

# Opening up Nominet – what is changing, and what needs to change?

[Amanda Brock](#) 3 weeks ago

Nominet has been under the lens of scrutiny ever since a group of members under the banner name of [PublicBenefit](#) forced an Extraordinary General Meeting (EGM) on March 22, 2021. This led to a knife-edge majority of 53% cast for the motion and the resignation of the CEO, Russell Howarth and removal of five Directors. So, what should happen next, and how can Nominet get back to its original goal in a world that looks very different to when it was founded, *asks Amanda Brock, CEO at [OpenUK](#)?*

Late on March 31, Nominet [shared](#) a dense three page document on its Twitter account with its proposed answers. The response has been received with outrage by Public Benefit's support.

## How we got to today's situation

Nominet grew out of the naming committee and at the start it was made up of academics. They set up Nominet, a company limited by guarantee in 1996, as a not-for-profit organisation. It functioned on this relatively modest

basis for some time, but unsurprisingly grew exponentially with the rise of the internet. For example, originally you could only buy domains for two years for £5 ex VAT. Nominet then allowed one to ten-year registrations and renewals, but the price stayed at £2.50/year effectively. The drop of the wholesale price facilitated the mass adoption of domains. This made Nominet one of the largest address spaces.

This growth meant that Nominet was making money too. It led to more focus on the organisation's investment strategy as a not-for-profit organisation. In response, Nominet moved some of its investment to an offshore trust. By 2006, an EGM was successfully used to broaden the "Objects" of Nominet – in effect, this allowed Nominet to run more like a commercial business and meet broader goals.

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In 2010, a further EGM was used to change the structure of the Directors, reducing the proportion of Member appointed Directors from four out of six to four out of eleven or twelve, with the additional directors being a mix of executives and appointees. Nothing strange for a commercial business but far removed from the original purpose and public good goals of a not-for-profit.

Since that point, domain prices took a two-step increase from £2.50 per site to £3.90. At the organisation, executive pay has risen by 70 percent in the last three years. The top three executives at Nominet cleared almost £2m per annum, whilst the Nominet Trust was disbanded. The board looked at investing more in new solutions and technology areas, acting in a similar way to a venture capital firm. These decisions on investment have, put simply, failed.

All of this took place against a backdrop of frustration from Nominet's Members, the registrars. That frustration was met by the closure in 2020 of the Member Forum without notice in the middle of the Annual General Meeting, and with no attempt to save the content of the forum. The effect of this was to remove in one fell swoop the only way Members could communicate with the organisation's leadership team, or how the leadership team could gauge the impact of its decisions.

## **The Nominet Response?**

After the events of the past few years – and despite various promises from the Board at Nominet – PublicBenefit's campaign was successful in overturning this situation. It has requested the appointment of two Directors, Sir Michael Lyons and Axel Pawlik as Chair and Deputy Chair respectively. Lyons was the author in 2015 of a report which reviewed both the make-up and membership of Nominet, whilst Pawlik has a long-

established history in the management of domain registries. Both seem very credible candidates.

The person responsible for PublicBenefit is Simon Blackler, founder of domain name host Krystal. He is clear that his ongoing role will be to “keep Nominet honest”, and that he will not be looking for a Board position as he is best placed to achieve his objective outside the organisation’s official hierarchy. One of the reasons why Blackler’s approach has been successful has been its openness and transparency – something that Nominet seems to have lost under its previous leadership team.

Nominet’s response is made up of:

- Appointing an interim CEO, Eleanor Bradley who is rather controversially one of the Directors removed post-this year’s EGM;
- Determining what Nominet’s future structure and shape should look like and in doing so taking account of Government’s input on critical infrastructure and security to support the registry;
- Maximising the approach to public benefit and understanding how to utilise the reserves, committing immediately to increase cash contributions to 10 percent of revenue and opening up £20million of their reserves.
- Understanding what membership means and designing the forum for future communication.
- New Board appointments and recruitment of a Chair

and Non-Executive Director. Notably this does not include Sir Michael Lyons or Pawlik, but offers Pawlik an Advisory role which he has declined.

Former Nominet Director Jim Davies tells me, "The remnants of the Nominet Board talk of a 'deep listening exercise'. What they need is a deep cleaning exercise, with an orderly transition to a new Board that will carry out the Public Benefit platform." Blackler tweeted "I told @Nominet acting Chair Rob Binns multiple times that it was my strong preference to avoid a second EGM. I do hope he didn't mistake my pragmatism for a lack of will to see this through." Binns had described himself as having had "cordial and constructive" conversations with Blackler, Lyons and Pawlik, but apparently not cordial enough to follow through with an invite to join the Board.

Three of the large registries, including Google and OVH, appear to have abstained in the first vote and their response in a future EGM will be critical. They are likely to see significant pressure from .uk domain holders should there be a second EGM, and the response on social media indicates a second EGM will be coming down the line. We can be sure that the two NED roles coming up for election later this year will be hotly contested.

## **What needs to happen now?**

Whilst the fallout from the leadership team changes may see a second EGM, alongside the leadership team, it is

also time to look again at how Nominet fulfils its public good role. The organisation has made significant investments around security that have helped improve the situation for many small businesses and other organisations over the past few years, so it is important to recognise what went right as well as what could be improved. Binns acknowledges, "While we can't change the past, I hope we can all consider last week's EGM an opportunity to reset and begin rebuilding the relationship between membership and Nominet."

With the ability to open up access to up to £91 million in funding that cannot be returned to member organisations based on its limits by guarantee, and with millions of pounds in profit coming in annually, Nominet could and should go back to its original remit of supporting public good projects in the future.

These assets must be protected and used wisely, whilst leaving appropriate reserves in the bank. As a critical national infrastructure body for the UK, it is essential that this process should also recognise the future landscape for technology whilst supporting the closing of the digital divide in the UK.

## **Where should these efforts go?**

With the organisation going back to its public good roots – and with more emphasis on taking an open approach to how it is governed – looking at the world of open

technology can be a good example for the future. The world wide web was created via three open standards – locating, linking and presenting multimedia documents online – by Sir Tim Berners-Lee back in 1989.

This led to the foundation of the online economy that we have in place today, with more companies getting online and taking advantage of the Internet to do business and find customers. If any country in the world ought to be focused on utilising the open web, via the three opens of software, hardware and data, there should be no doubt that it is our post-Brexit UK. This should also fit with Nominet's approach to the community and to the world of open technology in general.

The UK is already punching above its weight in terms of contributions to open source software communities and new companies formed around open source projects. The aims of open source align with the global economy that the UK has to succeed in. Nominet must now consider how it best supports the UK as a whole through its approach.

One example would be to look at supporting the enhancement of open standards, leveraging the UK's world leading position in the open technology space and its roots in the open web together. With so much opportunity around open source – both in terms of public good, and around building companies that can develop their own projects for long term economic gain – there is a

role for Nominet here.

Equally, NLnet in the Netherlands provides another example of how Nominet can develop its future approach. NLnet was founded in 1989 by the proceeds of selling the first proto-ISP of Europe and is now a public benefit organisation that focuses on supporting an open information society. Despite a limited budget of around £4.5 million, it supports hundreds of fundamentally important projects on all layers of the internet annually, a significant part of which also come from the UK.

Michiel Leenaars, director of strategy at NLnet foundation has commented, "The public core of the internet, and a lot of the technology we depend on from day to day, is fundamentally based on open standards and open source tools that anyone can use and improve upon without permission. Such a precious gift does not come without responsibility at a societal level. The healthy evolution and maintenance of the technology commons underpinning the internet is our collective responsibility and collective interest, and requires moral stewardship and altruistic investment to provide a counterweight against big tech. The world needs organisations like Nominet which understand technology and can afford to carry the evolution of the internet without needing anything but societal return on investment."

For Nominet's future to truly fulfil its potential, it needs to shift to a transparent pattern of behaviour and to open its



communications and behaviours. Through a transparent and open technology focused approach, it will have the ability to create a carefully managed PublicBenefit solution, offering a sustainable and open future to the UK's internet. It is clear to all of us involved in the world of Open Technology, that this is the opportunity to recognise that the internet is of course based on the open web, and for Nominet to look to its open source roots.

For now, the first battle was clearly won by PublicBenefit, but it seems Nominet's response will mean that the war will continue. With Blackler's transparent approach to the PublicBenefit campaign, and with Nominet promising to be "open and candid", it will be very public. It likely end only when there is an approach by the Nominet leadership that reflects the voice of Nominet's membership and creates the trust they demand.

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