



## **ANNUAL REPORT 2002**

**Stichting  
Internet  
Domeinregistratie  
Nederland**



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## Directors, managers and officers

### Summary

#### Management Board

**H. Kraaijenbrink** Chair

**R.J.T. Lindgreen** Secretary (until 16 May 2002)

**P. Follon** Secretary

**P.A.M. Oude Ophuis** Treasurer

**P.E.C. Ancion-Kors** (from 16 May 2002)

**P. Beertema** (until 16 May 2002)

**P.W. Morée** (until 22 August 2002)

**K. Prins** (from 16 May 2002)

**A. Regout**

**T. Scargo** (from 22 August 2002)

#### Special Advisors

**P. Beertema**

**R.J.T. Lindgreen**

**B. Nederkoorn**

#### Council of Participants

**H. Bennink** Chair

#### Office

**B.J. Boswinkel** Director

**J. Akkerhuis** Technical Advisor

**B.J. Geerlings** Communications Manager

**J. Hoedemakers** Control and Support Manager

**C.A.M. Jongerius** Relation Manager

**J.F. Kroneman** Project Coordinator

**J. Melein** ICT Manager

**I. Temming** Management Secretary

#### Complaints and Appeals Body

**A. Oskamp** Chair

**J.M. Gardeniers** Secretary

**R. Eissens**

**A. Meijboom**

**J.C.M. Oers**

## Directors, managers and officers Summary

The year 2002 was a year of internal change and stable growth in the number of registered '.nl' domain names. In addition to implementation of the new policies adopted by the Management Board in response to feedback from the '.nl' domain name debate, the year under review saw significant expansion and consolidation of SIDN's organisation. From 1 January 2003, all operational activities have been brought in house.

The number of registered '.nl' domain names increased during the year under review, from 684,639 on 1 January 2002 to 803,445 on 31 December 2002. The number of personal '.nl' domain names went up from 647 to 664. Participant numbers also rose – from 1,204 to 1,398 over the course of the year. The fees charged to participants by SIDN remained unchanged in 2002. Overall income in 2002 was EUR 7,679,353, while total expenditure was EUR 5,082,439. After tax, a positive result of EUR 1,809,113 was recorded.

Domestically, the main developments were implementation of the new policies adopted by the Management Board in response to feedback from the '.nl' domain name debate, the release of 226 previously blocked '.nl' domain names and the reorganisation of SIDN.

Internationally, too, SIDN was active in various fields. SIDN staff were involved at board or committee level in organisations such as CENTR, ICANN, RIPE, the European Union and the IETF. Various papers were presented at conferences and the like.

The Complaints and Appeals Body did not receive any admissible complaints or appeals in 2002. A separate website was created for the body.

The Council of Participants met three times in 2002, chaired by H. Bennink. Each meeting was prepared by an agenda committee, made up of participants' representatives.

The Management Board met four times in 2002. The last two of the foundation's original board members – P. Beertema and T. Lindgreen – left SIDN during the year. They were succeeded by P. Ancion-Kors and K. Prins. P. Morée also stepped down from the board, to be replaced by T. Scargo following the latter's nomination by the Council of Participants.

At the end of the year under review, the membership of the Management Board was as follows (with the year in which the member's term of office ends given in brackets):

**H. Kraaijenbrink** Chair (2004)  
**P. Follon** Secretary (2004)  
**P.A.M. Oude Ophuis** Treasurer (2003)  
**P.E.C. Ancion-Kors** (2005)  
**K. Prins** (2005)  
**A. Regout** (2004)  
**T. Scargo** (2005)



## Review of the year 2002: the stabilisation of growth

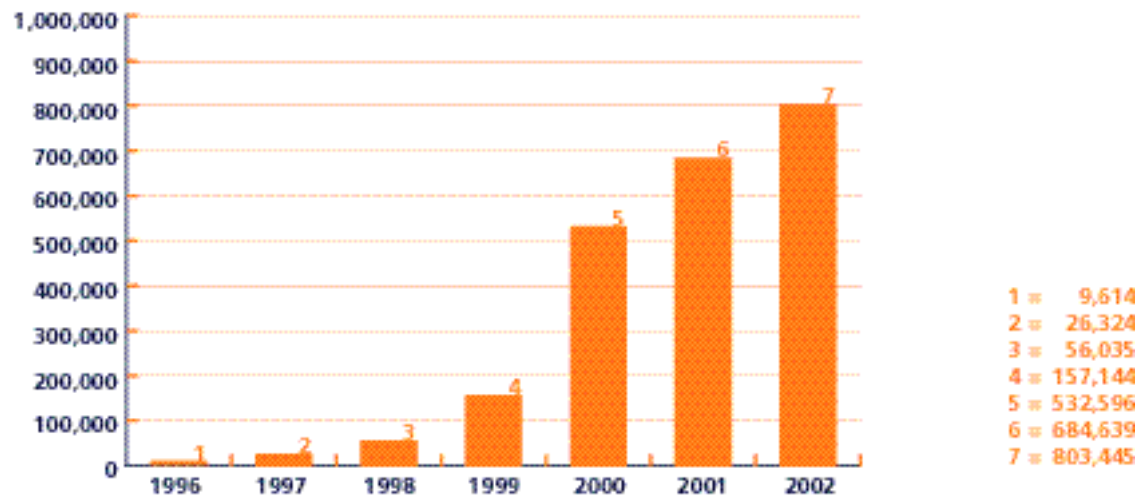
### Internal reorganisation

#### Number of registered '.nl' domain names

The number of registered '.nl' domain names rose in 2002 from 684,639 on 1 January to 803,445 on 31 December.

This increase – 118,806 names or 17 per cent – compares with 239 per cent in 2000 and 28 per cent in 2001.

On 7 August 2002, InterNed Services, an SIDN participant based in Purmerend, registered the 750,000th '.nl' domain name: autowatch.nl.



**Figure 1:**  
Growth in the number of  
registered '.nl' domain names  
since 1996

The growth in the number of '.nl' domain names in 2002 was not perfectly linear. In March, there was actually a decline in the number of registered '.nl' domain names – the first drop since the domain was created in 1985. The reason for the decline was the large number of registrations cancelled during the month. Growth picked up again in the final quarter of the year, to more than twelve thousand domain names per month. » see figure 2

## Review of the year 2002: the stabilisation of growth

### Internal reorganisation

	new '.nl' domain names	cancelled registrations	net growth
January	16,205	3,774	12,431
February	14,860	3,325	11,535
March	15,408	17,631	- 2,223
April	16,341	3,575	12,766
May	14,283	3,317	10,966
June	3,900	3,659	241
July	14,076	3,618	10,458
August	13,392	3,462	9,930
September	15,648	6,692	8,956
October	17,235	5,123	12,112
November	16,504	4,046	12,458
December	17,374	4,967	12,407

Figure 2:  
Monthly growth in the number  
of registered '.nl' domain  
names in 2002

#### Number of personal '.nl' domain names

From 15 November 2000, private individuals have been able to obtain personal '.nl' domain names, which include a three-figure code at the level beneath '.nl', such as janjansen.123.nl. In 2002, the number of personal '.nl' domain names rose from 638 in January 2002 to 664 in December. Since 29 January 2003, when the new regulations on the registration of '.nl' domain names came into force, private individuals have been able to register second-level names without the numeric code.

#### Number of register transactions

Register transactions include both new registrations and amendments to existing registrations. Under the latter heading come relocations, name changes, transfers and amendments to nameserver details. The total number of register transactions in 2002 was 318,555 – an average of roughly 26,500 per month. The monthly figures fluctuated around this average. » see figure 3

**Figure 3:**  
Monthly numbers of register transactions in 2002

	number of transactions
<b>January</b>	29,895
<b>February</b>	24,989
<b>March</b>	28,863
<b>April</b>	28,695
<b>May</b>	24,209
<b>June</b>	22,811
<b>July</b>	24,389
<b>August</b>	24,361
<b>September</b>	27,379
<b>October</b>	26,715
<b>November</b>	27,079
<b>December</b>	29,170
<b>total</b>	318,555

### The registration system

In 2002, the domain name registration system was modified to take account of the amended regulations and other new arrangements. Itude and KEMA acted as SIDN's partners on the project. As in previous years, SIDN commissioned PricewaterhouseCoopers N.V. to undertake an audit to check the reliability of the registration process in 2002.

### Availability data

SIDN maintains statistics regarding the availability of its services. These statistics cover the availability of, for example, the public and restricted-access areas of its website, the Whois facility, the web and e-mail forms for participants and the DNS (Domain Name System). In nine of the year's twelve months, service availability was high (i.e. above 99.5 per cent). During the months in question, SIDN's systems were unavailable only for short periods when monthly maintenance activities were in progress. During the remaining three months, availability was a little lower, at 95.4, 97.5 and 98.5 per cent respectively.



## Review of the year 2002: the stabilisation of growth

### Internal reorganisation

#### Websites

Modified versions of both the public SIDN website and the restricted-access participants' site were launched in 2002. In addition, the content management system (CMS) was replaced. The new CMS – which was provided by Axis Media ontwerpers bv of Enschede – gives SIDN maximum flexibility when it comes to adding or reorganising the information on the site.

With its appearance revamped and its content restructured, the new public website went live on Friday 4 January 2002. The site now includes an English-language area. During the course of the year, fifty-five news messages were posted on the site. » [see screen capture 1](#)

The public website received a total of 1,921,435 hits in 2002 – an average of more than 160,000 per month.

The new restricted-access participants' site came on line on Thursday 10 January 2002. Again, the modified site has a new feel, restructured information and an English-language option. » [see screen capture 2](#)

Participants made a total of 85,320 visits to the site in 2002. On average, this equates to more than seven thousand visits a month. By comparison with the public website, the traffic volume is quite low, but of course the potential visitor population (SIDN participants) is much smaller.

#### Release of previously blocked names

From 27 February 2002, would-be owners were able to apply for 226 previously blocked '.nl' domain names. These were names that had been blocked under the regulations that applied until 15 November 2000, and that the original applicants were no longer interested in registering. By the closing date of 10 April 2002, 7,769 applications had been received for the released names. However, many of these were found to be inadmissible, leaving a total of 4,456 valid applications. Lots were drawn to decide which applicants would be awarded the names for which more than one valid application was received. The draw took place on Monday 6 May 2002 under the supervision of a notary. In a handful of cases, a second draw was necessary. The names left over after the draw were simply released.

Following completion of the process, a formal report was drawn up by the notary and posted on SIDN's public website.

#### Legal matters

As well as dealing with the legal issues arising out of day-to-day operations, SIDN was involved in a number of court cases in 2002. One participant started proceedings against SIDN in connection with the release of the 226 previously blocked '.nl' domain names. However, the court found in SIDN's favour.

In the spring of 2002, SIDN received numerous complaints from participants concerning the activities of two organisations that the participants believed were offering services on a misleading basis or issuing spurious invoices.

SIDN accordingly posted a notice on its website concerning the activities of these organisations. This prompted one of the organisations to start legal proceedings against SIDN. All the organisation's claims were rejected by the court, however, and almost all SIDN's counterclaims accepted.

### SIDN Office

The number of professional personnel working in the SIDN Office rose in 2002. The vacancy for a Control and Support Manager was filled with effect from 1 September 2002, when John Hoedemakers was added to the team. On 1 January 2003, Bart Vastenburg joined SIDN as a company lawyer. Partly as a result of the expansion of the workforce, the foundation's labour expenses rose from EUR 350,057 in 2001 to EUR 572,664 in 2002.

On 20 September 2002, the SIDN Office staff relocated within the building that SIDN uses on the KEMA site. The office staff are now on the same floor as the KEMA personnel involved in domain name registration.

### SIDN Management Board

P. Ancion-Kors, Director of the Stichting Reclame Code (Advertising Code Foundation), and K. Prins, founder of and partner in M&I/Partners, were elected to the SIDN Management Board with effect from Thursday 16 May 2002, each for a term of three years. The two new board members replace P. Beertema and T. Lindgreen. On 22 August 2002, the pair were appointed as special advisers to SIDN's Management Board. On the same date, T. Scargo also joined the Management Board, again for a term of three years. Mr Scargo, who was nominated by the Council of Participants, succeeds P. Morée. The Management Board met four times in 2002.

A total of EUR 31,000 was paid to Management Board members in 2002 in the form of expenses and attendance allowances.

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1 The redesigned public SIDN website

2 The redesigned participants' restricted-access website

## View from the chair: a review of the year and vision of the future



### Hans Kraaijenbrink CHAIR OF SIDN

During the course of 2002, implementing the recommendations that came out of the '.nl' domain name debate required a great deal of input from the Management Board, the SIDN Office and the interested participants. The three groups worked closely together, with the Management Board defining the parameters, the Office working out detailed proposals and the Council of Participants advising the Board. This led to adoption of the amended regulations and other new arrangements by the Management Board on 22 August 2002, and their implementation with effect from 29 January 2003. As a result, a private individual or a businesses based anywhere in the world can apply for a '.nl' domain name. This change, coupled with the release of 226 previously blocked '.nl' domain names, completes the liberalisation of the '.nl' domain. In addition, parties involved in certain kinds of dispute concerning '.nl' domain names now have an alternative means of resolving their differences. Instead of going before a court of law, such cases can be referred to an arbitration body. SIDN has selected the reliable and experienced WIPO Arbitration and Mediation Center to act as its arbitration body.

In 2002, the Management Board decided that, with effect from 1 January 2003, SIDN's operational activities would be brought in house (having previously been contracted out to KEMA). The integration of former KEMA personnel within the SIDN organisation and the completion of an organised compensation and benefits system represent milestones en route to a stronger SIDN that is equipped to meet the challenges of the future. I am very grateful to KEMA and its staff for the agreeable and professional basis on which the changes have been effected, and of course for the support provided since SIDN's creation. Thanks are also due to the consultancy firm Eprom Organisatie Adviseurs of The Hague for their extremely knowledgeable assistance in relation to the 'in-sourcing' of operational activities.

Major developments lie ahead: thorough revision of the registration system, the government's plans to draw more attention to the regulations on domain registration and the global changes involving ICANN (the Internet Corporation for Assigned Names and Numbers). I look forward to the challenge of guiding our independent and professional organisation at a time of such great change within the sector, and I know I can count on the assistance of an outstanding management team and an enthusiastic and competent workforce.

## Review of the year 2002: the stabilisation of growth

### Internal reorganisation

#### Complaints and Appeals Body

In 2002, the Complaints and Appeals Body (C&AB) received no formal complaints or appeals. On 28 November 2002, the C&AB's own separate website was created. The cost of maintaining the C&AB in 2002 was EUR 27,305.

» see screen capture 3

#### Domain name jurisprudence

DomJur is a collaborative initiative involving SIDN and the Centre for Law, Administration & IT (CRBI) at the University of Tilburg (UvT). The DomJur website ([www.domjur.nl](http://www.domjur.nl)) was completely redesigned in 2002. In addition, the same content management system was introduced as that used for the SIDN websites. The site received a total of more than 25,000 visits during the course of the year – an average of over 2,100 a month.

At the year-end, the DomJur system provided information about 159 court rulings in cases relating to domain names. The cost of running the DomJur system in 2002 was EUR 46,179. » see screen capture 4

#### SIDN and the government

SIDN maintains good relations with the Netherlands' national government. Contact is primarily with the Telecommunications and Post Directorate General (DGTP), part of the Ministry of Economic Affairs. The cabinet memorandum entitled *Assessment of the Operating Practices of SIDN* adopted on 6 July 2001 was not debated by the Lower House of Parliament in 2002.

#### SIDN and the media

SIDN received regular media attention in 2002. Online media, the press and radio showed particular interest in the release of the previously blocked domain names, the opening up of the '.nl' domain for private individuals, and the new arbitration system for '.nl' domain names.

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4



3 The new website of the Complaints and Appeals Body

4 The redesigned DomJur website

## Review of the year 2002: the stabilisation of growth **Internal reorganisation**

In 1996 it was decided that SIDN should contract out its operational activities. Changing circumstances led to the reversal of this decision at the start of 2002, when plans were made for taking direct control of registration activities with effect from 1 January 2003. This implied making certain changes to SIDN's organisational structure. The plans were put into action in the course of the year under review and will result in the foundation's workforce rising from 8.7 to twenty-five FTEs in 2003.

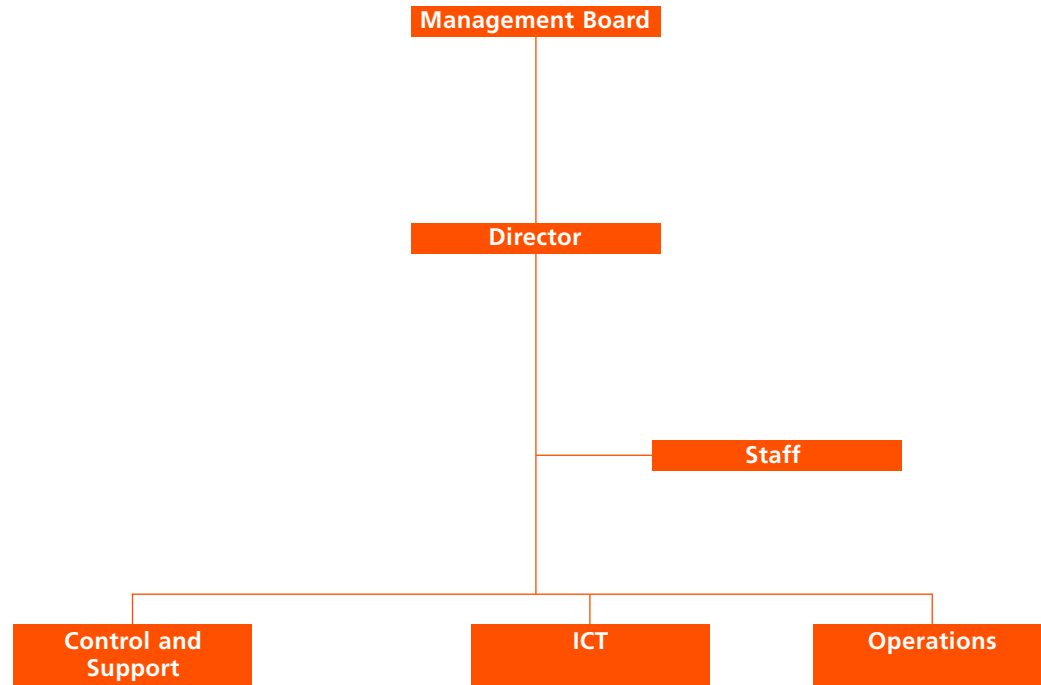
In addition, the foundation's compensation and benefits system was adapted to the situation that will prevail after 1 January 2003. Work on implementation of the new structure began at the end of 2002. Most of the KEMA personnel involved in domain name registration work were transferred to SIDN's employment.

The one remaining vacancy – for a Database Administrator – was filled with the appointment of Hans ten Boden from 1 November 2002.

### **New structure**

Since 1 January 2003, SIDN has been divided into four departments: ICT, Operations, Control and Support and a Staff Department. The ICT Department is responsible for management of the organisation's ICT systems and for technical projects. The Operations Department takes care of day-to-day domain name registration activities. The Control and Support Department has responsibility for financial, secretarial and personnel matters. Finally, the Staff Department prepares and implements policy. » see figure 4

**Figure 4:**  
Organisational structure of  
SIDN from 1 January 2003



## Participants in SIDN

During the course of the year under review, the number of participants rose from 1,204 to 1,398. An extra meeting of the Council of Participants was organised as part of the preparations for migration to the amended regulations and other new arrangements. In the same context, a great deal of attention was given to communication between SIDN and its participants.

### Number of participants

The number of participants in SIDN continues to grow. At the end of 1996 – the year of SIDN’s creation – there were 166 participants. By January 2002, the number had risen to 1,204, and by December of that year it stood at 1,398. » see figure 5

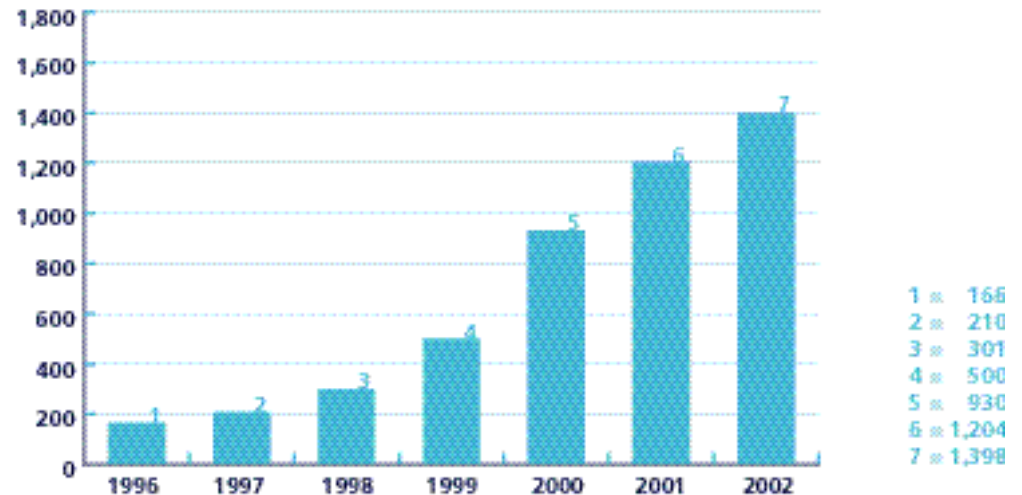


Figure 5:  
Annual growth in the number of category I participants (situation on 31 December)

## Participants in SIDN

### Council of Participants

There were three meetings of the Council of Participants in 2002: the regular meetings on 6 June and 19 December, plus a special meeting on 7 March for discussion of the new regulations and contracts. Each meeting was prepared by an agenda committee made up of participants' representatives. Partly at the request of the Council of Participants (CoP), the consultation process concerning the new regulations and contracts was extended by two months. » see photo 1 Participants attending the meeting on 6 June elected T. Scargo of Yournic as the CoP's nominee to succeed P. Morée on SIDN's Management Board.

### Relation management

As part of the ongoing commitment to improving the quality of the contact between SIDN and its participants, the foundation had regular talks with individual participants in the course of 2002. Feedback from these discussions enabled SIDN to build up a picture of how its services are perceived. It appears that opinion varies considerably. The intention is to extract consolidated findings from the feedback and use these as a basis for improving the foundation's services.

### Registration of participants using correct trade register details

In the spring of 2002, it became apparent that the participants' trade register details held by SIDN were in many cases incorrect or out of date. The participants concerned were approached and given the opportunity to re-register as participants, then relocate all the relevant '.nl' domain names to the new registration, complete with correct trade register details.

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1 The Council of Participants' agenda committee



## ‘.nl’ open to all

### Hans Bennink CHAIR OF SIDN’S COUNCIL OF PARTICIPANTS

January 2003 saw the conclusion of a long period of concerted effort by numerous people within SIDN and outside the foundation. The result: the ‘.nl’ domain is now completely open to all.

We can be satisfied not only with what has been achieved, but also that – judging by the statistics – the opening of the domain has been well received by everyone in the Netherlands. It is another step towards making the ‘.nl’ domain name even more part and parcel of our society, something that in the end we will all take just as much for granted as a telephone number. However, until that time comes, all of us – including participants – have a lot of work to do.

When passed on verbally, domain names make information easier to find. Whereas web addresses – especially a private address – often used to consist of long strings, including a provider’s homepage address or numeric elements, now they can be short and easily linked to the owner. Which is the way it should be, of course.

However, it is not only private individuals that are pleased to be able to have their own ‘.nl’ domain names. Businesses are also registering ‘.nl’ domain names in increasing numbers. Hence, we are already busy speculating who will register the millionth name within the ‘.nl’ domain. And when someone does, celebrations will undoubtedly follow, since the event will emphasise the Netherlands’ international role in relation to the Internet.

In short, growth has continued this year and I believe we can expect a further steady increase next year as well. Both in domain name registrations and in the number of participants in SIDN – which has already reached more than 1,400. In the year ahead we will therefore need to work hard to increase participation levels within all these organisations. A number of appropriate initiatives are already up and running.

I therefore look forward to seeing you at the next meeting of the Council of Participants and wish to thank everyone who contributed to SIDN’s activities last year – especially those who gave their time free of charge.



## Amendment of regulations

One of the main fields of activity in 2002 was implementation of the new policies adopted by the Management Board in response to feedback from the '.nl' domain name debate. This involved amending the foundation's regulations and reviewing existing rules such as those governing appeals and complaints. In addition, new regulations were drawn up covering the arbitration of disputes concerning '.nl' domain names and a policy defined on data protection. Partly as a result of these developments, 2002 saw the selection of an organisation to arbitrate on disputes involving '.nl' domain names, the modification of the registration system, the development of a system for limiting use of the Whois facility and intensive consultation with participants.

### Conclusion of the '.nl' domain name debate

The English-language final report on the '.nl' domain name debate was sent out with a covering letter by the World Intellectual Property Organisation (WIPO) to all its member states and to all ccTLD registries. Despite having been frozen since November 2001, the website of the '.nl' domain name debate ([www.domeinnaamdebat.nl](http://www.domeinnaamdebat.nl)) was still receiving a steady stream of visitors in early 2002.

### New regulations

After consulting the Council of Participants, the Management Board decided to implement the recommendations made by the '.nl' domain name debate project team. This implied amendment of the regulations on the registration of '.nl' domain names and of the regulations for participants. The opportunity was therefore taken to also bring the two sets of regulations into line with the developing legal situation and registration practices amongst the growing number of participants.

In parallel with these changes, the regulations of the C&AB were amended, new regulations were drawn up covering the arbitration of disputes concerning '.nl' domain names and a policy was defined on data protection. The Management Board adopted the various new documents at its meeting on 22 August 2002. It was decided that the revised arrangements should come into force on 29 January 2003. It was then possible to work on the practical aspects of implementation, such as the corresponding modification of the domain name registration system.

## Amendment of regulations

### Arbitration

In early April 2002, four organisations – two in the Netherlands and two in other countries – were identified as possible arbitration bodies and invited to tender for the work. By the beginning of May 2002, the tenders had been received and were assessed. It emerged that the WIPO Arbitration and Mediation Center satisfied almost all of SIDN's criteria. On 16 May 2002, SIDN's Management Board therefore provisionally appointed WIPO to act as the foundation's arbitration body. Thereafter, negotiations were held with WIPO regarding the practical details of the relationship and regarding the implementation arrangements. A formal contract covering the relevant matters was signed on 7 October 2002.

» see photo 2

### Recommendations regarding limitation of Whois use

The most important practical recommendation to come out of the '.nl' domain name debate concerning the Whois problem was that the number of queries made from any one IP address should be limited to ten or fifteen a day, although participants should be allowed to apply for exemption, so that their operational activities would not be hampered. Implementation of this recommendation necessitated the adoption of a general privacy policy by SIDN. A framework for data protection was accordingly drawn up. The Dutch Data Protection Authority (CBP, previously the Registration Office) is an independent administrative agency set up to supervise compliance with the Data Protection Act, which regulates the processing of personal data. Under this act, any organisation that processes personal data is obliged to inform the CBP. SIDN duly informed the CBP of its activities in late August.

### Modification of the registration system

SIDN's domain name registration system (DRS) was modified in 2002 to pave the way for introduction of the new regulations. The modification was implemented in two phases, the first involving the use of the system known as DRSflex, and the second entailing the activation of DRS-NR. DRSflex was delivered in the weekend of 17 and 18 August 2002. Once this system was up and running, work started on the next version of the registration system: DRS-NR (New Regulations). DRS-NR was delivered on 2 December 2002. Like the previous system, it was first implemented on a test site, where participants could try it out between 9 December 2002 and 29 January 2003, when the new DRS went live.

### Communication with participants

A great deal of information was sent out to participants in 2002 in connection with the introduction of the new regulations and other arrangements. On 11 September, SIDN organised a workshop on the theme "Communication with participants". The main conclusion drawn was that the implementation of the new regulations in December would be very inconvenient for participants, who favoured a later date. It also emerged that participants wanted to have the opportunity to try out the new system in advance and to be kept informed about all developments. » see photo 3

Participants were accordingly kept up to date by e-mail and via the restricted access section of the SIDN website. In November 2002, every participant received copies of the amended regulations and other new documents by post, along with a form to apply for exemption from the restriction on Whois use.

Introduction of the new regulations necessitated revision of the Domain Registration Handbook, so it was decided to use the opportunity to generally update and improve this publication. Axis informatie-ontwerpers bv was brought in to provide external expertise for the project. The draft of the revised handbook was ready in time to be used by participants trying out the modified registration system.

2



3



2 Francis Gurry, Assistant Director General of WIPO, signs the contract  
3 Presentation at the Communication with Participants workshop

## New developments

### International developments

SIDN was involved in a number of new developments relating to domain name registration in 2002. The most significant of these concerned ENUM and DNSsec.

#### ENUM

A working group chaired by the Ministry of Economic Affairs' Telecommunications and Post Directorate General (DGTP) was set up in September 2001 to define a framework for realisation of the Dutch ENUM element in line with the proposals of the Internet Engineering Task Force (IETF) and the International Telecom Union (ITU). SIDN was represented on the working group, which met several times during the year and delivered its final report on 21 November 2002. SIDN sent out copies of the report to all its participants.

#### DNSsec

At the international level, particularly within the context of the IETF, efforts to develop a standard for increased domain name system reliability have been ongoing for more than seven years. Since 1999, SIDN has been actively involved in the further development of this standard – DNSsec as it is known. By the year under review, development work had progressed to the point where the standard was ready for practical testing. SIDN and NLNetLabs therefore set up trial involving application of the DNSsec protocols within the NL zone: SecReg (Secure Registry). A SecReg test environment was created and a workshop organised for trial participants on 5 November 2002. » [see photo 4](#)

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4 Participants at work during the DNSsec workshop on 5 November 2002

## New developments International developments

SIDN was active in various international forums in 2002. SIDN staff were involved at board or committee level in organisations such as CENTR, ICANN, RIPE, the European Union and the IETF. Various papers were presented at conferences and the like. In addition, various presentations were made. A total of EUR 84,263 was spent on international travel and accommodation in 2002.

### Internet Corporation for Assigned Names and Numbers (ICANN)

ICANN met four times during the year under review, in Ghana, Romania, China and the Netherlands (Amsterdam). The proposed reform of ICANN's organisational structure dominated the agendas for these meetings and was also a frequent topic of informal discussion. SIDN contributed a total of USD 85,000 to ICANN in 2002.

Acting in a personal capacity, B. Boswinkel served as a member of the ccNSO Assistance Group, an offshoot of the ICANN Evolution Reform Committee (ERC). This group, which is made up largely of ccTLD representatives, advised the ERC regarding the set-up, procedures and scope of the organisation's planned country code Name Supporting Organisation (ccNSO). The proposals regarding the scope of the planned ccNSO were based on a position paper written by SIDN's J. Akkerhuis and B. Boswinkel.

### Stability and Security Advisory Committee (SAC)

At its Ghana meeting, ICANN announced the formation of a new advisory body, the Committee on Security and Stability. The new body's membership was made known on 11 April 2002 and included J. Akkerhuis, SIDN's Technical Advisor. The decision to create the new body was made at ICANN's meeting in November 2001, which was dominated by discussion of the implications that the events of 11 September had for the security and stability of the Internet.

### Council for European Top Level Registries (CENTR)

As in 2001, B. Boswinkel served on CENTR's Executive Committee (Excom). CENTR held four general meetings during 2002, in France, Greece, Lithuania and Belgium. One recurrent topic of debate at these meetings was organisational reform at ICANN. As well as providing a forum for the discussion of international developments, CENTR serves as a platform for the exchange of information amongst European registries, of which SIDN is one. SIDN contributed EUR 38,500 to CENTR in the year under review.

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### **European Union**

SIDN – usually represented by B. Boswinkel – attended various meetings in Brussels. The European Union wishes to take a leading role in the context of collaboration between ccTLD registries, such as SIDN, and their national governments in relation to international developments.

### **RIPE**

During the year under review, RIPE met three times, in the Netherlands (in January and May) and in Greece. Various SIDN staff members attended the meetings. At the May meeting in Amsterdam, B. Geerlings, SIDN's Communications Manager, made a presentation concerning the '.nl' domain name debate and implementation of the recommendations that came out of the debate. J. Akkerhuis is joint chair of the so-called DNR Forum.

### **Internet Engineering Task Force (IETF)**

J. Akkerhuis attended IETF meetings on SIDN's behalf. He was active on a number of working groups and joint chair of the working group responsible for the Extended Provisioning Protocol (EPP). The EPP is intended to provide for a standardised interface between registries (such as SIDN) and registrars (known as participants in the SIDN context). In 2002, the IETF held a total of three meetings in the USA (twice) and Japan.

## My international work for SIDN



### Jaap Akkerhuis SIDN'S TECHNICAL ADVISOR

I frequently represent SIDN at international gatherings. From an operational viewpoint, it is important for SIDN to be aware of new developments at an early stage. Awareness enables us to take account of changes that are likely to take place in the near future or the longer term, and to organise our activities accordingly.

However, SIDN does not merely observe developments. We have technical know-how ourselves and we are therefore able to contribute to discussion. It is also important that we voice our opinions on policy matters. In this way, we seek to influence developments and ensure that they do not run contrary to our policies.

The technical discussions that I have been involved with in 2002 have embraced a number of critical issues. At CENTR, RIPE and IETF meetings, technical workgroups go over specific topics. IETF is an important forum because it is there that the standards are laid down on the basis of input provided in a series of rounds. Major themes concerning SIDN in 2002 included DNSsec (Secure Domain Name System), IP version 6 (Ipv6), EPP (Extensible Provisioning Protocol, covering communication between registries, such as SIDN, and registrars – known in the SIDN context as participants) and IDN (International Domain Names – how 'foreign' characters can be used in DNS).

Discussions also took place regarding Whois services and the name server daemon (NSD). Within IETF, I am active as co-chair of the Provisioning Registry Protocol Working Group, which is concerned with EPP and other matters. At RIPE meetings, I have chaired the DNR (Domain Name Registration) Forum.

At least as interesting as the technical discussions are the debates of the more policy-oriented working and advisory groups, which take place mainly in the context of ICANN. Since August 2001, for example, I have been a member of ICANN's New TLD Evaluation Process Planning Task Force. This body was set up to draw up guidelines for evaluation of the way new top-level domains, such as '.biz' and '.info' are introduced.



Because of my experience in relation to Domain Name System security issues, I was asked to join a new ICANN advisory body in 2002: the Committee on Security and Stability. Since 11 September 2001, security and stability have been hot topics within the international forums. So, from 17 to 22 June 2002, I was invited by the European Union to attend an INET meeting in Washington. There I was asked to join a panel on security and made a presentation on the subject.

Along with SIDN Director B. Boswinkel, I wrote a position paper on the set-up, procedures and scope of ICANN's planned country code Name Supporting Organisation (ccNSO). It was very satisfying to see that the paper was used as the starting point for the definitive proposal regarding the ccNSO.

All amounts in euros

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2002

## Balance sheet as at 31 December 2002

	2002	2001
<b>FIXED ASSETS</b>		
<b>Material fixed assets</b>		
Fittings, computer hardware and software	250,964	291,242
<b>CURRENT ASSETS</b>		
<b>Receivables</b>		
Accounts receivable	11,355	96,222
Other receivables	586,775	596,022
	598,130	692,244
<b>Cash at bank and in hand</b>	5,751,162	4,660,779
	<b>6,600,256</b>	<b>5,644,265</b>
<b>Capital and reserves</b>		
General reserve	6,173,402	4,364,289
<b>Current liabilities</b>		
Liabilities to suppliers	430,134	710,228
Taxation and social security contributions	(60,805)	445,712
Other liabilities	57,525	124,036
	426,854	1,279,976
	<b>6,600,256</b>	<b>5,644,265</b>

All amounts in euros

Annual accounts  
2002

## Profit and loss account for 2002

	2002	2001
<b>Net turnover</b>	7,679,353	7,317,114
<b>Expenditure</b>		
Payments to operators	2,181,652	2,370,000
Personnel costs	572,664	350,057
Depreciation material fixed assets	157,313	112,486
Other operating expenditure	2,170,810	2,079,261
	5,082,439	4,911,804
<b>Operating result</b>	2,596,914	2,405,310
Interest received	151,422	138,184
Result from ordinary operating activities before taxation	2,748,336	2,543,494
Taxation	939,223	889,088
<b>Net result</b>	<b>1,809,113</b>	<b>1,654,406</b>

## Cash flow summary

	2002	2001
<b>Cash flow from operational activities</b>		
Operating result	2,596,914	2,405,310
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible fixed assets	157,313	112,486
<b>VARIATION IN WORKING CAPITAL</b>		
Receivables	94,114	397,824
Current liabilities	(853,122)	(42,531)
	(759,008)	355,293
Cash flow from ordinary operations	1,995,219	2,873,089
Interest received	151,422	138,184
Tax paid on profits	(939,223)	(889,088)
	(787,801)	(750,904)
Cash flow from operational activities	1,207,418	2,122,185
<b>Cash flow from investment activities</b>		
Investment in tangible fixed assets	(117,035)	(270,707)
Provisions	0	(74,797)
Cash flow from investment activities	(117,035)	(345,504)
Increase in funds	<b>1,090,383</b>	<b>1,776,681</b>

## General notes

### General

The Stichting Internet Domeinregistratie Nederland was founded on 30 January 1996. Its objects are as follows:

- a. The responsible issue and registration of domain names within the Dutch Internet address system and the national and international co-ordination and alignment of these activities, against cost-covering charges, at the request of providers acting on behalf of parties connected to the Internet.
- b. The promotion of national and international collaboration between service providers in the field of Internet domain registration.
- c. All other matters directly or indirectly connected with or beneficial to these aims, in the general sense of these words.

### Principles of valuation and result determination

#### General

The principles of valuation are explained below in the notes to the individual balance sheet items; where nothing is indicated to the contrary, valuation is based on nominal values.

#### Result determination

All items in the profit and loss account have been calculated on the basis of amounts attributable to the year under review.

#### Taxation

The corporation tax due has been calculated on the basis of the result, taking account of those profit components that are exempt from taxation. The discrepancy between the tax liability calculated on this basis and the amount of tax payable or reclaimable in the short term has been covered by the creation of a deferred tax liability provision. This provision has been calculated on the basis of current rates of tax.

## Notes to the balance sheet

### Material fixed assets

The material fixed assets have been valued on the basis of historical cost prices, less straight-line depreciation over time. The following depreciation percentages have been applied:

- Fittings 33%
- Computer hardware and software 33%

The movement in material fixed assets can be detailed as follows:

	Fittings, computer hardware and software	
<b>1 January 2002</b>		
Purchase cost	557,963	
Cumulative depreciation	-/- 266,721	
Book value	291,242	
<b>Movement</b>		
Investment	117,035	
Depreciation	-/- 157,313	
	-/- 40,278	
<b>31 December 2002</b>		
Purchase cost	674,998	
Cumulative depreciation	-/- 424,034	
Book value	250,964	

All amounts in euros

Annual accounts  
2002**Receivables**

A provision of € 33,600 has been deducted from the accounts receivables balance.

**Other receivables**

The other receivables may be broken down as follows:

	2002	2001
Receivables (rental deposits)	0	5,225
Interest receivable for fourth quarter of the previous financial year	48,816	15,940
New domain name charges and subscriptions still to be invoiced	345,026	290,641
Other domain amendments from fourth quarter still to be invoiced	143,883	261,771
Advance expenditure	49,050	22,445
	<b>586,775</b>	<b>596,022</b>

**Cash at bank and in hand**

The cash at bank and in hand may be broken down as follows:

Current account	79,298	97,427
Savings account	1,071,864	1,134,450
Deposit account	4,600,000	3,428,902
	<b>5,751,162</b>	<b>4,660,779</b>

**Capital and reserves**

The movement in the general reserve may be broken down as follows:

Position as at 1 January	4,364,289	2,709,883
Appropriation of result	1,809,113	1,654,406
Position as at 31 December	<b>6,173,402</b>	<b>4,364,289</b>

### Current liabilities

#### Taxation and social security contributions

This heading may be broken down as follows:

	2002	2001
Value Added Tax	(171,719)	(172,388)
Corporation tax	63,137	590,119
Wage tax	18,796	8,579
Social security contributions	2,275	1,484
Pensions	26,706	17,918
	<b>(60,805)</b>	<b>445,712</b>

### Other liabilities

This heading may be broken down as follows:

Holiday pay reserve	18,518	10,812
Holiday reserve	6,480	2,992
Net pay/salary savings	848	4,745
Advance payments received	7,500	4,086
Unpaid expenses relating to domain name debate project	0	84,786
Other liabilities	24,179	16,615
	<b>57,525</b>	<b>124,036</b>

### Off-balance sheet commitments

#### Rental commitments

The total annual amount to which the foundation is committed in connection with real estate rented from third parties is roughly € 106,000. The rental agreement has a tacitly renewable term of twelve months.



All amounts in euros

Annual accounts  
2002**Off-balance sheet commitments: Continued****Lease commitments**

The total annual amount to which the foundation is committed in connection with vehicles leased from third parties is approximately € 23,200.

**Notes to the profit and loss account****Net turnover**

The net turnover was generated entirely in the Netherlands and may be broken down as follows:

	2002	2001
Participants' contributions	813,350	692,850
Income from new domain names (one-off charges)	926,265	1,048,821
Income from existing domain names (subscription charges)	5,380,227	4,608,099
Income from amendments	559,511	967,344
	<b>7,679,353</b>	<b>7,317,114</b>

**Personnel costs**

This heading may be broken down as follows:

Pay and salaries	369,306	227,223
Social security charges	29,859	11,298
Pension charges	31,122	11,358
Temporary personnel costs	31,812	24,211
Other personnel costs	110,565	75,967
	<b>572,664</b>	<b>350,057</b>

### Other operating expenditure

This heading may be broken down as follows:

	2002	2001
Innovation-related expenses	757,845	411,939
Quality	454,552	482,182
Maintenance of equipment	215,943	548,370
Accommodation costs	40,444	15,071
Office expenses	84,535	59,419
Management Board expenses	42,395	8,919
Appeals Body expenses	27,305	43,859
Membership fees	129,988	133,875
Consultation fees	109,369	109,272
Expenditure on publicity	176,127	192,181
Travel expenses associated with international activities	84,263	74,174
Bad debt costs	33,600	0
Other expenditure	14,444	0
	<b>2,170,810</b>	<b>2,079,261</b>

### Other information

#### Workforce

At the close of 2002, the foundation had nine employees in the Netherlands (2001: seven).

#### Management Board members

A total of € 31,000 was paid to Management Board members in 2002 in the form of expenses and attendance allowances.

## Other information

### Auditor's report

#### Introduction

We have audited the annual accounts of Stichting Internet Domeinregistratie Nederland, Amsterdam, for the year 2002. These financial statements are the responsibility of the foundations management. Our responsibility is to express an opinion on these annual accounts based on our audit.

#### Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the foundation as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

*Arnhem, 17 February 2003*

*PricewaterhouseCoopers Accountants N.V.*

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### **Provisions of the Articles of Association regarding the appropriation of profits**

Article 3, clause 1, of the Articles of Association runs as follows:

The capital of the foundation is formed by all contributions, charges, subsidies, gifts, legacies, testamentary dispositions and other income received.

### **Appropriation of the result**

The Management Board has decided to transfer the result for 2002 to the general reserve.

## Colophon

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