

## APRIL 2006 COMMUNIQUÉ

Nominet's Board of directors met on the 3rd and 4th April 2006.

### **Extraordinary General Meeting (EGM) - Next Steps**

The Board would like to thank those members who participated in the informal meeting following the EGM. We have listened to the feedback and comments from our members and others, both at that meeting and subsequently. We recognise and acknowledge the need to consult on any future proposals. We will now seek to re-engage with our members and will undertake a process of review and consultation to determine together a way forward that is more acceptable to all concerned.

As a result of our deliberations, we have identified two areas of major concern.

The first major concern is about voting rights. We therefore plan to publish a consultation paper on voting rights in late April/early May outlining the options and seeking member feedback over a one-month period. If any changes to member voting rights are proposed as a result of this consultation, they can be implemented by the Board prior to the next Annual General Meeting and election of non-executive Directors.

The second major concern is about the current inability of Nominet to bid to run the proposed UK ENUM registry. Therefore a second review and consultation stage will examine the role and scope of Nominet. As we have always stated, the registry for .uk will remain at the heart of our business. We also remain keen to apply our expertise, experience and technology to new, wider opportunities in Internet registry services. We plan to publish a consultation paper in June outlining the options and seeking feedback over a two-month period. If any changes to the company memorandum are proposed as a result of this consultation, a general meeting will be held early in the Autumn.

Having then addressed the two areas of major concern, the third review and consultation stage will examine the remaining issues from the governance review. We plan to publish a consultation paper in the Autumn outlining the options and seeking feedback over a three-month period. If any changes to the company memorandum and articles are proposed as a result of this consultation, a general meeting will be held early in 2007.

### **DNSSEC**

Nominet's technical excellence team hosted a workshop to propose potential solutions to the issues which have blocked our implementation of DNSSEC. The German registry, DENIC, will be hosting a similar workshop this month. The Board were encouraged to hear that there is a good chance that our proposals will receive full RFC status before the end of 2006, paving the way to implementation of a safer and more secure DNS for .uk.

### **VAT Tribunal**

We believe our overseas customers should not be subject to UK VAT, reflecting the situation in most online transactions. In response to many complaints from overseas customers, we have been in correspondence with our local VAT office for over a year to try and resolve this matter.

Our local VAT office has informed us they still consider that our overseas customers should be subject to UK VAT.

The Board welcomed the executive's decision to launch VAT Tribunal proceedings in respect of advice given by our local VAT office.

### **Operational Statistics**

There were 2,830 active members and 3,898 active tags as at 31 March 2006. Since February 2006, 40 new members have joined and 4 members have resigned. The number of new registrations in February 2006 133,009 was 96,879 and March 2006 was 153,310. The average renewal rate for February 2006 to March 2006 was 67%. The net growth of the register for February 2006 was 1.8% and 2.2% for March 2006.