

Nominet Voting Rights

1. Purpose and Scope

1.1. This bye-law controls how weighted voting rights are determined for members of the company.

1.2. This bye-law is established by the board in consultation with the membership under article 51. It may be altered by the board from time to time in consultation with the membership. It establishes poll voting rights related to the member's relative commercial involvement in the .UK domain name service in accordance with article 19.

2. Closing the register

2.1. Before a poll vote is to take place, the directors will authorise a date and time when the register of members will be closed.

2.2. Only those members on the register of members when the register is closed will be given votes.

3. Eligibility to vote

3.1. Any member who ceases to be a member automatically loses their right to cast their votes and any voting rights or votes which have been allocated to them are cancelled. If this occurs whilst the register is closed, this will not cause any other voting rights to be recalculated.

4. Calculation of voting rights on a poll

4.1. Principles

4.1.1. 25 % of the votes shall be distributed equally amongst the membership (called "equal votes").

4.1.2. 75 % of the votes allocated shall be distributed in relation to the number of paid-for domains on the register linked to members' tags (called "weighted votes").

4.1.3. Subject to rounding, one weighted vote will be allocated for every paid-for domain on the register.

4.1.4. If any single voter (or group of connected voters) casts more than the applicable cap set out in 4.3.1 subject to rounding, of the total votes cast in any poll, a cap will apply, as specified in 4.3 below.

4.1.5. Every member will be entitled to at least one vote.

4.2. Process for allocating votes

4.2.1. In summary, weighted votes are calculated first, and the number of equal votes is derived as one third of the weighted votes (so they comprise one quarter of the total votes), subject to rounding.

4.2.2. The register is closed and the number of members is counted (M).

4.2.3. Each member is given their weighted votes (W). This is calculated as

$$W = D_m$$

where D_m is the number of paid-for domain names that member has on the register at the time the register is closed.

4.2.4. Each member is given the same number of equal votes (E). This is calculated as

$$E = D_{tot} / (M \times 3)$$

where D_{tot} is the total number of paid-for domains on the register.

4.2.5. The total number of votes for each member is then rounded up to the nearest higher integer, leaving them with their total allocated vote (A). Note for completeness, this is calculated by

$$A = \text{Round} (D_m + (D_{tot} / (M \times 3))),$$

simplified to

$$A = \text{Round} (W+E)$$

where $\text{Round} ()$ is a function that rounds up to the nearest higher integer.

4.3 Applying the cap

4.3.1. If the vote is being taken on a change to the Articles of Association of the company, a cap will be applied to limit the votes of each member to a maximum of 10 per cent of the votes to be taken into account on that resolution. On any other vote taken on a poll (including without limitation election of non-executive directors), a cap will be applied to limit the votes of each member to a maximum of 3 per cent of the votes to be taken into account on that resolution.

4.3.2. The capped votes are calculated by an iterative reduction of the maximum number of votes any member may have taken into account until the capping condition is met.

4.3.3 If the required capping percentage is C, (where C is either 3 or 10, as set out in 4.3.1), then:

1. The total number of votes cast or, following any prior application of these steps the remaining votes, is counted (T).
2. The number of votes held by the member who has or retains the largest number of votes is counted (M).
3. If $(M/T) \times 100 \leq C$ then no member will have votes taken into account in excess of the cap and the capping process is complete.

4. If $(M/T) \times 100 > C$, each member who has M votes will have their allocation reduced to M -1, save where M=1, in which case no further cap can be applied and the capping process is complete.
5. If the process is not previously completed pursuant to steps 3 or 4 the process starts again from step1 until it is so completed.

4.3.3 The Board considers whether, in the best interests of the company, groups of connected voters should have their combined votes reduced to the relevant cap. If the Board decides that they should do so, those votes are reduced pro-rata accordingly. Groups of voters are 'connected' if either they are "connected persons" (according to the system set out in the Income and Corporation Taxes Act 1988 or any similar laws replacing it) or the Board considers that they are 'acting in concert' within the meaning set out in The City Code on Takeovers and Mergers.

4.3.4. The rounded votes are then processed.

5. Members' voting rights other than on a poll or on a show of hands

5.1. This clause shall determine a member's voting power other than on a poll (whether for election of non-executive directors or otherwise), or on a show of hands, including without limitation on raising a requisition.

5.2. In any such situation each member's voting power will be calculated according to the formula set out in this bye-law.

5.3. The cap will be applied as if a poll vote took place in which all members voted, and the cap applied shall be 3 per cent.