

Raising Industry Standards

Executive Summary

Over the past ten years Nominet has contributed to the development of the UK Internet industry, helping to build a diverse and competitive marketplace.

We offer high standards of customer support, both to registrars and registrants, and our service excellence strategy seeks to maintain and improve this. We are committed to working with registrars as partners in order to promote understanding and use of the *.uk* domain.

The results of a registrar survey in 2004 showed that a significant number of registrars would support the creation of a code of conduct for *.uk*.

The aims of this consultation paper are to:

- Put forward our ideas for improving standards within the industry.
- Ask for your input on how you feel we can raise standards.

What we would like to achieve from the results of this consultation is:

- A strengthened registrar contract which will benefit end users and generally raise standards.
- The introduction of enforceable measures which Nominet can act on.
- An exploration of the possibility of establishing a voluntary code of conduct, which would cover a wide spectrum of issues relating to the Internet industry as a whole.

We want to build on and enhance the reputation of *.uk*, making it a domain in which people have confidence and trust.

This consultation is open to all Nominet stakeholders, whether you are a registrar (someone who registers domain names on behalf of customers), a registrant (the customer on whose behalf the domain name is registered) or other interested party.

If you are a registrar we would like your comments on our proposals to strengthen the registrar contract and the support we are offering to help you comply. In particular we value your opinion on the following:

- Proposals to strengthen our contract with you, introducing achievable standards on good practice, data accuracy, technical and business competence, and publication of information about charges and service levels.
- Whether you would like us to introduce a “gold standard” for registrars.
- Whether you would support our working with other industry players in the wider Internet community to coordinate voluntary codes of practice.

There is no intention to impose a bureaucratic or expensive system on would-be registrars, nor to benefit one segment of registrars or one business model over

others.

If you are a registrant we would especially like your comments on the changes we propose to make to the registrar and registrant contracts. In particular:

- Whether our proposals about strengthening our contract with registrars would enhance your trust and confidence in the *.uk* domain.
- Whether you would find a “gold standard” useful in choosing between *.uk* registrars.
- Whether you would support us in working with other industry players in the wider Internet community to coordinate voluntary codes of practice.

Whether you are a registrar, registrant or simply someone with an interest in how standards in the Internet industry can be improved, we welcome your opinions and hope you will help us by responding to this consultation.

How to participate

We are asking for your views to help us in making important decisions about how we interact with registrars in future. The following document provides the background and our proposals for how we feel we can raise industry standards. At the end of the document we ask a number of questions under the heading ‘Your Opinion’ and we would like you to send us your responses. All consultation responses will be published on our web site; however, we reserve the right to remove any materials that in our reasonable opinion are defamatory, offensive or unintelligible.

1. Why do we want to Raise Industry Standards?

The UK has one of the most competitive registrar¹ industries in the world, with plenty of choice offered to end-users. There are over 3,800 registrars for *.uk*, more than any other suffix. This creates opportunity for registrars to differentiate their offerings from competitors, which has been good for the growth of the *.uk* domain name space. However we also know that, as a registry, the requirements for becoming a registrar are minimal and feedback suggests that this can be to the detriment of the customer.

The increase in Internet use means having a website is becoming a prerequisite and not just for e-commerce. Domain names are registered for use by businesses and also for social, recreational and cultural activities. That means many “newcomers” are setting up their own websites to support their interests. We believe that we should look at how to meet the demands from these new customers as well as those who already hold *.uk* domain names:

As part of this we have been thinking about:

- How can we maintain a good reputation for the *.uk* “brand”?

¹ In this paper those who register domain names on behalf of end users are referred to as registrars. The proposals in the paper are only relevant to those registrars that offer domain name registrations to third parties, whether end users or resellers.

- How can we improve our customers' experience of .uk?

In December 2004 we surveyed 210 registrars, both large and small. Feedback showed a need for a more professional and commercial environment to underpin our activities. In particular, two-thirds of replies suggested the need for regulation in the domain name industry and over 80% thought that we needed to establish a code of conduct for registrars.

This feedback was considered further in the 2005 strategic review and our Board agreed a priority to raise standards in the industry, and help our registrars meet the challenges of the future.

It is not our role to interfere with the customer or business relations of registrars. This consultation looks at how we might work in partnership in the industry to provide the right framework for relationships to develop and to improve the reputation of the industry.

2. Background

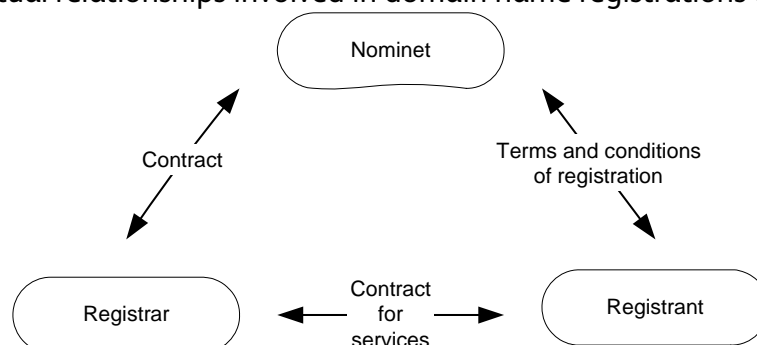
Nominet is a not-for-profit company limited by guarantee. It has members instead of shareholders. The vast majority of members are UK-based companies that offer domain name registration services to third parties. We have over 2,800 members. Members pay a joining fee (£400) and an annual subscription (£100) and are entitled to a discounted registration rate.

In order to register domain names these companies must also become registrars. A registrar can process domain name applications and renewals through our automated registration system - the Automaton. Only registrars who are also members are entitled to receive a discount for domain name registrations. Our relationship with our registrars is set out in a standard contract. A copy of this contract is provided at <http://www.nominet.org.uk/TagHolders/TagHolderAgreement/>

We have a contractual relationship with all domain name registrants. A copy of this contract is provided at <http://www.nominet.org.uk/registrants/legal/terms/>

When registering a domain name, the registrar acts as the agent of the registrant, no matter what the contractual relationship for other work it is carrying out.

The contractual relationships involved in domain name registrations are:



Many registrars currently provide a high standard of service to their customers. However, a perception exists of bad practice in the industry and low service standards. Our objective is to encourage debate about this and how we might address the perception of poor practice.

Registrars currently operate a variety of different business models. They differ significantly in terms of size and the volumes that they handle. Some registrars register thousands of domain names every month, while others register a handful each year.

3. What do we want to achieve?

A *.uk* domain name is one element of a registrar's business. We would like this to be seen as something that brings added value:

- A domain name that is recognised as a good place for business and consumers.
- Hassle-free: procedures are clear and well understood. Complaints are bad for business, particularly as we see more novices coming into the market.
- Security and trust: ensuring that customers do not lose their names.
- Customer relations: Nominet's relationship with a registrar's customers should not interfere with the registrars' relationship with their customers.

4. What will you get out of the process?

We hope that by:

1. Clarifying our relationship with registrars and registrants; and by
2. Providing registrars with appropriate support and facilities

we will provide the framework for us all to deliver a better service to our customers. By improving the way that the "*.uk* space" is perceived, we hope our registrars will have a product that is more attractive to gain and retain *.uk* domain name customers.

5. What are the issues for registrants?

We would like to ensure a more predictable framework for registering or renewing *.uk* domain names. We believe that this can be achieved by addressing key issues in a number of areas.

5.1 Registrant protection: what can I expect from my registrar?

The *.uk* domain name market is highly competitive, offering a wide choice to registrants. The current arrangements allow registrars to decide how best to structure their relationship with their customers and this has led to a dynamic and competitive market for Internet services. We welcome and wish to support this.

In particular, we do **not** want to get in the way of the relationship between the registrar and the registrant. However, we recognise the need for registrants to be properly informed of the charges associated with registering and maintaining their domain name, the level of support and service that they can expect, and timescales associated with processing transactions. Individual companies' failures to provide transparent and clear information reflects badly on the whole industry. In particular, they affect the way registrants perceive *.uk* domain names.

In registering a *.uk* domain name, the registrar acts as the agent of the registrant. The roles and responsibilities of the different parties need to be clear, in particular for the registrants, many of which will be registering domain names for the first time.

We propose to introduce terms in our contract with all registrars to require clear publication of:

- The charges associated with *.uk* domain name registration, renewal and maintenance.
- Details of how the registrar will inform their customers of changes to their charges.
- The method of support provided, e.g. phone, email, web based help forms.
- The cost of support e.g. if support is only provided by way of a premium rate telephone number.
- The times and availability of customer support.
- An explanation of the relevant service and how it can be invoked, together with details of the time the registrar takes to carry out the service. The registrar must comply with the stated time periods.

We will work with registrars to help them comply with these terms.

5.2 Registrant protection: accuracy of data

It is very important for the registrant data to be accurate and up to date. For example, we may need to contact the registrant of a domain name to arrange its renewal. If the information is inaccurate the registrant could lose the domain name. Because we consider this so important, the terms and conditions of registration currently **require** the registrant to ensure that their details are accurate and are kept up to date, and a domain name can be cancelled if the registrant data is incorrect.

The name and address information provided for the registrant are published on the WHOIS (the domain name look-up service). This means the registrant can quickly and easily check to see whether the information we have is accurate. However, we are aware that some non-business users do not want to publish their address in this way. Therefore, we allow non-business users to opt out from the WHOIS.

In practice, the registrant information supplied is frequently inaccurate, incomplete, out of date or even nonsensical. There is no obligation for registrars to update records at our request, or if they are aware that details are wrong or have changed. A small number of registrars also abuse the WHOIS opt-out.

The current registrar contract makes few data-accuracy requirements. Registrars are currently required to amend details on our database “promptly on receiving a request to do so from the registrant.” There is nothing about the WHOIS opt-out, or about avoiding bad practice, e.g. making a customer’s registration in the registrar’s name, which accounts for a number of complaints received by our Registrant Services Department and also through the Dispute Resolution Service. Increasingly, customers have experienced difficulty in gaining control of a *.uk* domain name because their registrar is not contactable or has ceased trading.

While improving the accuracy of WHOIS data will help improve how the *.uk* domain name space is perceived as a place for e-business, we also recognise limitations to improving this data: it would be impractical for registrars proactively to verify the identity and data accuracy of every registration. However, there are some very real practical steps that could be made to improve the quality of the data.

We propose that registrar and registrant contracts should include requirements to:

- Not knowingly give us inaccurate data.
- Make corrections if the registrar becomes aware that the data we have is inaccurate.
- To use the WHOIS opt-out facility responsibly, and not to make it available to consumers who are not eligible.

5.3 Registrant protection: Who is the registrant?

A small number of registrars routinely register domain names in their own name and not in the name of their customer. Sometimes this is because the registrar does not understand the significance of ensuring that their customer’s name is recorded on the register. Sometimes this is done deliberately and without the customer’s knowledge to give the registrar leverage if their customer does not pay their bills.

This practice can cause enormous problems for the customer if the registrar stops trading and we believe it should only be done with the clear understanding and consent of the customer.

We propose to include as a contract term that registrars will only register names in the name of the end customer, unless there are clear, written instructions to register in their own name or in the name of a third party.

6. Support for registrars

Technical competence requirements are commonplace in the domain name marketplace. For example, some country code registries and accredited registrars for other domain names set requirements for their domain name resellers.

Currently, Nominet does not offer or require any training for registrars to use its technical and operational processes. This makes it difficult for new registrars to support their customers effectively. Also, some registrars require a disproportionate level of support from Nominet, compared with those registrars who understand and use the systems correctly.

We propose to introduce better technical support for registrars by:

- Providing the facility for test registrations (including establishing a PGP key, submitting a request to the automaton, completing data fields and setting up nameservers); and
- Providing clearer information about our processes, including provision of more FAQs; and
- Possible accreditation processes for registrar staff to support their own staff training procedures; and
- Including a commitment to promoting technical competence in the contract between Nominet and the registrars.

7. A better relationship between Nominet and registrars

It is important that the relationship between Nominet and its members and registrars is represented accurately to registrants. We do not currently accredit our registrars nor does membership or the registrar status convey a “special relationship”. A common misconception is that we regulate the activities of registrars and will therefore sanction the registrar for certain acts.

7.1 An accurate representation

Registrars have an obligation to make registrants aware of our terms and conditions. We are aware that some registrars misrepresent their relationship with us, whether deliberately or because they do not understand the nature of the relationship. We also believe that some registrars fail to bring the terms and conditions of registration to the attention of their customers. It is important that the relationship is not only represented accurately but that registrants are made aware of it. This protects Nominet and the registrar from potential liability.

We propose that the registrar contract be expanded so that the registrar is required to:

- Provide a brief and accurate description of who Nominet is and the relationship between the registrar, Nominet and the registrant.
- Explain that registering a .uk domain name means entering into a contract with Nominet, and accepting our contractual terms.
- Provide clear links to our contractual terms upfront.
- Make this information available before a registration is made and, on request, demonstrate how this is done.

Draft materials and information for links would be available to support registrars.

8. Simplification of registrar and reseller relationships

Many registrars operate “reseller” programmes. This means that the end customer approaches a company, who then registers the domain name through the registrar. As a result the registrar is one stage removed from the registrant. Our current registrar contract cascades a limited set of responsibilities down to these resellers. In practice, this can be very difficult to manage and can cause confusion for everyone involved. Instead we propose that the reseller should be the responsibility of the registrar.

We propose: that the registrar contract be changed so that the actions of the reseller are the responsibility of the registrar. This means that if the reseller breaches the registrar contract this places the registrar in breach of the contract.

9. How should we ensure the new agreement is effective?

The effectiveness of a revised registrar agreement will depend on how well it can be enforced. The costs of enforcement, together with the difficulties of making decisions on any qualitative factors, need to be balanced against the predicted benefits of the revisions.

Enforcement could take place:

- At the outset when an application to become a registrar is received.
- On a proactive basis with checks throughout the relationship between Nominet and the registrar.
- Or on a reactive basis on receipt of complaints and following an investigation.

Who would make the decision regarding whether a registrar was compliant? The possibilities are:

1. A specialist support team within Nominet; or
2. A model based upon the current Dispute Resolution Service mechanism; or
3. An external decision maker.

9.1 Checks up front, ongoing compliance, or both?

For the most part, the volumes we handle would make it impracticable and costly to go out looking for problems. In other areas of the business our practice is to respond to requests or complaints. Applications to become registrars currently run at around 30 per month therefore it is possible that we may be able to carry out some checks at the application stage.

9.2 Who decides whether a registrar is in breach, and how?

Our operational staff confidently check for compliance against objective criteria (e.g. in registrar change and registrant transfer processes). However, in general, we try to avoid making qualitative decisions. When this is required we assist by providing a forum for complaints (e.g. Nominet's award winning Dispute Resolution Service).

The advantage of the Dispute Resolution Service over a pure referral to an external decision maker is that we are able to resolve many cases free of charge for users through mediation. The structure also sits well with Nominet's neutral position – we offer mediation and administration but do not make decisions about other people's behaviour.

We believe that the process will need to depend on the type of dispute. If it is a pure breach of contract issue between Nominet and a registrar (e.g. non-payment of fees), then that is a matter for Nominet to take up direct with the registrar.

However, in practice, it is likely that some allegations (e.g. "I wasn't informed of the costs") will be contested by the registrar. In this situation, there is effectively a dispute between registrant and registrar, with Nominet reacting to the outcome. We believe that it would be more appropriate for this sort of case to be handled in a process similar to our Dispute Resolution Service.

We propose that the most appropriate approach to enforcement is:

- To work with a potential registrar at the time of application to ensure they fully understand and meet the requirements of the registrar agreement.
- To carry out ongoing enforcement on a reactive basis.
- Straight breach of contract issues should be dealt with directly by Nominet.
- To introduce a system similar to the Dispute Resolution Service to handle the more complex disputes between registrars and registrants.

10. What happens if things go wrong?

We need to consider what action will be taken if a registrar does not comply with the requirements of the registrar agreement.

At the point of application a new registrar would not be allowed to register domain names until we can be confident that they understand and meet the requirements of the contract.

Once a registrar is active, any sanctions would need to be proportionate to the nature of the complaint and any system would also have to be easy for registrars and registrants to understand and to predict. Whenever appropriate a registrar would need to be given the chance to resolve a problem without recourse to sanctions. For example, the current registrar agreement can be terminated if the registrar breaches it and the breach is not resolved within 14 days.

Assuming that a solution to a dispute cannot be found by the registrant and registrar or through mediation, sanctions would be applied.

There are two broad categories for consideration:

- i. “naming and shaming” (similar to Advertising Standards Association decisions).
- ii. “real” sanctions, such as fines, suspension, reduced functionality (e.g. the registrar can continue to maintain existing but cannot register new domain names) and ultimately the withdrawal of the ability to register domain names.

We propose to work with a new registrar at the application stage to ensure they meet all the relevant requirements. Once the registrar is active, we propose to apply a set of published sanctions to include naming and shaming and real sanctions in proportion to the nature of the breach of the contract. Your views regarding sanctions are very important and will be used to develop detailed proposals for how we could deal with breaches. These sanctions will therefore be determined after the consultation once the changes to the registrar contract have been agreed, and in consultation with our Policy Advisory Board.

11. What else could we offer?

As well as changing our contract with registrars as detailed above, we believe that there is scope to explore two other possibilities in order to achieve the objective of raising standards in the Internet industry:

- A gold standard for those *.uk* registrars who met a further set of criteria; and
- For us to work with others in the wider industry to make life easier for end-users who have an “internet problem” and identify who would handle their complaint.

11.1 A gold standard

As part of our review of the current registrar agreement we considered whether we should introduce a “gold standard” registrar status. Gold standard registrars would be required to meet a further set of standards based criteria. The introduction of an additional standard would effectively produce a two-tier registrar model. The

intention is that the gold standard would be achievable whatever the size or structure of the registrar's business.

The advantages to registrars could include:

- The ability to differentiate their offering based on achievement of the standard.
- The ability to perform a greater range of transactions on behalf of their customers (e.g. domain name cancellations).

A benefit to Nominet could be reduced costs via reduced operational load. We also believe it would allow us to give end-users better information about the services offered by .uk registrars.

The disadvantages could include:

- Cost implications for the registrar in the development of already existing systems to achieve higher than the basic standard.
- The standard not being recognised by other organisations.

11.2 Coordinating with other codes of practice bodies

The Internet industry is much bigger than just Nominet and the services provided by registrars are much wider than just domain name registrations. At present UK end users are faced with a number of voluntary or statutory alternatives if they have an "internet problem". Each body deals with a narrow range of issues and this can be frustrating and confusing for end users. We believe more could be done to provide information to end users about where to take complaints.

The advantages could include:

- Bringing a range of industry players together to offer a unified voluntary code of practice in the UK or to provide better access for end users to existing systems.
- Co-ordinating and providing information to end users.

The disadvantage:

- Care would be needed to ensure that our efforts were not duplicating the work of existing schemes, but focussed instead on a coordinating function.

12. Your Opinion

We welcome your comments on this proposed new approach. In particular:

1. Do you support the proposal to improve standards associated with the .uk domain name space?
2. How could standards be improved? For example, could this best be done within the existing contract framework between Nominet and the

registrars, or through some kind of “added value” mark – a form of certification or additional commitment – to allow different levels of service depending on the nature of the registrar’s business?

Nominet’s commitment to registrars:

3. Should we provide more support for developing the technical knowledge of registrars (for example training, e-learning packages, guides/manuals, better structured user interfaces)? If you are a registrar, what did you find most difficult in establishing your account?
4. Should we provide support to registrars to help develop business processes related to selling and maintaining .uk domain names?
5. How can we ensure consistent and high-quality service to registrants?
6. We are committed to improving clarity and transparency for all our communications. We believe that the existing registrar contract could be made clearer and easier to understand. Do you have specific comments on the current document?

Nominet’s commitment to registrants: we have a contractual relationship with registrants and we will continue to support them. In particular, we will try to contact registrants before allowing a name registration to lapse (or if registered data appears to be incorrect). We will also continue to provide a direct service to registrants. However, we do not wish to get in the way of the registrar-registrant relationship.

7. How can we ensure the correct balance between back-up support provided by Nominet and the first-line support provided by the registrar?
8. Should there be a discount from Nominet for those registrars that provide more comprehensive support for their customers?
9. Should the contract between Nominet and the registrar contain dispute resolution conditions to address registrar-registrant disputes?
10. Should Nominet set performance criteria, for example with timescales for updates? If so, how should these be enforced?
11. Should the contract between Nominet and the registrar apply to the actions of the registrar’s resellers?

Nominet’s commitment to Internet users and other stakeholders in the UK:

12. Should Nominet work with other bodies in the Internet sector in the UK to ensure better coherence between different codes of practice?
13. The current registrant contract requires registrants to ensure that their details are accurate and kept up to date and that the WHOIS opt-out is

used correctly. Should all three contracting parties – Nominet, the registrar and the registrant – have a responsibility to correct information that they are aware is incorrect (including inappropriate use of the WHOIS opt-out by trading entities)? And how could this be built into contracts between the three parties?

The Registrar's commitment:

Registrars should provide clear information to their customers about issuing .uk names and their relationship with Nominet. As a minimum, this should include the fees for various transactions, for example for customer service, as well as details of availability of associated services and maximum timescales taken to carry out services.

14. Should Nominet require the registrar to publish information and if so what? How could this be enforced?
15. Should registrars be required to publish service level agreements as part of their commitment to Nominet and to their customers? How could this be enforced?
16. How can we improve the quality of registrant details?
17. Should there be an explicit requirement for domain names only to be registered in the name of the registrant unless the registrant requests otherwise? Should there be an automatic right to correct misallocation?
18. Should registrars be required to publish clear information about the role of Nominet, including contractual requirements with Nominet?
19. Should new registrars qualify against predefined objective criteria? If so, what?
20. How should we monitor quality and compliance with standards and/or best practice? Should this be done reactively (i.e. in response to complaints)? Or through on-going assessments? And how should decisions be made (e.g. through Nominet's operations team, through an independent mechanism)?
21. What should we do if it goes wrong? Should we apply sanctions for failing to comply with the registrar agreement? And, if so, what? And how should we assess appeals?

How to respond

The consultation period runs from 31 January 2006 to 30 April 2006. Please send your responses to standards-consultation@nominet.org.uk with the subject header 'standards consultation'.

All responses will be published on our website however we reserve the right to remove any materials that in our reasonable opinion are defamatory, offensive or unintelligible.

We look forward to receiving your comments.