultation responses & decide on the changes that will be put to members

January

Articles published that incorporate these changes

February/March

Voting and EGM

TOGETHER WE CAN SHAPE THE FUTURE OF .UK

Please take a few moments to let us know whether you agree or disagree with our proposals.

What do you think of our commitment to securing Nominet for the public purpose?

- We will hold .uk in trust for the nation
- With our registrars we will serve all UK Internet users equitably and fairly
- We will reinvest Nominet profits for the public purpose and Nominet will remain a non-profit distributing private company

- I agree with the recommendation
 I don't agree with the recommendation

Comments

What do you think of our commitment to having strong Nominet governing principles?

- We will have an effective and well-balanced Board
- We will treat all members equitably and fairly
- We will adopt transparent and accountable Board procedures

- I agree with the recommendation
 I don't agree with the recommendation

Comments

What do you think of our commitment to ensure that Nominet pricing is fair and flexible?

- We will ensure no interest group is favoured
- We will engage registrars and stakeholders if we are considering price changes
- We will be responsive to market conditions

- I agree with the recommendation
 I don't agree with the recommendation

Comments

What do you think of our commitment to putting membership at the heart of .uk?

- We will maintain a self-regulated domain name industry
- We have a responsibility to reflect the diversity of all UK Internet users and put Internet users at the heart of .uk policy
- We believe a member-led Nominet will be best placed to deliver for all .uk stakeholders

- I agree with the recommendation
 I don't agree with the recommendation

Comments

Do you think we have covered all the issues within this review period? If not, what do you think have we missed?

Comments

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