

.UK WILL DAMAGE UK BUSINESS

Nominet Direct.uk Consultation V2 Response

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Why the release of .uk will damage the UK economy

- The internet is big business and matters to the UK economy (8.3% of GDP, highest of any G20 country)
- It's all based on domain names such as example.co.uk
- Most businesses use .co.uk and 93% of UK names are .co.uk
- Nominet now proposes the release of .uk
- The release mechanism means that not all .co.uk owners can count on getting the matching .uk domain name
- This will cause confusion and conflict, and the uncertainty is already damaging UK business
- The risk of phishing attacks will increase, with example.co.uk and example.uk potentially owned by different parties [Appendix C]
- There is a substantial risk of misdirected emails, with messages intended for person@example.co.uk sent to person@example.uk (and vice versa) with consequences for privacy, security, and corporate competitiveness [Appendix C]
- The current status quo works extremely well, and the call for change is not being driven by businesses. It is driven by greed, not need
- The additional direct costs to UK businesses will exceed £25 million per year, and associated adjustment costs could come to £billions
- Trust in the UK namespace will be permanently undermined by releasing .uk
- The new .uk domains will be introduced at a price double that of existing .co.uk domain registrations, and will be seen as a new Internet stealth tax on businesses
- Existing registrants, who have the most to lose from the introduction of .uk, remain almost universally oblivious to the issue. The technical, complex, opaque nature of the consultation process plus the lack of an information campaign have seen to that.
- Nominet is driven by self-serving motives, and Government needs to intervene for the sake of the economy

Introduction

The internet economy in the UK is the most advanced of any G20 nation. At 8.3% of UK GDP, it contributes £121 billion a year to the economy. This figure will double in the next 5 years. It is the fifth largest sector, ahead of education and healthcare.ⁱ

The bedrock of every internet business is its domain name, such as *Amazon.co.uk* or *Google.co.uk*. A domain name is a unique signpost that tells customers exactly where to find a business on the web, and lies at the heart of its online identity.

A key component of the success of the UK internet economy is the strength of .co.uk as an internationally recognised and trusted domain extension from which to do business.

Nominet is the organisation responsible for issuing, regulating and managing UK domain names (such as *example.co.uk*). This role is known as a domain registry (with parallels to the Land Registry, or the DVLA for car number plates).

Since the beginning of commercial internet development in the UK, the de-facto domain extension for businesses has always been .co.uk, and Nominet has actively supported this view [Appendix B].

However, Nominet are now proposing to introduce domain registrations directly under .uk (such as *example.uk*). This is a huge change to the way the UK namespace has worked. Indeed, Lesley Cowley, Nominet's CEO, wrote in a recent blog post: "*We are now two weeks into our consultation on second level registrations, which proposes the biggest change to the .uk namespace since it began.*"ⁱⁱ

One significant consequence of Nominet's proposal is that .co.uk domain owners cannot automatically count on obtaining the .uk domain name that corresponds to their existing web address.

Nominet have been running a series of consultations focused on the potential introduction of domain registrations directly at the second level, i.e. under .uk, in addition to the existing third level domains of .co.uk, .org.uk, .me.uk etc. They call this "direct.uk".

Their initial consultation ran for three months from October 2012, and received over 700 responses, plus feedback from public meetings, phone calls and other sources.ⁱⁱⁱ

Nomensa were brought in to produce an independent summary of the results of the first consultation^{iv}. It is telling that the "Positive themes" section of their document occupies a single page, whereas the "Negative themes" stretches to six times that.

Nominet's consultation is muddled, opaque and technically challenging. It and requires the reading of close to 200 A4 pages across multiple interlinked, cross-referenced documents to have any chance of understanding the full ramifications of their proposal. This renders the consultation unapproachable to the layperson not already familiar with the subject matter - which includes the majority of the registrants of the 10,000,000 domains already registered in the UK namespace.

A House of Cards Built on Quicksand

Before considering the second phase consultation, it's important to focus briefly on the conduct of the first consultation, since Nominet is holding up the responses it received in that first consultation as evidence for support for direct.uk.

"The consultation process was the largest ever carried out by Nominet with a substantial number of responses which helped us understand what was important to our stakeholders. It was clear from this feedback that there was support for registrations at the second level but that the original proposal could not proceed."^v

However, Nominet's initial consultation was flawed because it painted a rosy picture of .uk that completely ignored any of the dangers and consequences of such an introduction, and focused only on the perceived positives. It also omitted any financial consequences of proceeding or not proceeding with direct.uk.

This flies in the face of widely available advice on consultation best practices. For example:

*"A typical consultation document might include:
- a brief outline of each option, with its main advantages and disadvantages, and where possible an idea of the cost involved. This should also include relative costs of not making any changes."*^{vi}

*"Sections which outline a policy option should:
- outline the current situation;
- set out the proposed option clearly and comprehensively; and
- outline the potential costs and benefits of implementing the policy option and ask questions on the cost-benefit assumptions (e.g. do consultees agree with the assumptions or have evidence to suggest otherwise?)"*^{vii}

Nominet **failed to supply any of the following essential information** that one might expect from a normal consultation process:

- Business case for .uk (including benefits analysis, economic benefits, domain market factors etc.)
- Financial projections (including income accruing to Nominet, to its registrar partners, and the likely cost to businesses of keeping up with this change)
- Impact analysis (to determine the effect on the 10,000,000+ existing registrants of .co.uk, .org.uk and other domain extensions)
- Risk analysis (looking at the potential increase in phishing attacks, misdirected emails, etc. as a result of consumer confusion between .uk, .co.uk and other domain extensions)
- Market research (no formal study into demand, only anecdotal evidence that some people have asked why Nominet does not offer domains in .uk)
- Any independent, third party reports supporting the proposed .uk

These omissions are by intent, as made clear by Lesley Cowley, Nominet's CEO, in a blog post about the .uk consultation on July 15, 2013: "*Our consultation is not a vehicle for us to put forward a business case.*"^{viii}

So:

- Initial support for the idea was based entirely on anecdotal demand
- The initial consultation was overly rosy
- None of the downsides of introducing .uk were mentioned

Despite loading the dice in this way, Nominet only managed to attract 40% support for its direct.uk plan, the same percentage that was opposed to .uk in any form^{ix}.

Nominet has taken this minority support for an idea that was explained inadequately, with a focus only on the positives, and without addressing any of the negative consequences it would bring, to mean "there is support for registrations at the second level."

In other words, Nominet is using a minority of support for a flawed V1 consultation as "evidence" for the need for .uk domains. This is the only evidence Nominet has put forward, since the organisation has not conducted any focused market research.

The .UK Consultation: Remarkably Complex and Opaque

While the broad strokes of .uk could be summarised in a few paragraphs, the detail is remarkably complex - and the devil is in the detail. The following table sums up the information that needs to be absorbed before an educated answer to V2 is forthcoming.

DOCUMENT	LENGTH (A4 pages)
Consultation document ^x	8 pages
Introduction ^{xi}	1 page
Background document ^{xii}	11 pages
Blog post by Lesley Cowley ^{xiii}	4 pages
Q&A	22 questions, 12 pages
List of reserved domains	2 pages
Summary of Direct.uk V1 feedback ^{xiv}	80 pages
Nomensa summary of V1 feedback ^{xv}	77 pages
TOTAL	195 pages

Many of the above documents reference each other or employ similar wording, but each must be consulted in order to ensure a full understanding of the implications of the consultation.

These consultation documents are filled with unsubstantiated assertions that respondents seem to be required to take on "faith", such as the assertion that the introduction of .uk will somehow make the UK namespace for trustworthy or more competitive. Nowhere in the many statements about .uk does Nominet provide any form of proof or backup supporting any of these assertions.

There are also materially false statements within the consultation text, for instance in the section concerning pricing, where .uk is treated as a gTLD on a par with .com: *"We are proposing a registration fee that is competitive with other gTLDs such as .com"*^{xvi}

The large number of interlinked, cross-referenced documents, amounting to nearly 200 A4 pages, the obscure language which would be incomprehensible to anyone unfamiliar with the subject matter and the large number of unverified statements presented as reasons for .uk that pepper these texts all combine to render the consultation opaque and completely unapproachable for a layperson (an individual or small business registrant, for example) - in other words, Nominet's core customers.

By contrast, the NZ registry (who have been running their own consultation along similar lines) with simple diagrams, charts and tables that allow anyone to quickly grasp the concept and engage with the process. A few excerpts from the NZ registry's consultation are presented in Appendix I to highlight the stark contrast with Nominet's own consultation documents.

The complexity of the Nominet consultation effectively limits its scope to those who already have a prior knowledge of the subject matter, while excluding the majority of registrants.

Why is Nominet Proposing .uk?

In the introduction to the V2 consultation, Nominet gives the following as justification for .uk (emphasis mine):

*"We are committed to the existing .uk registrants and believe that offering the opportunity to register a shorter domain name would help the .uk namespace remain competitive. This would attract registrants to a domain we are making trusted, safe and relevant. Therefore we intend to allow second level domain registration subject to stakeholder feedback to this consultation. This, **together with the development of a new Security Road Map for the entire .uk namespace** will help Nominet meet its objectives to:*

- *Maintain the relevance of the .uk name space in a rapidly developing market;*
- *Provide additional choice for registrants in the .uk space and meet market demand;*
- *Fulfil Nominet's public purpose by increasing security and trust in the .uk name space; and*
- *Progress Nominet's commercial development.*^{xvii}

Note that Nominet have conflated two separate issues, direct.uk and an unspecified future program of security improvements. By itself, V2 of direct.uk does not offer any additional security, and indeed introduces several new security risks that do not exist in the UK namespace as it is currently set out [Appendix C]

By contrast, Nominet presented the initial direct.uk idea in the following way: *"A principle behind the direct.uk proposal was the support for the digital economy through the creation of a specialised second level .uk domain name service that could support UK businesses online and enhance consumer confidence through features that sought to ensure greater security.*^{xviii}"

However, the following elements were later dropped from the second consultation document:

- The idea that .uk was intended for businesses
- The additional security features (trustmarks, DNSSEC etc.) that were meant to enhance consumer confidence

Indeed, Simon McCalla, Nominet's Chief Technology Officer, said: *"In response to the strength of feeling from our first consultation, we are tackling security differently. Moving forward, our approach has changed in two ways. Firstly, we have de-coupled security features from the second level domain proposals and will tackle this as part of a broader security roadmap that benefits the whole namespace. Secondly we will be working with registrars to develop and introduce new security features rather than mandating change.*^{xix}

That means there's nothing left in the second consultation that could possibly benefit existing registrants (i.e. Nominet's **customers**). All real-world justification for the introduction of .uk domains has vanished between V1 and V2 of the consultation.

The following table summarises the core reasons, and examines their impact on each class of beneficiaries.

REASON	BENEFICIARY CLASS			
	Nominet	Registrars	Existing Registrants	New Registrants
Maintain the relevance of the UK namespace	Y*	Y*	?	?
Additional choice and meet market demand	Y	Y	N	Y/N
Fulfil Nominet's public purpose	Y	N	N	N
Progress Nominet's commercial development	Y	Y	N	N

*if .uk actually ended up doing that

In other words, the only reason behind .uk being even tangentially aligned with the interests of existing registrants is debatably the relevance of the UK namespace. It is easy to argue that the UK namespace would remain more relevant by strengthening the identity of .co.uk as the prime location for business, rather than by introducing confusion to the marketplace by creating a new "just as good or better" .uk extension.

New registrants may benefit from the "additional choice", though as will be argued in "The .UK Protection Racket" below, and in Appendix I, this choice is largely imaginary and does not reflect the commercial reality of the namespace. After all, existing registrants, by definition, already have a domain name that's fit for purpose.

Ultimately, only Nominet cares about fulfilling Nominet's public purpose. Registrants certainly don't - they're too busy managing their businesses, running their charities, and so on. What Nominet does is irrelevant to them, since Nominet is taking on the role of "utilities provider" for their domain name, just like people don't generally care how their electricity is made or where it comes from, but only that the lights stay on.

"Progress Nominet's commercial development" is polite corporate-speak for "make money". As will be shown later in this document, any rollout of .uk will certainly meet this goal exceedingly well, dramatically transforming Nominet's revenue picture. It will also have a knock-on effect on the registrar partners tasked with selling the millions of new .uk domains and collecting their margin on the registration fee.

This topic is expanded upon in Appendix F, where it becomes clear that even the tangential reasons advanced by Nominet as justification for .uk do not help existing registrants, or - to a large extent - future registrants either.

The .UK Protection Racket

Nominet have consistently downplayed the expected level of interest in .uk domains. In their Q&A, they state "*Nominet expects that some registrants would want to hold corresponding domains in both the third and second levels, or over time, move from one to the other.*"^{xx}

In reality, all businesses serious about their online presence will be forced to acquire the .uk to match their main .co.uk domain name, for a wide range of reasons:

- to protect their brand/identity from dilution
- to mitigate the risk from phishing attacks and scams
- to prevent traffic leaks
- to prevent misdirected emails
- to prevent a direct competitor from setting up shop on a confusingly similar domain name

All the above are reasons why businesses will have to register .uk domains defensively. None of them are reasons for wanting to register them. Without direct.uk, all the above problems go away.

This effectively turns .uk into something akin to a protection racket: none of these businesses need .uk, because they're perfectly well served with their existing .co.uk web addresses. They already have a distinct online identity, which they are using every day in commerce. However, they have no choice but to acquire the matching .uk - at any cost - for all the reasons given above, and renew it ad infinitum.

New registrants will similarly be forced to acquire the .co.uk/.uk pair for exactly the same reasons, so the result of .uk will be a mirroring of the existing namespace, without creating more choice.

In its Focus on "Stakeholders", Nominet has Lost Sight of its Customers

Nominet has consistently maintained in each of their Annual Reports during the 2002-2011 period that their primary business is domain registrations and renewals.

Yet at the same time, it persists in referring to its purpose as serving "stakeholders" in consultation documents and elsewhere on their website. Nominet defines these stakeholders as^{xxi}:

- Nominet members
- Registrars
- **Registrants of all types (e.g. limited company, sole trader, partnership, individuals)**
- Businesses and industry
- Representative associations such as trade associations
- Government and regulatory agencies
- Law enforcement agencies
- Academia
- Internet users
- Charities
- Civil society organisations
- Non-governmental organisations

The above list is presented in the same order as on Nominet's website (correct as of September 12, 2013) while the emphasis is mine.

Registrants (the people and companies that have registered and renewed the 10,500,000+ domain names that Nominet manages) are literally the *only* reason that Nominet has funds available to donate to the Nominet Trust, and to further projects intended to enhance internet security and to make the internet a better place. Without registrants, Nominet would be out of business tomorrow.

In other words, registrants are Nominet's **customers**.

All other parties are stakeholders in the sense that they have an interest in the smooth running of Nominet's business, either because they benefit from its largesse, profit from selling its products (domains) or because they enjoy the safer and more secure internet that results from Nominet's non-core activities.

But in the case of .uk, it's obvious that it's Nominet's customers (the registrants of the existing 10,500,000 domains, who generate *all* Nominet's revenue) who have the most at stake should .uk go ahead, since they're already using domain names that will be impacted by the introduction.

There is therefore something perverse about seeking feedback from 12 different stakeholder groups, only one of which stands to see a huge negative impact on their business and bottom line, and then treating the feedback received from each of these

twelve groups as equal in value. Yet that is the approach taken by Nominet in its V1 consultation summary document^{xxii}.

That's like giving everyone gathering for a dinner party a vote on whether a pig should be eaten or not, while the pig itself gets one vote. In other words, Nominet is not focusing its attention on the correct vested interests.

By seeking to engage as wide a range of stakeholders as possible, Nominet has ensured a wafer-thin engagement from registrants, who remain almost universally oblivious to the consultation process. Indeed, how could it be otherwise? Nominet has made no attempt to contact registrants directly, so the only ones who could have become aware of the consultation are those who stumbled across it or who are connected to a "more informed" stakeholder group such as a Nominet Member or a Registrar.

Imagine a car manufacturer worrying about its suppliers, dealers, construction crews, road tax authority and legislative bodies, with little or no regard for the people who own its cars. It's unthinkable, yet that is how Nominet has behaved with regard to .uk.

Nominet's CEO, Lesley Cowley, writes of the .uk consultation on the Nominet blog: *"However, we are not starting with a blank sheet of paper. We are focussed on how to recognise the loyalty of existing registrants, many of whom feel entitled to the equivalent second-level domain."*^{xxiii}

This is a remarkable statement. It doesn't say "Nominet believes existing customers are entitled to the equivalent second-level domain" but only that the customers themselves feel a sense of entitlement. A similar style is adopted in the Background Document that accompanies the V2 consultation.

"We had originally proposed a phased release process that would have prioritised owners of intellectual property rights in registering second level domains. Whilst stakeholders expressed strong support for an orderly release of second level domains there was not a clear consensus as to how this should be organised. The principal objection was that such an approach did not sufficiently recognise the impact on third level registrants, and therefore the process was deemed unfair by not giving them a pre-emptive right to register the corresponding second level domain name.

We also noted that many stakeholders objected to our suggestion that the second level be positioned as a space designed for business registrants and that this would conflict with .co.uk and discriminate against those who wished to take up a shorter domain. We agree that the original method proposed did not adequately acknowledge the importance of existing spaces and was possibly better suited to the launch of a gTLD rather than an extension to the .uk space co-existing with the other second level spaces."^{xxiv}

Again, the tone of Nominet's message is subtly off. They're not saying "we believe existing registrants have rights", they're saying "since so many people told us that existing registrants have rights, we have had to adapt the proposal accordingly."

This distinction is critical: Nominet should behave by default as its customers' biggest champion. Instead it seems to view them as a hindrance, a group to be placated because they managed to raise enough objections to push their view across.

It is obvious from the material highlighted in "Why .uk" and in Appendix F that Nominet's V2 consultation at best pays lip service to its existing customer base, by putting them (potentially) first in line for a product that they neither want nor need.

Admittedly, it's a step up from the V1 consultation, where trademark holders were placed ahead of existing registrants in the proposed release mechanism. But it's a baby step where a fundamental attitude adjustment is required.

Businesses are not clamouring for more choice. The implementation of .uk will hurt UK namespace incumbents (including medium/large businesses) in favour of nebulous benefits to newcomers to the domain name system (likely to be individuals and SMEs, since larger companies will already have their domain name)

Nominet should be seeking to safeguard the best interests of its customer base. Instead, it's involved in a multi-headed hydra of a consultation process, with conflicting interest groups providing input and being weighted equally in the final outcome.

.UK Financial Projections and the Burden on Businesses

Businesses, both in the UK and overseas, face significant direct costs from duplicate domain registrations (in excess of £25,000,000/year) and indirect costs (potentially running into £billions) as a result of the introduction of .uk.

These costs will arise automatically out of any decision to proceed with .uk, and represent costs that such businesses would otherwise not have to incur. They are another example of the asymmetric burden that introducing .uk would place on existing domain registrants vs new entrants. While the latter will have to find £5 for a new domain registration, incumbents face costs that could quickly rise into the £millions for large organisations.

This has the potential to be perceived as a "stealth tax" on businesses, damaging the UK internet economy, and making the UK namespace a less attractive place for foreign-owned businesses to do business in.

There's nothing crass or rude about talking about money. It's standard – and sensible – business practice to look at the potential financial impact of a new product. Yet from the initial direct.uk consultation (October 2012) until now, Nominet have avoided talking about the issue, and brushed away all attempts to discuss the subject.

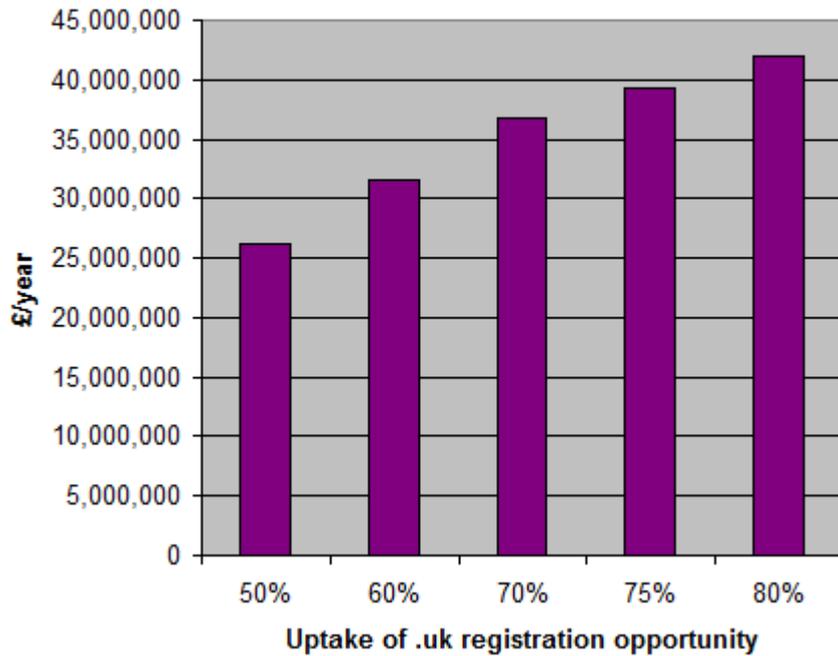
It's time to change that.

1. Direct Costs (from .uk Domain Registrations)

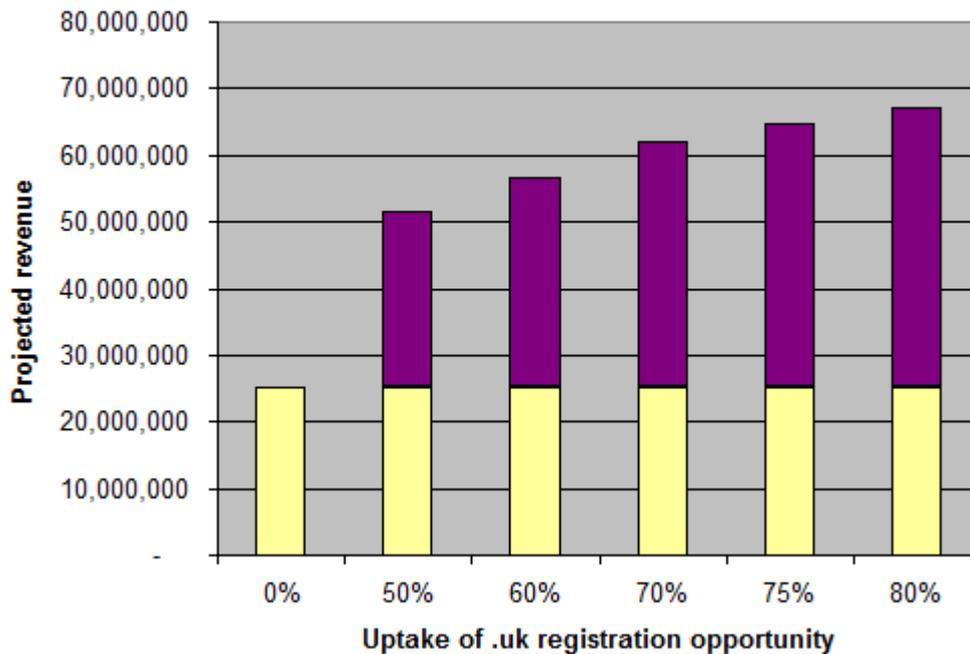
Nominet had revenue of £25,200,000 in 2012. Even a very conservative scenario for .uk, where only half of existing domain owners take up the option of a .uk name, would see Nominet make the same again from the launch. And if .uk gains a bit more traction, they could be making over £40,000,000 a year (every year) extra. **That's money coming directly out of the pockets of businesses.**

Note that the graphs below represent additional revenue accruing directly to Nominet. In practice, most businesses will acquire .uk domains the same way they acquire domains under existing extensions (.co.uk, .org.uk etc) i.e. via registrars. And these registrars impose their own markups which increase the average cost per domain.

Additional revenue from launching .uk domains



Nominet 2014 annual revenue (projected)



Even a conservative projection shows that businesses will face new direct costs in excess of £250,000,000 over the 10 year period following Nominet's introduction of .uk.

2. Indirect Costs (from Transitioning to .uk)

The indirect costs, in the form of loss of customer trust and confusion, rebranding costs, and other adjustment costs associated with a transition from .co.uk to .uk, will rapidly eclipse this figure, and represent a drag on the UK economy that could easily reach the £billions.

In the best scenario, a company will be first in line for the .uk equivalent to their .co.uk by virtue of registration precedence. They will still need to contend with a large number of costs, including:

- Management time spent making domain acquisition decisions
- Tech support to redirect domains and reconfigure email systems, firewalls and other internal systems, content management systems and blog software, templates, content distribution services, databases, etc.
- SEO assistance to help regain lost rankings after changing domain names
- Decision process for rebranding exercise (may involve buy-in from stakeholders all over the company, branding consultants, market research etc.)
- Rebranding costs (these could be anything from reprinting a few business cards for a one person company in a home office to £millions for a medium to large organisation. Web addresses are ubiquitous, and every instance would need to be replaced at once for any company intent on maintaining its brand image. [Appendix H])
- Costs of educating the market - transmitting the web address change to new and existing clients

Companies will have no choice but to absorb these costs if they want to maintain an online presence on the "best" extension for doing business. They will be forced to protect their substantial investment in their existing .co.uk domains by acquiring the .uk version at any price.

This issue was noted by the BBC in their response to Nominet's V1 consultation: *"we are concerned about the additional costs to brand owners and to SMEs involved in having to acquire additional second level domains, solely for brand protection purposes. The costs of brand protection in relation to the new ICANN gTLD programme are already due to increase exponentially and while the direct.uk proposal is different in scope and scale to ICANN's programme, it is of grave concern that brand owners in the UK may have to fund yet more brand protection activity in relation to direct.uk."*^{ixxv}

3. Financial and Other Consequences

This is likely to destroy the trust in .co.uk that UK businesses have collectively fought so hard to establish. Consumers will be torn between the "old" .co.uk domains and the "new" .uk domain names, with the result that both are weakened.

The erosion in the old domains can be clearly seen in other countries following their own transitions, with weakening demand for the existing extension coupled with aggressive growth in the new. New extension registrations outpaced the old by up to 5 to 1. [Appendix E]

The Risks of .UK

Introducing .uk to the existing UK namespace would bring a wide range of risks. Some are inherent in the nature of .uk (these cannot be mitigated by modifying the release mechanism or other elements). Others stem from the particular form of direct.uk introduced in the V2 consultation.

Some risks will be faced by existing registrants, some by consumers and businesses, and some by Nominet itself.

1. Legal Risks

1.1 DRS Disputes

If .uk goes ahead, we are likely to see a dramatic increase in the number of "try it on" DRS disputes because the "prize" for winning a dispute has become more attractive (potentially two domains instead of one).

Similarly, the new .uk namespace will open up a vast new arena for cybersquatting and typosquatting. Many companies are already having to hold dozens or hundreds of "defensive" registrations around their main web address just to keep them out of the hands of cybersquatters - .uk will multiply this problem many-fold and lead to more DRS cases as well as more "wasted" registration fees.

Furthermore, a core element of the DRS process is the age of the domain name (is it older or newer than a trademark?)

In the case of .uk, all domains will be brand new.

This could give rise to situations like the following:

COMPANY A

Registered example.co.uk in 1996

Registered example.uk in 2014 under oldest domain registration wins rule

COMPANY B

Got a trademark for "example" in 2010

Under the DRS, does Company A have to give up "example.uk" but not "example.co.uk"? Where does that leave Company A?

What happens if one domain is in active use, and the other is redirected to a parking page (e.g. one automatically served up by a registrar) and therefore showing potentially "infringing" content. Could infringement on one domain of a .co.uk/.uk pair be used as evidence of "bad faith" in a DRS dispute? Could a company holding many domains lose 3 DRS challenges against newly registered .uk names because of

the "year problem" above, and therefore go on to automatically lose other DRSEs under Nominet's "three strikes" rule?

1.2 Issues Arising from Misdirected Emails

This issue spans the "legal" and "security" categories. While misdirected emails are themselves a security risk, the consequences of emails getting sent to the wrong email address (person@example.uk when the intended recipient was person@example.co.uk) potentially raise legal risks, especially if the content of the email was meant to be privileged.

1.3 Issues of Liability

There is a risk that Nominet (and its partner registrars) could find itself under legal challenge from companies that failed to qualify for "their" .uk domain under the oldest registrant wins system.

They might for example attack the fact that the existing registrant base was explicitly not brought into the consultation process, despite being by far the most clearly "at risk" group. Indeed, Nominet stated: *"Regarding emailing registrants to make them aware of the consultation, we have decided not to send unsolicited emails that are not directly related to the contract of registration."*^{xxvi}

Similarly, there is the potential for Nominet to face claims against it for phishing attacks and other cyber-threats perpetuated as a result of the rearrangement of the UK namespace, on the basis that these attacks could not have succeeded without the existence of .uk.

2. Systemic Risks

2.1 Link rot and broken links

The introduction of .uk will dramatically increase the incidence of "link rot" and broken links across the UK internet space. Taken alone, the loss of an individual page or website (because of a change of domain extension with less than optimal redirects) is insignificant - but across the tens of millions of websites operated by the existing registrant base, this could have a significant impact on the "perceived reliability" of the web for UK users used to browsing in a .co.uk-dominated world.

2.2 Cookie leaks and cookie validation problems

Different browsers are programmed to break down domain names into their component parts in different ways, based on lists such as the Public Suffix List^{xxvii}, which codifies the registration policies for different domain extensions.

Unless and until all these different resources that browsers depend on for this processing task are updated to cope with .uk, there is a risk that cookies set on one .uk domain (example.uk) can be read by a different domain under .uk (example2.uk) because the domain name has been incorrectly componentised.

This is a "known issue" but a complex one, since it relies on updating a number of different information sources^{xxviii} held and managed by different parties. Furthermore, there may be certain older/minor browsers for which this information can no longer be changed.

3. Security Risks

There are 3 types of security risk, which will be touched on briefly here. They are covered in detail in Appendix C.

3.1 Phishing attacks

The new .uk extension will make it much easier for scammers to set up "doppelganger" web addresses that will fool the casual viewer and the less technical web user, either by making use of domains that are identical but for the extension, or by tweaking the text in the domain to look confusingly similar to a legitimate extension: Example.co.uk vs Example.uk vs Exampleco.uk

3.2 Misdirected emails

The number of emails that get sent to the wrong recipients will skyrocket, as email meant for address@example.co.uk gets sent to address@example.uk and vice-versa.

This can have profound knock-on consequences, including the loss of privacy, disclosure of confidential/sensitive documents, interception of competitive information, and the prospect of huge fines.

3.3 False Sense of Complacency

Telling people that something is more secure than it really is brings the risk that they will, consciously or unconsciously, modify their behaviour accordingly.

In the case of V2, address verification is being promoted as a way for consumers to be more secure since they can trust in knowing who is behind a given domain name.

This is not true in practice, since anyone can set up a mail forwarding service, work with a compliant lawyer or accountant, or devise any number of other ways to conceal the ultimate owner of a domain name and their location.

4. Marketing Risks

4.1 SEO

Changing domain name can have serious SEO consequences if not done exactly right. Even when the correct process is followed step by step to perfection, the consequential loss of traffic can be significant. [Appendix H]

4.2 Adwords PPC Advertising

Google uses the web address of PPC ads as one of the factors in calculating the "quality score"^{xxix} for those ads. Changing web address can have a knock-on impact on quality score (and result in a higher cost per click) because the "history" that comes with a successful ad campaign is lost.

4.3 Email Marketing

For companies engaged in email marketing, a change of web address brings significant risks, especially when it comes to whitelisting. In-house newsletters and communications may have been whitelisted by their recipients on the basis of the originator email address; when that changes, there's a risk that a significant percentage of communications end up in spam. Companies will also have to change their SPF and DomainKeys records, reconfigure autoresponders, unsubscribe and change subscription links, and other settings

5. Competitive Risks

The launch of .uk would create new "prime land" in a territory that companies thought was safely theirs. A real-world parallel would be a store holder in Knightsbridge waking up to find that the land on which their store is built has been "magically" subdivided, with the new half potentially available to their competitor or to any scammer or other undesirable who wanders by.

6. Financial Risks

These are covered in detail in the section ".UK Financial Projections and the Burden on Businesses" above. They include over £25,000,000/year in additional direct costs, plus potentially £billions spend across the UK internet economy on rebranding and customer education issues.

7. Cybersquatting Risks

The proposed release mechanism is likely to lead to a huge increase in cybersquatting*, as unscrupulous market players watch to see which businesses failed to take up the option of the .uk domain they were entitled to during the 6 month window (due to lack of awareness, lack of understanding, etc.) and register them within seconds of general availability.

Even if the takeup of .uk is 90%, that potentially leaves a million domains that could be cybersquatted on during the first day of general availability. If you're unethical, it's a no-brainer: register companya.uk (the analogue to companya.co.uk) then approach the latter and sell their name back to them for an amount that offers a hefty profit but that is still less than the DRS fee would be.

*important: although the term is widely misused by the media, cybersquatting refers specifically to the practice of buying up made-up brand domains (terms such as "Microsoft" or "Verizon") and seeking to sell them back to the brand owner. It does *not* refer to the registration of generic, descriptive domains (terms such as "furniture" or "usedcars") even if they're being registered for the purpose of resale. If the owner of "example.co.uk" fails to take up the option to register "example.uk" that's a legitimate registration, because "example" is a generic term.

8. Governance Risks

The launch of .uk could potentially expose Nominet to governance risks under the Digital Economy Act 2010.

Under "19. Powers in relation to internet domain registries", section 124O states:

"(4) A relevant failure is serious, for the purposes of this section, if it has adversely affected or is likely adversely to affect-
(a) the reputation or availability of electronic communications networks or electronic communications services provided in the United Kingdom or a part of the United Kingdom, or
(b) the interests of consumers or members of the public in the United Kingdom or a part of the United Kingdom."^{xxx}

The concept of direct.uk fails both the above tests.

With respect to (4)(a), trust in the UK namespace will be eroded by the introduction of a new and confusingly similar extension at a time when trust in .co.uk is at an all-time high, and Nominet actively promotes the use of .co.uk to businesses on the AGreatPlaceToBe.co.uk website with collateral such as the below:



Taken from "AGreatPlaceToBe.co.uk" website, September 2013

Equally, the security and other risks outlined in this section will make the UK namespace a less secure place to do business, with a greater likelihood of

phishing/scams and companies facing the spectre of heavy fines from the ICO from the increase in misdirected emails brought about by the extension confusion.

With respect to (4)(b) it is not in the interest of the registrants of the existing 10,000,000 domain names to see a new domain appear and create direct competition to their existing web addresses. Nor is it in the interest of consumers to have to cope with a baffling change which will be too esoteric for all but the most technically literate, nor to deal with added security challenges.

Given this, it seems likely that a case could be made for the Secretary of State to step in and regulate Nominet, or if the breach is deemed particularly egregious, ultimately take back control of the UK namespace in the national interest.

Conclusion

For all the reasons outlined in this document, the concept of .uk is not in the interest of the millions of existing domain name registrants, who have enjoyed a strong online identity under .co.uk, one which they have had just cause to be proud of until now.

Nor will it benefit the wider internet economy, since it imposes significant direct and indirect costs without appreciable benefits.

It is evident that the parties that stand to profit directly from launching .uk are Nominet, its executives, and its partner registrars.

With uncertainty in the overall domain market set to skyrocket due to the impending arrival of over a thousand new GTLD, this is the time to anchor solid foundations even more firmly and weather the storm.

Nominet's own research has shown that trust in .co.uk is strong, and growing every year. Nominet themselves have a reputation that would be the envy of many companies, and the organisation punches significantly "above its weight" when it comes to involvement in policy and shaping the UK internet.

It also faces new challenges such as the recent focus on "undesirable" domain registrations linked to illegal content and activities.

Launching .uk will weaken the UK namespace against its strongest competitor, .com. Instead of a very strong, highly trusted .co.uk which has been successfully promoted as *the* choice for UK businesses, we will be left with a weakened .co.uk and an unknown quantity, .uk, against the gold standard that is .com.

So why throw all of the trust away, destroy business and consumer confidence in the UK namespace, introduce significant new risks, and impose a de-facto "stealth tax" running into the millions, for what is ultimately going to be seen as a revenue-boosting exercise rather than a credible improvement over the status quo?

Instead, Nominet have the opportunity coming out of this second round of consultation to put the concept of .uk to bed forever, set aside this incredibly divisive distraction, and let everyone return to working together to make the UK namespace safer and more trusted.

There are strong reasons not to proceed with .uk, and no compelling reasons to go ahead. I hope Nominet makes the right decision, in the interest of their millions of customers, rather than foundering against the iceberg of the narrow interests of their organisation.

Alternative Solutions that don't Require .UK

There are a number of approaches that could be adopted by Nominet, alone or in combination, to mitigate many of the concerns highlighted by the direct.uk consultation process, improve the UK namespace, and counter the need for .uk.

1. Increase consumer choice

In the GTLD world, .net is widely seen as the "second best" choice for companies unable to get the .com they are after. The popularity of the .net extension is evidenced by the number of registrations under the extension (15,169,173^{xxxii} as of September 12, 2013 or 150% of .co.uk) and by the number of web pages under the .net extension that Google has indexed^{xxxiii}, 4,500,000,000 vs co.uk's 843,000,000 pages indexed^{xxxiii}.

This shows that .net is a significantly more popular choice to build active sites on than .co.uk, even accounting for the difference in the number of domains registered.

So why not **liberalise the registration requirements for .net.uk so that the extension is open to everyone**? It has built-in recognition (thanks to .net) and it is near-virgin territory as far as the number of registrations goes.

Similarly, why not **simplify the process of obtaining a .ltd.uk or .plc.uk domain name**, and work with various third parties (such as Duedil and Companies House) to promote the value of owning a domain name that provides instant verification of your company's status.

Why not **embrace the secondary market**, and make it easy for domain owners to flag the potential availability of domains for sale. This could be via a flag in the whois, or through some other route. Watch out for and celebrate the news of big ticket .co.uk sales, which prove the robustness and value of the extension even in the face of new GTLD.

2. Improve trust in the UK namespace

The issue of direct.uk has damaged trust in the namespace. Why not put the matter to rest permanently, in an unambiguous way, and focus more attention on the work of AGreatPlaceToBe.co.uk to continue to expand trust in the UK namespace.

Work to rebuild trust with various sectors of the stakeholder community who have become marginalised by the direct.uk process.

3. Improve *.uk registration rates

Work with large registrars to feature .co.uk more prominently on their registration page (e.g. at/near the top of the selection box or as the first checkbox in a list of alternative domains) in exchange for various incentives, or for a slotting fee. It may be cheaper in the long run invest in "pay for placement" as the new GTLDs launch to keep the public focused on the UK namespace, and cut back on such activity once the initial rush of GTLD launches is over and interest has waned.

Also, provide simple guides to setting up a *.uk domain name as an "own email" solution for providers such as Google Apps, with step-by-step instructions aimed at the layperson. Back this up with a campaign demonstrating the greater sense of "professionalism" that comes from having a domain-specific email address rather than one on a free email service.

This could even be expanded to some kind of cross promotion activities with Google UK, since they would be acquiring paying clients for their email solution.

4. Improve *.uk renewal rates

Publicise the importance of maintaining renewals, with case studies of companies that failed to do so and had to "start over" on a new domain name. Work to get articles into publications that target the corporate bankruptcy industry to stress the importance of domain names as valuable digital assets that a receiver/administrator should seek to maintain. Make it easier to renew domains for longer periods, and give additional discounts for terms in excess of 5 years.

The work being done to embrace the secondary market will also have a knock-on effect here, since it emphasizes the significance and value of owning a domain name.

4. Increase revenue

Consider a small, one-time price increase, of the order of 50p/domain/year. This would bring in up to an additional £5,000,000/year which represents an increase of 20% over Nominet's 2012 turnover. This helps counter the effect of a slowly shrinking UK namespace. Since prices haven't changed for over a decade, there may be some grumbling but it should be short-lived, especially if you make it clear that this isn't the start of some price escalator programme like in .com and other GTLD.

If you gave firms that renew for long periods (e.g. 5-10 years) up front the opportunity to "dodge" this price rise by introducing a new multi-year price that's the same as the current 2-year price, you have a carrot-stick mechanism that should push registrations to be held for longer (better renewal rates) and/or raise additional revenue.

In this context, it's worth noting that many new GTLD will be launching at higher-than-.com prices for the initial release phase, so UK namespace names will seem even better value by comparison once the new GTLD advertising bandwagon gets going.

V2 Consultation - Response to Questions

NOTE: Nominet's original questions are quoted in red to distinguish them from the response.

1. The proposal for second level domain registration

This proposal seeks to strike a better balance between the differing needs of our stakeholders and respond to the concerns and feedback raised to the initial consultation. We have 'decoupled' the security features from the proposal to address concerns regarding the potential creation of a 'two tier' domain space and compulsion to register in the second level. We have set out a more efficient registration process to enhance trust in the data and put forward an equitable, cost effective release mechanism.

1.a Do you agree with the proposal to enable second level domain registration in the way we have outlined?

No, not at all. Direct.uk should not proceed, period, regardless of implementation. The decision should be taken in such a way as to put the concept of second level domain registration to rest forever (as should have happened in 2004 when the issue was last raised)

1.b Please tell us your reasons why.

Please consider the entirety of this document as "reasons against direct.uk", not just the summary below:

Why change a system that not only is not broken, but is very obviously thriving, and that serves the needs of existing internet business owners so well?

At best, existing domain owners may end up with a matching .uk domain, and will be confronted by two (significantly increased) renewal fees each year.

At worst, they stand to lose out on their .uk domain name, with the likelihood of two competing businesses ending up with near-identical identities.

Which should one trust, Bank.co.uk or Bank.uk? What if one was owned by Barclays and the other by an unknown entity? What if one was owned by Barclays and the other by HSBC?

The costs of introducing .uk will be enormous, the uncertainty surrounding the process is already hampering business development, and the confusion it will generate is guaranteed to harm consumer interests, lead to more phishing attacks and a massive increase in misdirected emails [Appendix C].

By abandoning the security aspects of .uk between V1 and V2 of the consultation, Nominet has removed the only possible commercial justification for launching the extension, tenuous as it was. Now the only remaining reason is money. Consumers don't want it. Informed businesses *who understand the consequences* don't want it. The UK internet economy certainly won't thank Nominet for it.

It is therefore obvious that the current status quo represents the best outcome for the largest number of stakeholders, though the registrars that control most of Nominet's votes would likely disagree since they would lose an opportunity to sell expensive new domains to existing clients. [Appendix D]

Should the right decision be taken to preserve the status quo, it must be taken in a way that permanently dispels the cloud of uncertainty hovering over the industry.

We're experiencing the consequences of not doing so right now, since Nominet's current proposal mirrors in many ways the ".UK - Revisited" proposal^{xxxiv} written by Stephen Dyer and put before Nominet's Policy Advisory Board (PAB) in January 2005. The 11 member PAB rejected it unanimously at the time with a Resolution that *"In the light of strong consensus among stakeholders, the PAB unanimously resolved to recommend that no changes are made with respect to opening up registrations at the second level within '.uk'."*^{xxxv}

Despite that unanimous decision to preserve the status quo, taken when less than half as many domain names were registered, and when the internet economy was just a fraction of its current size, we somehow find ourselves confronting the issue again today!

Let's put .uk to bed once and for all, and go on enjoying a fantastic extension, .co.uk, that is trusted by more than 80% of UK consumers. A strong, trusted .co.uk is by far the best defence against the new GTLD that Nominet could hope to mount.

2. Registration process for registering second level domains

We believe that validated address information and a UK address for service would promote a higher degree of consumer confidence as well as ensure that we are in a better position to enforce the terms of our Registrant Contract. We propose that registrant contact details of registrations in the second level would be validated and verified and we would also make this an option available in the third levels that we manage.

IMPORTANT: I am opposed to the whole concept of direct.uk for reasons that I believe this document makes fully clear. My answer to this question should not be interpreted as providing any kind of support for direct.uk, either as proposed by Nominet, or with modifications. If you are going to excerpt my answer, please include a statement to this effect alongside it.

2.a Please tell us whether you agree or disagree with the proposed registration requirements we have outlined, and your reasons why. In particular, we welcome views on whether the requirements represent a fair, simple, practical, approach that would help achieve our objective of enhancing trust in the registration process and the data on record.

This is a very bad approach to take, for a number of reasons.

A) Validating address information provides no information at all about the entity behind a given address - all it does is prove that Royal Mail is capable of delivering a document to a given address. That address could be a PO Box, a compliant lawyer or accountant, a friend or family member, anyone at all. The fact that a given address "exists" says nothing at all about the ultimate entity that benefits from owning the domain name, nor does it imply any kind of "increased security" as a result.

All it does is place an additional, unnecessary burden during the registration process, and the need to revalidate data that under the Registrant contract with Nominet is supposed to be correct anyway.

B) Since address verification doesn't provide actual security, but only a fig-leaf of security, it should not be painted as something that will enhance consumer confidence. The fact that Nominet is seeking to do so is extremely worrying, since it is indicative either of a gross level of naivety about what internet security is actually about, or a deliberate attempt to inflate the perceived importance of a minor and easily defeatable verification step to turn it into a justification for rolling out .uk in the first place

C) There are "unintended consequences" to telling people something is more secure when it isn't. They will relax and be less attentive, and the overall security of the UK web is likely to suffer as a result.

D) Making verification mandatory for .uk domains but optional for existing domain extensions introduces a two-tier domain system, with .uk seen (falsely, as shown above) as more trustworthy than .co.uk and other extensions.

This has the effect of devaluing existing .co.uk domains and hurting millions of businesses (think washing powder adverts: the new formula 'washes whiter' than the old, so who goes looking for the old after seeing the new)

E) Having an "address for service" requirement for non-UK based registrants (which, at 9% of the registrant base, represent close to a million domains) is effectively hanging a "closed for business" sign on the UK namespace as far as foreign companies are concerned.

Contrast the current situation, with a simple cheap process whereby a .co.uk domain can be registered by anyone, anywhere in the world, with that which would arise if the address for service requirement is pursued. This would force companies to find and maintain some mechanism (mail forwarding, lawyer/accountant acting as intermediary) which adds cost, complexity and uncertainty to the process.

An UK-based address for service does not prove:

- that the entity behind a domain name is a UK entity
- that the entity behind a domain name is subject to UK law
- that the entity behind a domain name is who they are claiming to be
- who the ultimate beneficial owner of that domain name is

The annual revalidation requirement piles on additional uncertainty, since a company could risk losing its domain name due to problems with the postal service, or at some

other stage down the chain between Nominet and the person ultimately in charge of responding to this revalidation request. Again, this is a burden that businesses simply do not face at present.

3. Release process for the launch of second level domain registration

The release process prioritises existing .uk registrations in the current space by offering a six month window where registrants could exercise a right of first refusal. We believe this approach would be, the most equitable way to release registrations at the second level. Where a domain string is not registered at the third level it would be available for registration on a first-come, first-served basis at the start of the six month period or at the end of this process, if the right of first refusal has not been taken up.

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3.a Please tell us your views on the methodology we have proposed for the potential release of second level domains. We would be particularly interested in your suggestions as to whether this could be done in a fairer, more practical or more cost-effective way.

Why make this process opt-in or time-limited? Why not simply reserve the .uk domain name automatically for all "winning" registrants (after comparing the registration dates, and considering any exceptions) for as long as those winning domain names remain registered?

So if example.uk is won (under the first refusal system) by example.co.uk then example.uk is reserved permanently (at no cost) for the owner of example.co.uk to buy for as long as example.co.uk is registered.

The owner of example.co.uk can then take up the option of .uk in their own time, according to their own schedule, and can mitigate rebranding and other costs accordingly (and incur no additional costs in the interim).

If the example.co.uk registration were allowed to lapse and the domain name gets deleted, then example.uk would automatically be allocated to the next "winner" (e.g. the .org.uk owner if it's then the oldest continuous registrant).

Under this scenario, the example.uk domain would only become available to register on the open market when there are zero remaining claims on it. This seems the best way to protect existing registrants.

Domain names that are reserved would either not reserve at all, or could reserve to a page managed by Nominet that explains who the "winner" of that name is (by referencing Whois and other data) and the process they can follow to claim their name. Claimants would have to take up their right to the given .uk domain in order to

make it resolve, use it for email, sell it, redirect it, etc - and pay the appropriate registration fee at that point in time.

Of course, there's nothing to stop a claimant explicitly renouncing their interest (like domains can be marked "not required" right now) thus freeing it for the next-in-line, or for general registration if there are no other claimants in the queue, should such a mechanism be provided to them.

Similarly, a third party keen to acquire the rights to use example.uk could approach the entitled owner (in this case the owner of example.co.uk) and "do a deal" to acquire the .uk from them after they take up their right.

Under the above scenario, there is no chance that entitled companies "miss out" because of an artificial deadline, nor that they are forced to incur needless costs to "stockpile" the .uk equivalent of their domain name before they're ready to use it.

3.b Are there any categories of domain names already currently registered which should be released differently, e.g. domains registered on the same day, pre-Nominet domains (where the first registration date may not be identified with certainty) and domains released in the 2011 short domains project?

A. Domains registered on the same day

All sources of data must be exhausted to resolve conflicts, not just the material publicly available in the Whois as displayed on Nominet's site. If Nominet has more accurate internal logs, for example, or if Registrars can provide verifiable timestamps to break deadlocks, then these should be the first resort to resolve any conflicting claims.

B. Pre-Nominet domains

Similarly, if Nominet's internal systems have data that backs up a given registration date (even if it's before the "Before August 1996" that is displayed on the public whois) then this should be used to resolve conflicts. It is perfectly legitimate for Nominet to come forward with this information, especially since it is already available in many cases via the Nominet web interface or other means.

In both A. and B. above, conflicts that cannot be resolved by any other means could either be resolved by consensus, or by sealed bid auction (with the winning bid - or a fraction of it - shared amongst the losing party/ies)

C. 2011 short domain project domains

Nominet made this mess and it's up to Nominet to acknowledge the issue squarely, and resolve it decisively.

The 2011 short domain auctions were conducted in such a way that the .co.uk domains were released after other extensions. In other words, because of an auction mechanism Nominet agreed on - a mechanism that resulted in over £3,000,000 in windfall revenue to Nominet and the Nominet trust - the new owners of the valuable

short .co.uk domains, who paid the lion's share of the auction proceeds, find themselves at the back of the eligibility queue as a result of Nominet dropping the ball.

There are two "fair" ways that I believe would solve the short domain mess:

A) Allocate the .uk to the .co.uk owner

B) Allocate the .uk to the highest bidder of each competing .co.uk/.org.uk/.me.uk auction

A) and B) would have similar results, because in almost but not quite all cases the .co.uk owner ended up paying more than those who ended up with the lesser extensions.

For Nominet to ignore this problem that it made, and profited from very handsomely, would be a travesty.

3.c We recognise that some businesses and consumers will want to consider carefully whether to take on any potential additional costs in relation to registering a second level domain. Therefore we are seeking views on:

- Whether the registrant of a third level domain who registers the equivalent second level should receive a discount on the second level registration fee;
- Developing a discount structure for registrants of multiple second-level .uk domains;
- Offering registrants with a right of first refusal the option to reserve (for a reduced fee) the equivalent second level name for a period of time, during which the name would be registered but not delegated.

Please tell us your views on these options, or whether there are any other steps we could take to minimise the financial impact on existing registrants who would wish to exercise their right of first refusal and register at the second level.

If my idea from 3.a were adopted, the cost issue becomes less relevant for businesses acquiring the matching .uk, though the excessive registration/renewal costs remain relevant. Nominet has established two "false comparisons" when seeking to establish the cost of .uk registrations, and these need to be addressed:

- Comparison with the £20/year proposed in V1 of the consultation
This is a "false" comparison, because that optimistic £20 figure only ever existed on paper - it doesn't reflect any cost incurred by businesses in the real world
- Comparison with the cost of .com registrations/renewals
This is a "false" comparison, because .com is a GTLD not a CCTLD. The correct frame of reference is the cost of registering existing domain extensions such as .co.uk, or .org.uk.

The consultation material is misleading on this point, as it states "*We are proposing a registration fee that is competitive with other gTLDs such as .com*"^{xxxvi} (emphasis mine)

.uk has never been and will never be a gTLD. It is a ccTLD, just at the second level rather than the third level like the current hierarchy of .co.uk, .org.uk etc.

If the domain names are not reserved permanently, then I believe that the six month period should instead be twelve months, and that a 3-to-5 year "free" registration period be granted to those taking up their .uk entitlement, to help mitigate the cost of doubling down on their registrations. This registration period should give full control over the .uk domain, just as if a registration fee had been paid.

If such a free period is not possible, then there should definitely be some form of discount implemented for bulk domain owners. Perhaps tiered at the 20, 50, 100 and 250+ domain level, or in the form of a low fixed fee (say £1) for each domain held by the same entity over a certain minimum threshold.

Furthermore, there is no real (i.e. commercially valid, rather than false-comparison based) reason for charging any more for .uk names than the current price of .co.uk/.org.uk and other extensions. As a consequence, the ongoing registration/renewal fee for .uk should be pegged level with other extensions. There is no justification for charging any premium, and a discount structure should not be seen as a mechanism to lower bulk domain purchases back down to the single domain price enjoyed in other UK namespace extensions.

4. Reserved and protected names

We propose to restrict the registration of <uk.uk> and <.com.uk> in the second level to reflect the very limited restrictions currently in force in the second level registries administered by Nominet. In addition, we would propose to reserve for those bodies granted an exemption through the Government's Digital Transformation programme, the matching domain string of their .gov.uk domain in the second level.

IMPORTANT: I am opposed to the whole concept of direct.uk for reasons that I believe this document makes fully clear. My answer to this question should not be interpreted as providing any kind of support for direct.uk, either as proposed by Nominet, or with modifications. If you are going to excerpt my answer, please include a statement to this effect alongside it.

4.a Please give us your views on whether our proposed approach strikes an appropriate balance between protecting internet users in the UK and the expectations of our stakeholders regarding domain name registration. Can you foresee any unintended complications arising from the policy we have proposed?

There are two questions here, mixed into one.

First, the idea of reserving .com.uk and .uk.uk. This is ok, but only if an assurance is given that Nominet will NEVER seek to sell domain names under these two reserved extensions. Imagine the chaos and further trust erosion that would arise if Nominet were to release .uk domains, then down the road seek to also sell .com.uk domains to gain a supplemental revenue stream! It is important to reserve .com.uk to prevent even more phishing and other attacks, even if the decision is ultimately taken to release .uk.uk.

Second, the notion of reserving domains for certain government entities. It is a very curious idea, and one that I fail to see any commercial justification for. Why should these entities orphaned from .gov.uk by a government process potentially jump ahead in the queue for certain domains where the "rightful" winner of the first-to-register comparison process might have had a claim that predates theirs by a decade or more? This feels like pandering to government to avoid ruffling feathers, rather than a decision predicated on logic.

5. General views

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5.a Are there any other points you would like to raise in relation to the proposal to allow second level domain registration?

Stop now, before it's too late. Make the decision unambiguous, and irrevocable.

Reminder: the whole of this document applies here. Not just my responses to this or any other consultation question.

5.b Are there any points you would like to raise in relation to this consultation?

Both this document and the V1 questionnaire have been remarkably badly formulated. Indeed, Nomensa commented at length on the incomprehensibility of question 11 of the original V1 consultation (which also happened to be the key question).

Both V1 and V2 should have begun with a very clear, unambiguous, simply stated YES/NO question along the lines of the following: "Do you think that .uk domains should be released at the second level at all (regardless of how they are released)?"

At least V2 moved the question up to pole position, but it still became a referendum on the particular version of direct.uk proposed by Nominet rather than on the essential, and more fundamental, concept of direct.uk itself. That's like turning a decision about life or death into one about which form of execution is least painful.

As has already been covered elsewhere in this document, the consultation lacked many of the elements considered essential to achieving a "good" consultation process, such as the pros AND cons of the idea, the likely financial and other consequences of going ahead, the consequences of maintaining the status quo, a risk/impact analysis, etc. For Nominet to imply that not only these were unnecessary, but were deliberately not being provided is deleterious to the whole consultation process.

Finally, the consultation process and the documents relating to it has been so complicated that it is very unlikely to have reached a representative cross-section of registrants, despite their having the most to lose from .uk going ahead.

Appendix A: Critical Importance of .co.uk to the Internet Economy

With over 10,000,000 domain registrations^{xxxvii}, the UK has the world's second largest ccTLD (country code top level domain) after Germany.

Nominet says this about .co.uk: "Since its peak in 2001, making up 93% of the uk registry, .co.uk has remained extremely stable during the last 12 years. Despite a small drop of 2% in 2004, as .org and .me have experienced growth, .co.uk clearly continues to be the preferred choice of SLDs. As .org and .me have gradually declined since 2007, .co.uk has grown steadily to re-establish this 2%, making up almost 93% of the register again in 2012."^{xxxviii}

On Nominet's AGreatPlaceToBe.co.uk campaign website, they state: ".co.uk [is] the most popular choice of domain for business and enterprise in the UK. 4 in 5 people searching online in the UK prefer .co.uk websites."^{xxxix}

All 10 of the top selling car brands in the UK^{xl} operate from .co.uk websites, as do 12 of the 13 largest newspapers^{xli}. 63 of the top 100 UK advertisers^{xlii} are on .co.uk domains, and 142 of the top 250 brands in the UK^{xliii} chose .co.uk domains for their websites.^{xliv}

Over 3,000,000 businesses use .co.uk domains^{xlv}, and together these businesses spend billions of pounds a year branding .co.uk as a component of their online identities. Indeed, over 65% of all UK print and TV advertising includes a web address.^{xlvi} The evidence is all around: it is impossible to open a newspaper, turn on the TV or walk down the street without being exposed to web addresses that end in.co.uk. And every appearance of .co.uk strengthens the core .co.uk brand.^{xlvii}

This strength is demonstrated by the amounts firms have invested to secure their ideal domain name, from Cruises.co.uk (£560,000)^{xlviii} to Phones.co.uk (£175,000), Software.co.uk (£150,000), Ink.co.uk (£130,000) and HorseRacing.co.uk (£100,000).^{xlix} Indeed, businesses recently spent £3,000,000 acquiring 1- and 2-letter domain names in an auction held by Nominet in late 2011^l, with each .co.uk domain name costing them close to £5,000 on average^{li}.

These significant investments are clearly based on confidence in .co.uk as the leading extension for UK businesses, not on uncertainty.

Appendix B: Statements from Nominet about .co.uk

NOTES

- Lesley Cowley, OBE, MBA, has been Nominet's Chief Executive since 2002^{lii}
- Phil Kingsland has been Nominet's Director of Marketing and Communications since 2006
- AGreatPlaceToBe.co.uk is a campaign website set up by Nominet to encourage more registrations under .uk
- KnowTheNet.org.uk is an educational website set up by Nominet to teach individuals and small businesses about all aspects of the web

".co.uk [is] the most popular choice of domain for business and enterprise in the UK. 4 in 5 people searching online in the UK prefer .co.uk websites."^{liii}
AGreatPlaceToBe.co.uk, 2012

"The .uk top level domain is separated into several second level domains. It's best to register a domain name that relates to the kind of site yours is. These include:

- co.uk for commercial enterprises
- org.uk for non-commercial organisations
- me.uk for personal domains
- .ltd.uk and .plc.uk for registered company names only
- .net.uk for Internet Service Providers
- .sch.uk for schools.

The most popular Second Level Domain within the UK is .co.uk, which accounts for 91% of registrations. Like all other .uk addresses, it's managed by the .uk registry, Nominet."^{liiv} KnowTheNet.org.uk, 2012

"British internet users appreciate the value of .co.uk domain names. When searching for information online, 72% will choose a .uk address ahead of a .com address, whether it's actually based in the UK or not. A .co.uk domain name says the information available on the website is local, relevant and most of all trusted. This shows the importance of a local internet presence for UK businesses and for anyone wanting to do business with UK consumers."^{liiv} KnowTheNet.org.uk, 2012

"Companies based in the UK usually register a domain name ending in .co.uk. Recent research carried out earlier this year by Ciao Surveys, suggests that British Internet users are 77% more likely to choose a .uk rather than a .com address when looking for information via an Internet search engine."^{livi} Phil Kingsland, 4 December 2009

"We focused our stakeholder communications on raising the profile of .uk domain names by running PR and advertising campaigns to promote the value of a .co.uk domain name and the importance of renewing names through our sales channel of registrars."^{liiii} Lesley Cowley (2008 Nominet Annual Report)

"We are pleased to see that the .uk registry is growing year on year. This, coupled with the high level of consumer trust in .uk emphasises the value of

businesses having a .co.uk domain name. It has become a key element of a UK-based company's brand identity."^{lviii} Phil Kingsland, 2 September 2008

"News that a company has recently paid a record £560,000 for the domain name cruises.co.uk indicates that the secondary market for .uk domain names is still strong.

Cruise.co.uk decided to pay the large sum to a German travel company for the plural version of the domain name in order to improve their chances of being the first port of call for web users searching for cruise holidays.

What's interesting is that being the registrant of cruise.co.uk, the purchaser has a clear idea of the potential value of the domain name to their business. They were therefore in a good position to determine what was a fair price as opposed to speculating about potential future revenues."^{lix} Phil Kingsland, 8 February 2008

"If you're a local business in the UK .co.uk will be appropriate for you. If you're a global body then you tend to find that global companies will try to find a .com."^{lx} Phil Kingsland, 5 February 2008

"The majority of UK businesses recognise the strength of the .co.uk domain not only from a brand protection, but also from a trusted brand perspective. What is even more encouraging to us is that preference for .co.uk is stronger with the younger respondents, showing that the new generation of marketers and their companies value .co.uk above other domains."^{lxi} Lesley Cowley, 29 October 2007

"With six million domain names now registered and a large percentage of these linked to e-commerce, it's easy to see the importance of a .co.uk domain name to a business."^{lxii} Lesley Cowley, 6 July 2007

"For millions of businesses, their domain name is mission critical, from their website to the email addresses it supports."^{lxiii} Lesley Cowley, 1 May 2012

Appendix C: Security Issues Created by Introducing .uk

There are 3 main security issues introduced by .uk.

Two are independent of the introduction process i.e. they arise from the fact that .uk exists at all. Neither of these can be mitigated (except by not introducing .uk at all).

The third is an "unintended consequence" of Nominet's proposed approach to registrant contact details verification, and could potentially be addressed if Nominet change their stance.

1. Phishing Attacks

A "phishing" attack is an attempt to deceive web users by directing them to a website that looks like the "real thing" (a bank, an online store, a government portal etc.) but which is in fact controlled by criminals. It is meant to steal banking or payment details, or to facilitate identity theft or other trust-based scams by harvesting information that users believe they are supplying in good faith to a legitimate organisation.

An essential ingredient of a successful phishing attack is the web address of the malicious page: the more it looks like the "real" website, the easier it is to fool naive, inattentive or uninformed visitors that it *is* the real website.

At present, domain names registered in the UK namespace either have to differ in the text within the domain name, or in the extension. The existing extensions (.co.uk, .org.uk, .me.uk etc.) are distinctively different and well understood - consumers are unlikely to be misled by a fake bank site masquerading on a .org.uk domain name.

Now consider what happens if .uk is introduced. Suddenly, there are almost endless ways for a scammer to register a web address that is either identical to (apart from the extension) or very similar to a legitimate web address. For example:

Real bank website: <http://www.bank.co.uk/>
Fake bank website #1: <http://www.bank.uk/>
Fake bank website #2: <http://www.bankco.uk/>

Real charity site: <http://www.charity.org.uk/>
Fake charity site: <http://www.charityorg.uk/>

Real government site: <http://www.govdepartment.gov.uk/>
Fake government site #1: <http://www.govdepartment.uk/>
Fake government site #2: <http://www.govdepartmentgov.uk/>
Fake government site #3: <http://www.govdepartment.gv.uk/>
Fake government site #4: <http://www.govdepartment.go.uk/>
Fake government site #5: <http://www.govdepartment.gvo.uk/>

etc.

In each case, the potential for confusion (and therefore for any phishing attack to succeed) is multiplied because both the real and the fake web addresses look plausible to the average (i.e. non-technical) consumer. They "parse" well so they survive the "casual glance" test.

None of these phishing web addresses would be possible without .uk.

2. Misdirected Emails

No doubt most people have experienced accidentally sending an email to the wrong person as a result of "fat fingered" typing, transposing a character or leaving something out of the email address. You may also have received numerous emails as a result of similar mistakes.

This is not a new problem - it is a known and very real issue. There are thousands of examples of misdirected emails and their consequences that can be found by a quick search, such as a thread on Slashdot in which a large number of individuals complain of having received misdirected emails on numerous occasions^{lxiv}.

The new .uk domains are confusingly similar, and dramatically increase the probability of misdirected emails.

Consider this scenario:

Correct email address: support@example.co.uk (company A)
Wrong email address: support@example.uk (company B)

Correct email address: support@example.uk (company B)
Wrong email address: support@example.co.uk (company A)

Correct email address: resumes@example.co.uk (company A)
Wrong email address: resumes@exampleco.uk (scam site)

In other words, the owners of "example.uk" can expect to receive emails meant for the owners of "example.co.uk" and vice-versa.

That's unfortunate but not a real issue if both .uk and .co.uk are owned by the same party, but it could have disastrous consequences if they are owned by competitors (or if one is owned by a government body, the other by a private company or individual)

At the same time, scammers may resort to registering domains that end in "co.uk" (note the lack of the "." in front of the "co.uk" - that's how little separates the real and fake email addresses) to capture stray emails in the hope of intercepting valuable personal/financial information.

Misdirected emails could include:

- Confidential financial data
- Business projections
- Documents with national security implications
- Personal data (medical or mental health reports, for example)

- Client, customer or supplier lists
- Legal documents
- Documents with literally life-threatening consequences (witness protection lists, battered spouse reports, etc.)

The above represent just the tip of a very large, very messy iceberg.

In its V2 consultation response, the Information Commissioner's Office writes: *"In terms of specific security issues, we are concerned that the addition of second level .uk domains could result in confusion, and potentially lead to security incidents. For example, the possibility of two separate organisations having the same domain but at different levels – which could confuse individuals and result in wrongly directed email, for example. Depending on the type of organisations involved, such a disclosure could result in financial or sensitive information being wrongly disclosed."*^{lxv}

Misdirected emails carry potentially very serious financial consequences for the organisations involved. In 2011, the Information Commissioner's Office served Surrey County Council with a £120,000 fine penalty for just three instances of misdirected email^{lxvi}.

The only way to minimise misdirected emails is to preserve the status quo - people are very unlikely to type ".co.uk" when they mean ".org.uk" and vice-versa, but it is extremely likely they will get mixed up between ".co.uk" and ".uk".

NOTE: in the face-to-face discussions held in support of the V1 and V2 consultations, many meeting participants - including members of Nominet's staff - mixed up ".co.uk" and ".uk" verbally on numerous occasions when discussing aspects of the consultation. And these were people who were there for the explicit purpose of discussing .uk i.e. who were intimately familiar with the concept.

3. False Sense of Security

Nominet is proposing additional registrant verification requirements that would (in the current V2 proposal) only apply to .uk registrants, but not to the registrants of .co.uk domains or those in other extensions. The latter would have the option - but not the obligation - of going through a similar verification process.

Nominet is painting these verification steps as providing additional security, whereas in reality they give very little assurance about the entity behind any given domain name.

An attempt to verify an "address for service" for example means no more than "somebody received a letter at this address and acted on it" - it says nothing about the person who acted on the letter, or where the ultimate party owning the domain name is based.

In other words, it does not provide any real security, merely a veneer of security. It "sounds good" a priori, but there's nothing in Nominet's plans that will enhance the actual security of the UK namespace.

So the UK namespace is no more secure. But it's not less secure either, so where's the danger?

Simply put, there are unintended consequences to making people believe in greater security when none is present. They will be more complacent, less questioning, less attentive - abrogating to Nominet a certain amount of responsibility for their actions online that they had previously accepted themselves.

This third issue could be mitigated if Nominet abandons any additional registration requirements, and makes .uk domains available on exactly the same basis as .co.uk, .org.uk and other extensions. But to be effective, Nominet must also abandon, immediately and forever, any public notion that .uk somehow "improves security" - until they stop bringing security up in discussions, the public will continue to believe they are being offered something they are not.

Appendix D: Top 12 Nominet Member Voting Rights

Nominet counts over 2,800 members. Its membership is entitled to vote based on the number of domain name registrations *maintained* by each member.

In other words, voting rights do not accrue to the domain owners themselves, but to the domain name registration services through which those owners registered their domain names.

A real-world parallel might be giving house builders a vote for each house they build, while disenfranchising owners and tenants.

With just over 10,000,000 domains registered (i.e. 10,000,000 votes on offer) this means that the largest member controls over 20% of the vote (their CEO, Thomas Vollrath, sits on Nominet's board as a non-executive director^{lxvii}). Together, the 12 largest members control more than 65% of all votes¹.

Organisation	Votes	Business Lines
Webfusion Ltd	2,105,943	Domain name registration, web hosting
1&1 Internet AG	1,922,221	Domain name registration, web hosting
Key-Systems GmbH	397,702	Domain name registration, web hosting
Register.com Inc	286,879	Domain name registration, web hosting
Namesco Ltd	284,452	Domain name registration, web hosting
Yell Limited	240,528	Local business information
NetBenefit Ltd	240,468	Domain name registration, web hosting
Tucows Inc	222,337	Domain name registration
Iomart Hosting Ltd	211,760	Domain name registration, web hosting
UK2 Limited	206,558	Domain name registration, web hosting
eNom	198,671	Domain name registration, web hosting
LCN.com Ltd	196,375	Domain name registration, web hosting
TOTAL	6,513,894	

These voting rights were calculated on 20 March 2012 in advance of the 2012 AGM, and were audited by Popularis Ltd, Nominet's elections scrutineer.^{lxviii}

¹ The Nominet Voting Rights policy controls how weighted voting rights are determined for members of the company. It includes a series of formula for determining these rights, and caps of 3% or 10% voting rights per member apply depending on the circumstances of the vote. For full details, see http://www.nominet.org.uk/sites/default/files/58367_votingrightspolicy17052012_0.pdf

Appendix E: Impact of Second Tier Domain Launches

Country	2LD Sunrise Period	Old Extension	New Extension	
China	6 Jan 2003 - 17 Mar 2003	.com.cn	.cn	
Japan	March 2001	.co.jp	.jp	
Mexico	1 May - 31 July, 2009	.com.mx	.mx	
Malaysia	1 Nov 2007 - 31 Dec 2007	.com.my	.my	
South Korea	21 Nov - 22 Jan 2007	.co.kr	.kr	
Uruguay	10 June 2012	.com.uy	.uy	
Country	Size of Commercial Registry at 2LD Launch	New Extension Registrations During Sunrise Period	Size of Commercial Registry Post-Launch	Growth in Commercial Registry Due to 2LD Launch
China	145,719	95,531	241,250	39.6%
Japan	204,485	52,217	256,702	20.3%
Mexico	275,580	51,505	327,085	15.7%
Malaysia	54,007	6,427	60,434	10.6%
South Korea	537,870	224,766	762,636	29.5%
Uruguay	34,894	33,929	68,823	49.3%
Country	New Extension Penetration at Launch (% of all Commercial Registrations)	Current New Extension Penetration	Current Old Extension Registrations	Current New Extension Registrations
China	39.6%	79.6%	1,101,774	4,309,560
Japan	20.3%	71.5%	354,056	887,377
Mexico	15.7%	29.2%	404,112	166,372
Malaysia	10.6%	43.8%	109,766	85,467
South Korea	29.5%	27.8%	641,911	247,100
Uruguay	49.3%	49.8%	35,974	35,704
Country	Current Total Size of Commercial Registry	Growth in Old Extension since launch of New Extension	Growth in New Extension since launch	Data Current as of
China	5,411,334	956,055	4,309,560	30-Sep-12
Japan	1,241,433	149,571	887,377	01-Oct-12
Mexico	570,484	128,532	166,372	30-Sep-12
Malaysia	195,233	55,759	85,467	20-Oct-12
South Korea	889,011	104,041	247,100	30-Sep-12
Uruguay	71,678	1,080	35,704	01-Sep-12
NOTE				
South Korea is a special case because a Hangul IDN top level domain is also available				
SOURCES OF DATA				
China	http://www1.cnnic.cn/IS/CNym/CNymtjxxcx/			
Japan	http://jprs.co.jp/en/stat/domains.html			
Mexico	http://www.registry.mx/jsf/domain_statistics/monthly/info.jsf			
Malaysia	http://mynic.my/en/statistics.php			
South Korea	http://isis.kisa.or.kr/eng/sub01/index.jsp?pagelD=010100			
Uruguay	http://www.nic.org.uy/Registrar/estadist/index.htm			

Appendix F: In-depth Look at Nominet's Case for .UK

The following statements have been presented as reasons or justifications for direct.uk in Nominet's various communications surrounding the consultation.

"our system of third level registrations is out of step with the rest of the industry"

"our research tells us that second level domains are desirable, and our assessment of the domain name market's liberalisation suggests that we ought to put changes in place now to secure the future of the .uk namespace"

"We believe that a new second level domains policy is necessary to keep the namespace competitive alongside the introduction of over 1,000 new top level domains from 2014. Combining a shorter suffix with the trust of the '.uk' brand would offer a wider choice for existing .uk registrants and the millions of consumers and businesses who do not yet have their own online space."

"Enhanced checks on data supplied for all registrations. The process would ensure that the named individual resides, or the named business trades, at the specified address. This aims to enhance consumer trust in the registration process and the data on record. Information on any registrations to businesses would be displayed in the 'WHOIS' - the database of registrants for all domains."

"For registrants not based in the UK, a UK 'address for service' would be required. This would also be displayed in the WHOIS."

"Why does a successful .uk namespace matter? Does it matter if the registry shrinks over time?"

Nominet operates in the public interest, and we believe in an internet that is trusted, secure and safe. We put a huge amount of effort into protecting the infrastructure, improving our data-quality, combating cyber-crime, providing excellent systems and customer service. This means that the millions of consumers and businesses who depend on .uk continue to benefit from a safe, secure and reliable online experience.

We want to attract as many people as possible into a trusted .uk namespace. It will allow us to continue investing in the namespace, ensuring that registrants of .uk domains continue to receive excellent service in a recognised and trusted namespace. It will also allow us to invest further in our programmes that help ensure that the internet is used, and viewed, as a force for good.

Long term, we think that a thriving.uk namespace is good for consumers, businesses and our members, and will be beneficial to the digital economy. A strong registry also has more influence on the national and international stage, where we are advocates for a multi-stakeholder – rather than a more top-down – way of running the internet."

"Underlying this proposal is a consideration of how we act now in order that .uk will remain relevant over a 10 or 15 year period."

"However, the imminent launch of new gTLDs also represents a huge opportunity for the millions of businesses who are not currently online and want to secure their own domain name for the first time. They will soon be facing a vast array of domain name options and we believe that our revised proposals would appeal to these potential registrants."

"We also believe that size matters. Retaining and growing the size of the registry is important, and not simply for commercial reasons. Nominet operates in the public interest, and we believe in an internet that is trusted, secure and safe."

"By attracting, and retaining, as many people as possible into a trusted .uk namespace, we can continue investing in the Internet and our service."

"Long term, we think that is healthy for Nominet and our partners, good for consumers and businesses that will have greater confidence to shop and trade online, and will ultimately be beneficial to the digital economy."

These statements can be summarised as follows:

REASON	RELEVANT TO			COMMENT
	Nominet	Existing Registrants	New Registrants	
System of 3rd level registration out of step with the rest of the industry	Y	N	?	True, but only because of decisions made in 1996 and earlier. Issue raised again in 2004 and defeated at the time. Consequence: we are where we are, and that includes over 10 million registrations.
Our research tells us second level domains are desirable	Y	N	Y	Anecdotal requests do not form the basis of a solid consultation, especially when the full facts (pros AND cons) were not presented to those enquiring. Of course, anyone would love to own "greatname.uk" if that was what they thought was on offer...
Need to secure the long-term future of the .uk namespace	Y	N	N	Existing registrants are fine, they can just keep renewing and their web address will keep working. New registrants can use perfectly serviceable .co.uk, .org.uk, .me.uk etc. hierarchy. Nothing will magically "break" if .uk doesn't get introduced

REASON	RELEVANT TO			COMMENT
	Nominet	Existing Registrants	New Registrants	
Need to keep the namespace competitive in the face of over 1,000 new top level domains	Y	N	N	.co.uk has survived just fine, even in the face of .org, .net, .info, .biz and other "long time" well established TLD. Random newcomers aren't going to impact the UK market to any great extent - not with 999 other extensions clamouring for attention!
.uk offers a shorter suffix	Y	Y*	Y	*only relevant to existing registrants if they end up with corresponding .uk
Wider choice for existing registrants	Y	N	N/A	Existing registrants, by definition, already have a domain name. Why do they need to have a "wider choice" when their needs are already fulfilled?
Wider choice for new registrants who do not have a domain yet	Y	N/A	Y	"True", for a certain value of true. However, as has been shown previously, the choice will still be extremely constrained, due to the commercial necessity for existing registrants to secure the matching .uk domain, and for new registrants to acquire both of the .co.uk/.uk pair
Enhanced address verification checks provide more consumer trust	Y	(Y)	(Y)	Relevant to registrants only in the sense that it creates another administrative hoop to jump through. This is NOT a positive!
Address for service for non-UK registrants	Y	(Y)	(Y)	Relevant to registrants only in the sense that it creates a potentially expensive and complex administrative hoop to jump through. This is NOT a positive!
Nominet operates in the public interest	Y	N	N	Nominet has repeated this empty statement numerous times, using it like a shield to duck behind. The best analogue to "the public" is the millions of existing domain name owners - and .uk is not in their interest.

REASON	RELEVANT TO			COMMENT
	Nominet	Existing Registrants	New Registrants	
Continue investing in the namespace	Y	N	N	Nominet makes huge multi-million pound surpluses every year. There is zero risk of not being able to cover the operational costs of offering registry services for existing 3LD, even if the registrant base declines a little.
Invest further in programs to ensure internet is used, and viewed, as a force for good	Y*	N	N	Nominet's role and the role of Nominet Trust seem to be getting mixed up here. Either way, it's irrelevant to domain registrants who just need domains.
The UK namespace is shrinking	Y	N	N	This is Nominet's problem, but it neither existing nor new registrants care about this issue since it does not - and will not - affect their ability to register a domain name.
Strong registry has more influence on the national and international stage	Y	N	N	Bragging rights for Nominet at ICANN conferences and ministerial get-togethers have no impact on the simple service of letting people register domain names.
Benefits to the digital economy	N/A	N	N	Actually, .uk will hurt the digital economy, with direct costs of £25 million a year or more, and indirect costs potentially running into billions. All to take away 3 little characters, ".co".

In summary, despite a generous reading incorporating material from all Nominet's communications on the matter, there are no compelling, commercially valid reasons for .uk to proceed.

If the reason is "because we want it to happen - period" then Nominet should draw the consultation to a close and come clean. But it's simply not acceptable to pretend that this is going to help existing or new registrants.

Appendix G: Web Address Ubiquity and Rebranding

Any rebranding exercise from one domain name extension to another may have to contend with the fact that a web address can appear in all of the following places, and more:

- Inside email addresses
- On business cards
- On company letterheads
- On brochures and leaflets
- On the side of cars, trucks and commercial vehicles
- During TV commercials
- On the radio
- In signatures on discussion forums
- Incorporated into logos
- On exhibition/tradeshows stand materials
- On billboards
- In magazine and newspaper ads
- In articles about the company
- In every incoming link pointing to the website
- On invoices
- On packing slips
- On press releases
- On white papers, estimates and proposals
- On packaging and wrapping materials
- On carrier bags
- On presentation folders
- On packing slips and address labels
- On spec sheets
- In email signatures
- On Facebook profiles
- On lanyards, nametags and badges
- On newspaper inserts
- In Yellow Pages listings
- On company nameplates
- On Twitter pages
- On Twitter backgrounds
- On flyers and handouts
- In classified ads
- On brochures and leaflets
- On direct mail
- On the membership page of local chamber of commerce or industry groups
- On gift certificates
- On stickers and decals
- On promotional items and giveaways
- In voicemail messages
- On out-of-office autoresponder messages
- On fax headers and cover sheets
- On coupons and vouchers
- On cheques
- On thank-you cards and greetings cards
- On corporate wear, or uniforms
- In the sidebar of blogs
- On envelopes
- On receipts
- In presentations
- In the "watermark" on photos and videos
- Every time anyone explains how to find the company on the web

Appendix H: SEO Consequences of Changing Domain Name

There are significant, known, adverse consequences to changing the domain name of a website. Incoming links - anywhere from dozens to millions, depending on the site - will instantly all be out of date, and any attempt to get webmasters to change their links is costly, very time consuming, and likely to be largely ineffective, given the prevalence of abandoned or poorly maintained sites.

It can take months or years for a website to recover its search engine rankings after changing domain name, and in some cases it may never recover. For ecommerce sites, this translates to an immediate loss of sales; for other types of site, a drop in customer enquiries and leads.

Steps can be taken to mitigate the impact, but these are a "least worst" process that is complex and time-consuming, especially for large or complex sites.

Here are a few quotes on the subject from SEO experts:

"Don't forget that you should never change your domain name unless you have no other option."^{lxxix}

"In short, changing your domain name will indeed affect your SEO — that is, your search referral traffic — at least temporarily while the search engines get the redirects sorted out and permanently if you're not able to redirect old URLs. Either way, if you continue to work on the site and produce good content you should recover any lost traffic in a reasonable length of time (3-6 months in my experience)."^{lxxx}

"Be aware, however, that it most likely will take a good 2 or 3 months for the search engines to fully understand that all your files have moved. For a while you may find the old domain is still indexed, or some of both domains, or even neither of them. Don't panic when this happens. Just ride it out, and eventually all will be well."^{lxxxi}

"Domain migrations are one of those activities that even if in the long-term can represent a benefit for an SEO process -- especially if the new domain is more relevant, has already a high authority or give better geolocalization signals with a ccTLD -- can represent a risk for SEO because of the multiple tasks that should be performed correctly in order to avoid potential non-trivial crawling and indexing problems and consequential lost of rankings and organic traffic."^{lxxxii}

"We're struggling to explain the drop in PageRank for our homepage which has the most inbound links, particularly when PageRank carried across fine in all other instances. Otherwise, we're playing a waiting game... All that's now missing is that search traffic. Ask me again in a month whether, in hindsight, we shouldn't have changed the domain name at all, whatever the brand police might say!"^{lxxxiii}

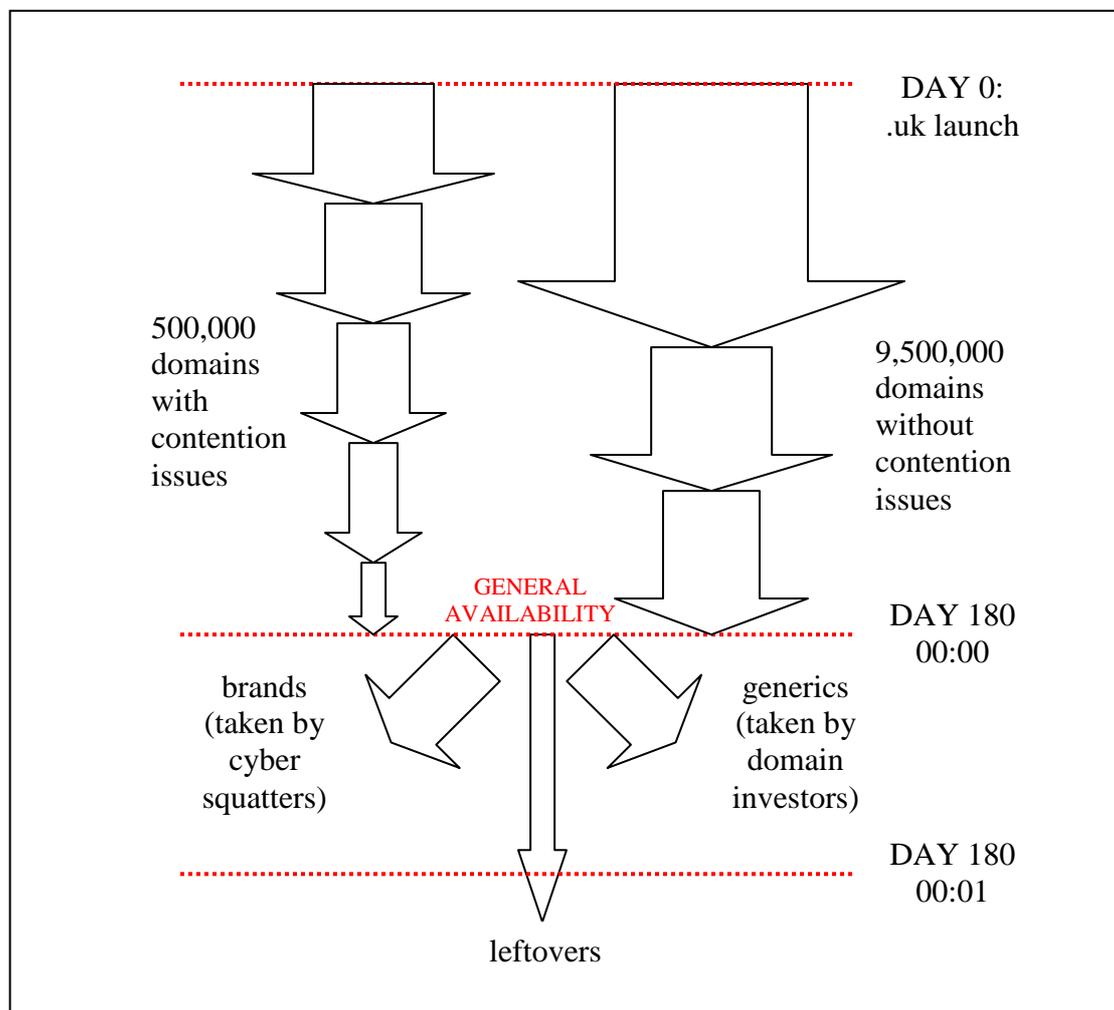
"Changing your domain name has serious search engine side effects. Namely, the sacrifice in search rankings and traffic that follow a move, as search engines drop your old pages from their indices and crawl and index your new site pages. This process can take several months, therefore you must have a very good reason to change your domain."^{lxxxiv}

Appendix I: Why .uk Will Provide Little Additional Choice

Unsophisticated internet users may be labouring under the impression that opening up .uk will make available "desirable" domains that they currently do not have access to, such as valuable generics.

In practice, most domains of any value will be mopped up through the release mechanism and during the minutes of general availability, long before the general public becomes aware of them. This pattern has played out time and again during CCTLD and TLD launches, and there's no reason why .uk should be any different.

The diagram below shows the likely release scenario for the 10,000,000 .uk domains that match one or more domains at the third level (.co.uk, .org.uk, .me.uk)



The 500,000 domains that are in "contention" (where several matching registrations exist at the third level, such as example.co.uk and example.org.uk) represent many of the most desirable names in the UK namespace. It is therefore likely that the majority of these will be taken up quite quickly by one or other party during the 6-month release mechanism, and very few will make it through to general availability.

The 9,500,000 uncontended domains (i.e. those where only one registrant has a .co.uk or a .org.uk or a .me.uk) are likely to see a slower uptake, but substantial numbers of these will also be taken during the 6-month window prior to general availability.

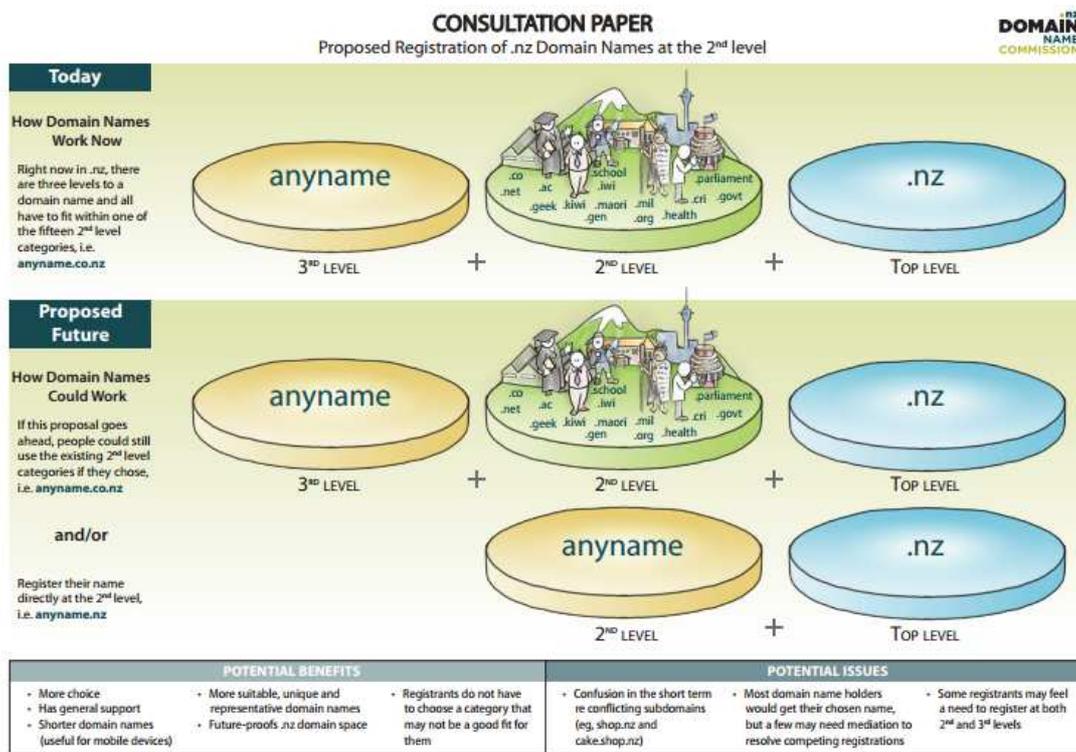
As soon as general availability starts:

- Domain investors will grab the generic words and phrases
- Cybersquatters will grab the brands (possibly concentrating on domains that are active sites under .co.uk)

The net result will be that very few of the initial 10,000,000 domains will make it through to the hands of the "general public" i.e. the kind of internet user who may naively believe they're in line for a domain windfall because .uk is opening up domains that were previously unavailable to them.

Appendix I: .nz Domain Name Consultation

Nominet's consultation is long, obscure and technically challenging. This limits the scope of responses to those with existing knowledge of the subject matter. By contrast, the document prepared by the New Zealand DNC when consulting on the future of the NZ namespace is a model of clarity, understandable by anyone, e.g.^{lxxv}:

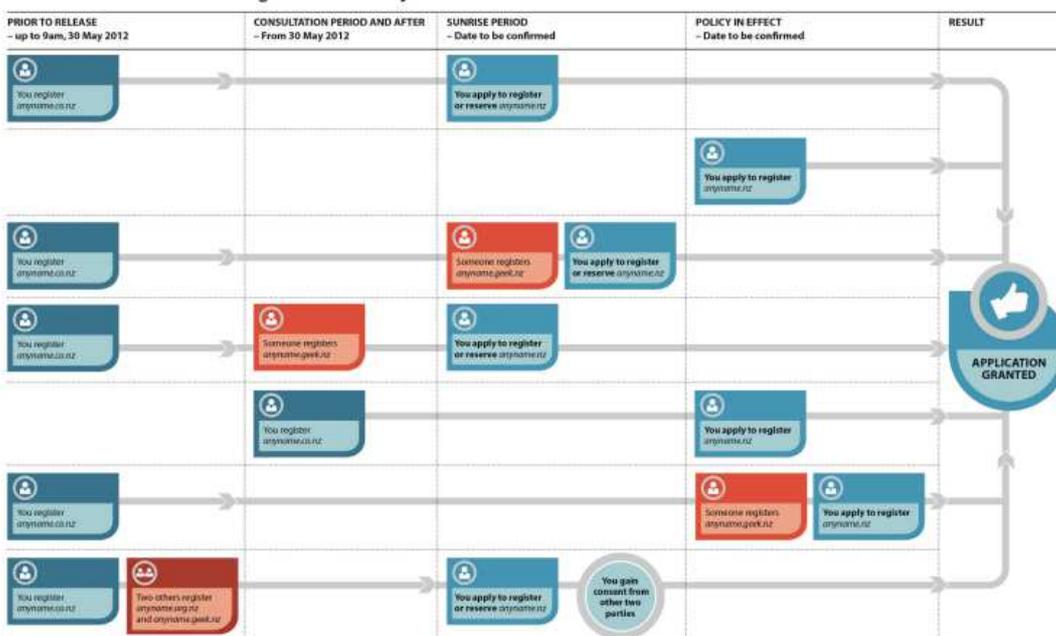


DNCL Proposal to allow .nz registrations at the second level – consultation 2

3

DOMAIN NAME REGISTRATION SCENARIOS – Before and After Sunrise Period

Scenarios for a successful registration of 'anyname.nz'



Appendix J: .UK Decision-Makers

The names of those responsible for making key decisions are often lost to history.

To ensure this doesn't happen in the case of direct.uk, here are the people who - should direct.uk go ahead - will have been responsible for making the final decision to proceed. They are the ones who will "own" that decision.

All the information below is as of September 2013.

The Nominet Executive

- Lesley Cowley, OBE, MBA - Chief Executive
- Alex Blowers - Director of Legal and Policy
- Eleanor Bradley - Chief Operating Officer
- Gill Crowther – Director of HR
- Glenn Hayward – Director of Finance
- Phil Kingsland - Director of Marketing and Communications
- Simon McCalla - Chief Technology Officer

The Nominet Board

- Baroness Fritchie DBE - Chair
- Lesley Cowley, OBE, MBA - Chief Executive
- Eleanor Bradley – Chief Operating Officer
- Simon McCalla – Chief Technology Officer
- Dickie Armour - Non-Executive Director
- Clive Grace OBE - Non-Executive Director
- Sebastien Lahtinen - Non-Executive Director
- Nora Nanayakkara - Non-Executive Director
- Thomas Vollrath - Non-Executive Director
- Piers White, MBE - Non-Executive Director

There is a fork in the UK namespace road ahead. Please choose wisely.

About the Author (and Declaration of Interests)

This document was written by Edwin Hayward.

I am a director and co-owner of 2 UK Ltd companies that stand to be directly impacted by Nominet's proposal, Memorable Domains Ltd and Maps Ltd.

My involvement in the domain name industry started in 1996 when I established the world's first dedicated domain name news and information website, iGoldrush.com. I sold this website to its current owner in 2000, but I have remained active in the industry ever since.

I have presented on panels at a number of domain conferences, most notably the MeetDomainers show^{lxxvi} held in Manchester in August 2010, and the TRAFFIC ccTLD conference^{lxxvii} held in Amsterdam in June 2009. I have also exhibited at Internet World in 2008 and 2009.

On occasion, I have featured in the media on domain name issues, going back to news reports by CNET.com in 1997^{lxxviii lxxix}, and I am referenced in "The Domain Name Game"^{lxxx}, a book by David Kesmodel.



Memorable Domains Ltd is a domain investment company that maintains a portfolio of over 7,000 generic, descriptive .co.uk domains (names such as MapleSyrup.co.uk, SearchEngine.co.uk, Comedies.co.uk and ElectricBicycles.co.uk).

More information: <http://www.memorabledomains.co.uk/>



Maps Ltd is focused on developing local area guides (business / tourist directories for towns and cities across the UK). Developed sites include Maps.co.uk, Cambridge.co.uk, BuryStEdmunds.co.uk, Newmarket.co.uk, Stowmarket.co.uk and others. It maintains a portfolio of over 70 geo domains for future development, including Blackpool.co.uk, Lancaster.co.uk, Kendal.co.uk, Map.co.uk and Britain.co.uk.

More information: <http://www.maps.ltd.uk/>

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