



IE Domain Registry



## Contents

- 1 Our Strategic Priorities
- 2 Performance Highlights 2017
- 4 Chairman's Statement
- 6 Chief Executive's Report

### Corporate Governance

- 10 Board of Directors and Management
- 12 Corporate Governance
- 14 The Audit Committee
- 15 Corporate Social Responsibility (CSR)
- 16 Internet Governance
- 18 Policy Development

### Business and Market Review

- 20 Internal Operations
- 22 Frontline Customer Services
- 30 Technical Services Review
- 34 Marketing and Communications Review
- 38 Glossary of Terms
- 40 Five Year Summary

### Financial Statements

- 42 Company Information
- 42 Directors' Report
- 45 Independent Auditors' Report
- 47 Statement of Income and Retained Earnings
- 48 Balance Sheet
- 49 Statement of Cash Flows
- 50 Notes to the Financial Statements

## Mission

Our mission is to provide registry and related services to the Irish local and international internet communities. In cooperation with our Registrars, technical partners and stakeholders we help shape the development of the internet landscape and ecosystem. We are an integral part of the national internet technical infrastructure.

## Vision

Our vision is that IE Domain Registry will be nationally and internationally recognised as an innovative, independent, trusted provider of secure internet services, advocating increased e-commerce adoption and stimulating the growth of Ireland's online communities.

# 2017 Key Figures

Database of  
.ie domains

237,412

Members'  
Funds

€3.8m

Renewal  
rate

89%

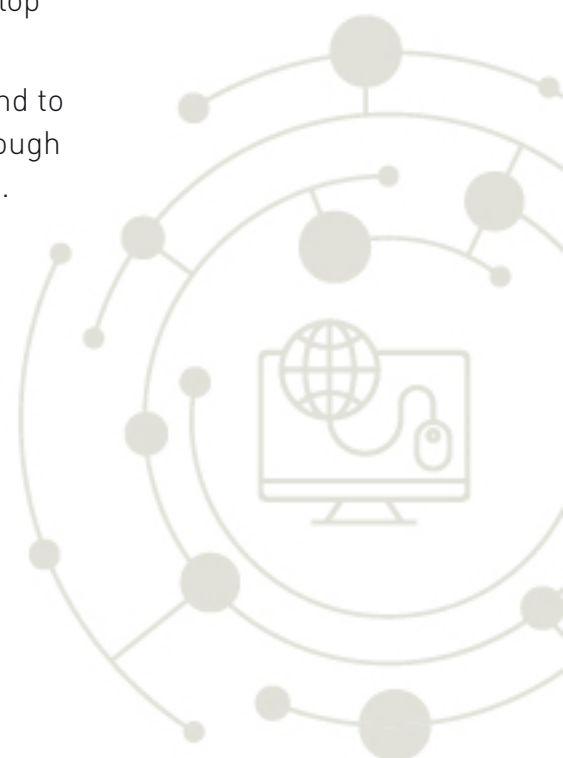
New .ie  
registrations

39,523

---

## Strategic Priorities

- ▶ To continue our ongoing customer experience (CX) innovation and improvement programmes and to develop new customers.
- ▶ To advocate for e-commerce enabled website usage and to become a digital advocate for the SME community through active involvement and engagement with stakeholders.
- ▶ To achieve company-wide growth by developing the .ie brand in order to achieve annual new growth rates greater than our competitors (.com/new TLDs) with retention rates comparable to similar ccTLDs.
- ▶ To deliver on our customer service, technical and other obligations as the active Registry Operator for the .ie namespace in Ireland.
- ▶ To help shape the development of the internet landscape and ecosystem.



# Performance Highlights 2017

Extract from the audited Financial Statements (financial figures only)

## Profit and Loss

	Year to 31 Dec 2017 €	Year to 31 Dec 2016 €
<b>Registration Revenue</b>	<b>3,124,557</b>	3,030,258
Administration expenses	<b>(1,393,891)</b>	(1,727,851)
Employment costs	<b>(1,404,097)</b>	(1,344,439)
Depreciation	<b>(140,363)</b>	(157,282)
<b>Operating profit/(loss)</b>	<b>186,206</b>	(199,314)
Unrealised gains on financial investment	<b>83,793</b>	85,274
Interest income	<b>7,229</b>	10,709
Taxation	<b>(21,976)</b>	(23,188)
<b>Profit/(loss) after taxation</b>	<b>255,252</b>	(126,519)

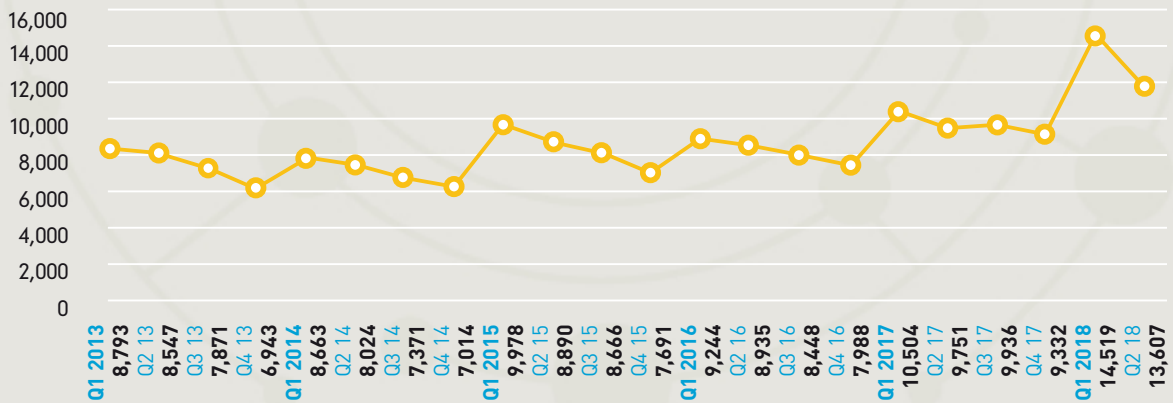
## Balance Sheet

	At 31 Dec 2017 €	At 31 Dec 2016 €
Fixed Assets	<b>102,641</b>	164,039
Investments	<b>3,328,882</b>	3,245,089
Current Assets	<b>3,474,662</b>	3,139,923
Creditors <1 year, excluding Deferred Income	<b>(836,023)</b>	(874,362)
Deferred Income	<b>(2,169,542)</b>	(2,049,351)
Creditors >1 year	<b>(54,851)</b>	(34,821)
<b>Members' Funds</b>	<b>3,845,769</b>	3,590,517

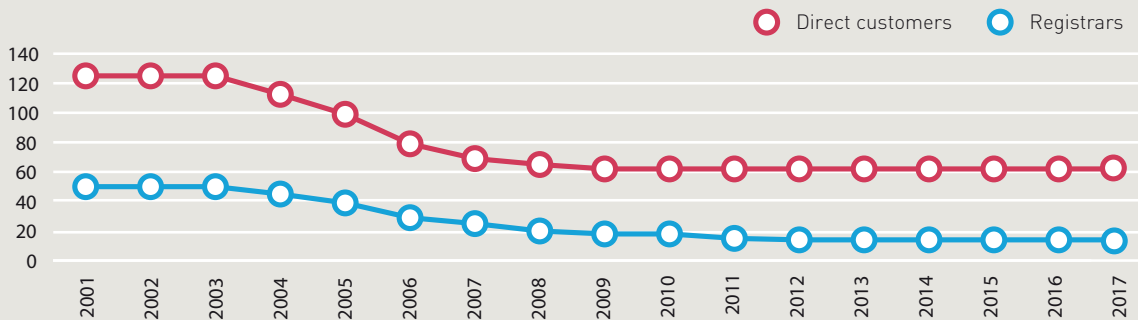
## Cash Flow

	Year to 31 Dec 2017 €	Year to 31 Dec 2016 €
Net cash inflow from operating activities	<b>318,784</b>	576,343
Increase in cash in the year	<b>239,921</b>	429,030

## Number of new .ie registrations – quarterly growth



## Prices of a .ie domain (€)



# Chairman's Statement

In a positive economic environment, 2017 was a very successful year for IE Domain Registry. Growth in the installed base of .ie domains continued apace. We maintained our focus on customer service. We invested as required in our technical infrastructure. IE Domain Registry again had no material unplanned outages in 2017 and, as the national registry, we increased our market position in what is a very competitive environment.

As a company limited by guarantee, IE Domain Registry's financial reserves are its only source of capital and it is therefore a financial prerequisite that we maintain a capital base fully adequate to meet current and prospective business requirements. By recording an after-tax surplus of €255k, we more than maintained our financial strength in 2017. Net liquid funds totalled €6.6 million at end year, an increase of €320k on end 2016. The Company's overall financial position remains fully protected and in line with our financial objective. I can again assure our stakeholders of our continued commitment to this objective into the future.

2017 was another good year for business. We registered 39,523 new .ie domains, well ahead of the previous year. Our total customer base at end 2017 was 237,412, an increase of 7% over the year. We are confident that there remains significant scope for continuing growth over the next few years and we devoted considerable resources in 2017 to researching ways of making it easier for new customers to register a .ie domain. The results, and the benefits therefrom, will be seen in 2018.

I referred last year to the essential contribution made by our industry stakeholders to IE Domain Registry's success over the years. I am pleased again to acknowledge the particular contribution of our accredited Registrars, who are in effect our essential partners in promoting and marketing .ie. We work closely in consultation with Registrars and with our industry stakeholders generally, particularly in the areas of service and technical developments, and I wish to thank them for their unfailing cooperation and assistance. The most obvious manifestation of this is the continued effectiveness of our Policy Advisory Committee (PAC), established in 2015 to advise the Board on policy matters. Representative of a broad range of stakeholders, the PAC continued in 2017 to play an important role in assisting us to keep its policies abreast of the

changing internet environment while also balancing the rights, responsibilities and obligations of stakeholders. The Chairman and members of the Committee showed sterling commitment in their participation in the work of the Committee in 2017 and, on behalf of the Board, I wish to thank them for their contribution to the ongoing policy development process at the registry.

2017 was the seventh year of IE Domain Registry's OPTIMISE programme. The aim of the programme is to assist firms in the SME sector to become e-commerce-enabled and thus to encourage the many Irish firms in the sector to use the internet to develop and diversify their businesses and to compete more effectively with their overseas competitors. The programme has been successful in assisting many Irish small businesses to go online but there is no doubting the challenges they face in competing with the dominant international players in this area. However, we believe that there is still considerable scope for improvement. Having reviewed the structure of OPTIMISE, the programme was revamped in 2017 in a form focussing on business sectors. The company partnered with the Design & Crafts Council of Ireland (DCCol), the national agency for the commercial development of Irish designers and makers, in 2017. The results were promising and we envisage continuing on this basis in 2018.

We also continued in 2017 with the periodic issue of our Domain Profile Reports and Digital Health Index and again organised a national Internet Day, all of which received extensive media coverage. By providing information on developments and shortcomings, we aim to facilitate ongoing consideration and discussion on Ireland's changing place in the internet space and to inform and influence public policy in the area. Judging from the reaction, the initiatives seem to be achieving their purpose.



J. Joyce  
Chairman

I referred in my Statement last year to what we see as our mandate as a not-for-profit company to manage the national resource of .ie so as to maximise the value of the internet to the Irish economy. It was for that reason that we took advantage of our strong financial position to establish a Strategic Development Fund in 2015 to fund a range of projects designed to deepen internet awareness and use in Ireland as well as to promote business growth. The programme was continued in 2017 and further details are given in this Report. The programme is helping to raise the profile of the internet in Ireland as an essential business tool. A critical factor in further development of internet use in Ireland, including by the SME community, is, of course, the ongoing upgrading of the telecommunications broadband infrastructure, which enables high speed internet services to be provided more widely.

IE Domain Registry is very well served by its staff and I am pleased, on behalf of the Board, to thank David Curtin, our Chief Executive, the executive team and all our staff for their work in 2017. In particular, we appreciate their commitment to customer service and to meeting the requirements of the Company's stakeholders. The Board is appreciative also of the assistance during the year of the Minister for Communications, Climate Action and Environment, the staff of his Department, and of the industry regulator, ComReg.

The IE Domain Registry Board has been largely restructured over the past two years. A number of long serving colleagues completed their terms and a number of new appointments have been made. I would like to thank the outgoing directors for their valued contribution to the growth and development of IE Domain Registry over the years. I welcome the new members. They bring considerable qualifications and experience to the Board and I look forward to working with them in charting the Company's direction and strategy for the future.

As always, the future has challenges. In 2018, we expect to make fundamental changes in the registrations policy and rules for new customers and we will be dealing with the implementation of the EU wide Digital Single Market initiatives in data protection and cyber security. More generally, there is no slowdown in the fast developing world of digital communications. We in IE Domain Registry are alive to the future challenges but fully confident of our preparedness and capacity to meet them.

**J. Joyce**  
Chairman of the Board

30 June 2018



# Chief Executive's Report

The registry for the .ie namespace performed exceptionally well in 2017, with a 40% increase in year-on-year net growth. We completed the substantial groundwork and laid the foundations for significant policy changes in 2018 – liberalisation of the rules for new registrations, and GDPR data protection and data retention policies. IE Domain Registry ended the year in a very strong financial position with €3.8m in Members' Funds.

With ongoing emphasis in 2017 on strategic execution, the management team was particularly successful in achieving expansion of .ie in terms of net growth: continuous improvement in customer services; and contributing to the development of SME internet usage and uptake in Ireland.

The operating profit during the year ended 31 December 2017 incorporates expenditure of €165,000 arising from the extension of the 2015 Strategic Development Fund with a dedicated 2017 budget to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace.

We are proud to have successfully completed the groundwork for the liberalisation of the registration rules, which will facilitate expansion of the .ie namespace for citizens, residents and business owners. This was agreed through our work with the Policy Advisory Committee (PAC). The PAC met on five occasions during 2017 and, applying the long-standing 10-step Policy Development Process (PDP) which uses a bottom-up approach to policy changes and consensus building, dealt successfully with a range of policy changes. In 2017; three policy change proposals were formally concluded; three new policy change proposals were submitted which involved one public consultation; one policy change proposal was refused; and one policy change proposal was withdrawn. The PAC's operations have been comprehensively and transparently documented throughout 2017, and these records are publicly available in the PAC meeting minutes on our website.

## Operational review

New registrations of 39,523 in 2017 increased by 14.2% when compared to the same period in 2016 (34,615). These registrations were offset by 24,181 non-renewals or deletions

which were up 2.1% over 2016 (23,685 domains), giving a net increase of 15,342 which was 40.4% up on the net increase in 2016 (10,930 domains). This growth was generated almost totally by the continuous efforts of our accredited Registrar community, in spite of a domestic economy where micro and small businesses continued to experience challenging trading conditions. The ongoing recovery in consumer confidence led to increased use of websites for new online businesses, products or services, although website growth is offset somewhat by the use of social media for small businesses' promotions. The Company continued its work in 2017 to promote excellence in SME's website functionality, design and e-commerce through sponsorships and direct funding.

The graph on page three illustrates the extent of the improvement in net growth in 2017 which is exceptional, even in the context of the global recovery of legacy TLD's such as .com. The new gTLDs continued to struggle, as evidenced by the level of non-renewal of speculative registrations. The 11% level of .ie non-renewals/deletions is in line with 2016 (11.3%) which is very low by international standards where non-renewal rates can be over 30% – reflecting the shorter domain life-cycles, as domains are increasingly used for the promotion of one-off events and campaigns.

There was no progress in 2017 on the Company's application to ICANN for the transfer from UCD of 'active registry operator' status to IE Domain Registry, which was submitted to ICANN in February 2011, accompanied by letters of support from stakeholders in the local internet community. In order to complete the transfer request ICANN will need a letter of support from the Irish government. The Department of Communications, Climate Action and Environment is still considering the matter.





David Curtin  
Chief Executive

## Financial review

Registration revenue increased by 3.1% to €3.12 million (2016 – €3.03 million). The deferred income on the balance sheet increased by 5.9% in 2017, to €2.17 million (2016 – €2.05 million). This is because the invoiced value of registration fees increased by 4.9%, reflecting renewals and new growth in 2017.

Administrative expenses decreased by 9% from €3.23 million to €2.94 million. Promotion, sponsorship, and advertising costs decreased by 30%, but remained high as the company continued its Strategic Development Fund and continued its joint promotion with Registrars of the .ie namespace and continued the OPTIMISE Fund, which assists SMEs and micro businesses to develop and e-commerce enable their .ie websites. Employment costs increased by 4.4% in 2017 to €1.4 million reflecting additional staff recruited in 2017 and cost of living salary increases.

The Company records the financial investments on a Mark to Market basis of valuation. The financial investments market value at 31 December 2017 is €3.28m (2016 – €3.19m). Accordingly, this uplift in the capital markets yielded a net unrealised gain of €83,793 for the year (2016 – €85,274).

The financial position of the Company at 31 December 2017 is solid. Members' Funds increased by 7.1% from €3.59 million at December 2016 to €3.85 million by the end of December 2017. Cash and cash equivalents increased to €6.6 million (2016 – €6.3 million) including €3.28 million invested with multiple investment managers.

The quality of the Company's financial transparency and reporting has been independently acknowledged. We were again shortlisted in the Chartered Accountants Ireland Leinster Society, Published Accounts Awards 2017.

## Continuous improvements review

The entire team at IE Domain Registry strives for excellence in all aspects of the operation. Every team member is part of the continuous improvement process.

The Company continued to focus on controlling costs for the channel and for our business operations. The proposed policy changes will decrease the channel's customer service costs and improve the user experience for their customers.

The data escrow function continued to operate, whereby relevant extracts of the .ie database are extracted, encrypted and transmitted to a third party, to be held in safekeeping and only released to the appropriate authorities in the unlikely event of a catastrophic event occurring at the registry. This added layer of resilience, reliability and protection provides business continuity and peace of mind for registrants of .ie domain names.

The Technical Services team remains vigilant in protecting the national DNS infrastructure against ongoing and new external threats, in particular in the face of the global onslaught of DDoS, ransomware and malware attacks, thereby contributing to the safety, security and resilience of the .ie domain.

## Market development and SME internet usage and uptake

Irish SMEs continue to surprise the industry (and their customers), by remaining offline, when their Irish customers are online and spending billions buying online from abroad. Irish consumers spent almost €5 billion online in 2017 with €3 billion of that going to online retailers offshore, according to research published by Consumer Market Monitor.

It is not clear why such a large cohort of small businesses in Ireland remain effectively offline. Many SMEs, who are online in a personal capacity, have decided to run their business without any digital assets whatsoever. SMEs with websites and other digital assets such as a Facebook presence, still cannot, or will not, sell online or take sales orders online. We commissioned Core Research to conduct independent research into this issue. It is becoming clearer that the problem is not one of awareness. SMEs respond that they appreciate the importance of a website, in generating awareness of the business and in generating sales, yet the majority of SMEs surveyed have not digitised the sales process on their websites. 54% say that the barriers keeping them offline include inadequate skillsets or confusion about the range of digital tools and options available. Perhaps there is also a reluctance to engage with multiple software vendors and a fear of trying to compete head-on with the online marketplace giants, such as Amazon. It is clear that further research is needed to guide policymakers on how to improve internet usage and uptake by the small business community.

In response, we recognise the need to provide supports and shoulder to shoulder assistance to SMEs to enable them to leverage the benefits of having a .ie address and being identifiably Irish online. Accordingly, in addition to the OPTIMISE Fund, the Company continued in 2017 to support its Registrars in promoting their website builder services, recognising that businesses only indirectly need .ie domain names. The main reasons for having a domain name are for website and email purposes.

## Outlook for 2018

On the international front, the Company continues to respond to developments impacting ccTLD registries, in particular EU regulations and the recent expansion of the global namespace, by 1,227 new gTLDs (with 23.8 million domains under management) by the end of 2017. While these new competitors offer global consumers and businesses a multiplicity of choice in domain extensions, they appear to be struggling to gain market traction and achieve the expected levels of innovation. An estimated 46% of the total gTLD domains are registered to addresses in China (Source: <https://ntldstats.com/country>). The potential interest from cybersquatters is waning, but still represents a challenge for brand managers, trademark and patent holders and the owners of intellectual property rights.

Nationally, new registration growth in 2018 is strong, reflecting the liberalisation of the registration rules. In the context of domain market saturation in Europe, the outcome in the first half of 2018 is very encouraging at 28,126 .ie domains, an increase of 39% compared to the same period in 2017 (20,255 .ie domains).

The work of the Policy Advisory Committee will continue in 2018. The potential for an alternative dispute resolution policy will be evaluated, and the WHOIS policy will be changed to reflect the new regulations within the GDPR and national Data Protection legislation. Other policy initiatives will be undertaken, with the objective of expanding the .ie namespace and developing this digital national resource.

We are pleased to have Board approval to continue our investments in 2018 in a range of projects designed to assist SMEs in their digital journey and to significantly improve internet uptake in Ireland. We will continue to control operating costs in other areas of the business.

I would like to express my gratitude to our Company Secretary for his ongoing support and counsel. I would like to acknowledge the many years of service of our dedicated and committed directors who retired during 2017 – Pat Frain, Kevin McCarthy and Frances Buggy and in particular, Mark Dobbyn, for his leadership of the audit committee. I look forward to working with our new Board of Directors and thank the members for their support. Our dedicated staff deserve all of the credit for their outstanding contribution to the continued growth of the .ie namespace and the development of our policies and services. Together, we will ensure that .ie remains 'Identifiably Irish' in a competitive and ever-expanding global internet ecosystem.

**David Curtin**

Chief Executive

30 June 2018



## Valuing our customer

We put the needs of our customers first in everything we do.

Continuous improvement of the end-to-end customer journey is vital in making .ie a domain that our customers value, trust and use.

# Board of Directors and Management



## Jim Joyce ●■

Jim Joyce was appointed Secretary of the Company in 2004. He succeeded Professor Seán Scanlan in the role of Chairman of the Company in 2016. He was Chairman of the Health Insurance Authority from 2005 to 2015 and is a former Company Secretary to the National Digital Research Centre (NDRC). Jim has been an actuarial consultant to the Department of Enterprise, Trade, and Employment and the Irish Financial Services Regulatory Authority (1992 to 2005). He was previously Executive Director of Telecom Éireann (1984 to 1992). Jim is a Fellow of the Society of Actuaries in Ireland and served as President of the Society for 1999/2000.



## Dr. Canice Lambe

Canice Lambe is Chief Technology Officer with Altify, an Irish software company that helps sales professionals sell smarter and manage better, using Dealmaker intelligent software and proven sales methodology. He was a founder and CTO of Cunav Technologies (later New World Commerce) which merged with US CRM company IQ to become New World IQ. Canice has also been Chief Product Officer at Rockall Technologies and Chief Technology Officer at PixAlert. He has consulted to early-stage technology companies in the area of product development and positioning. Canice received his degree and PhD in Computer Science from Trinity College Dublin.



## Fergal O'Byrne ▲

Fergal O'Byrne is a Non-Executive Director of Sonru, an online video interviewing company and Sipario, a global music platform. He is an experienced internet industry entrepreneur who founded Interactive Return in 1998. Previous positions include a four year term as CEO of the Irish Internet Association. He has published four business books including; 'Online Marketing and Search Engine Essentials' and '10 Technologies Every Executive Should Know'. Fergal holds an Honours Degree in Electronic Engineering from DIT. He is, or has been, a member of the Board of Directors of 4giftsdirect.com, IGOpeople.com, WINC, CottonTreeProject and CCD Limited. In 2015 he was delighted to become an Inductee into the IIA Internet Hall of Fame "for inspiring and supporting the internet community in Ireland".



## Dan Flinter ●

Dan Flinter is Chairman of the Board of The Irish Times, the PM Group and of VCIM, a venture capital company. He is a member of the Board of Dairygold Co-Op, and of Aryzta AG. He is also a member of the Council of the Institute of Directors in Ireland. Dan is a former CEO of Enterprise Ireland and Executive Director of IDA Ireland. He holds an MA in Economics from UCD and is an Eisenhower Fellow.

▲ Audit committee member (Also during part of 2017 - Mr Jim Joyce and Mr Mark Dobbyn)

● Banking committee member (Also during part of 2017 - Dr Pat Frain and Mr Mark Dobbyn)

■ Nomination committee member (Also during part of 2017 - Mr Mark Dobbyn)



### Eamonn Ceannt ▲

Eamonn Ceannt works as a project consultant, primarily in the cultural and education sectors, and as a sculptor. He is the founding Chair of the Museum of Literature Ireland (MoLI) and a trustee of the Alfred Beit Foundation and the Chester Beatty Library. He was a Vice-President and Bursar at University College Dublin with responsibility for the capital development, regulatory and financial affairs of the university. He previously worked with Coillte – The Irish Forestry Board, KPMG and for the World Bank. He has served on the audit committees of the Royal Irish Academy and Dublin City Council, was Chair of Young Scientist & Technology Exhibition Ltd and a board member of Concern Worldwide and Sustainable Projects Ireland EcoVillage. Eamonn is a graduate of UCD where he studied Psychology and Computer Science and obtained an MSc in Computer Science from Trinity College Dublin. He qualified as a Chartered Accountant in 1979.



### Gareth Dunlop ●

Following 15 years helping businesses integrate strategic digital communications, Gareth established dedicated UX agency Fathom in 2011. Previously he was the MD of Ionology, a leading digital strategy consultancy, headquartered in Belfast and with major clients in 15 countries. Prior to that, he was the MD of Tibus, one of the largest and most successful web development agencies in Ireland, from 2002 to 2009 when it was sold to UTV plc. Gareth is a Board Member of Christian Aid Ireland, former Board Member of IIA, and Chairman of WeddingsOnline.ie. He writes and lectures extensively on Internet related matters, with regular columns in Silicon Republic, SyncNI and Business Eye. Gareth is a former judge of the Eir Spider Awards, the DANI Awards and the Dot IE Net Visionary Awards.



### Chief Executive ■

#### David Curtin

David Curtin joined the Company in November 2002, and was appointed interim Chief Executive in October 2003 and Chief Executive in January 2004. David worked for eight years in Dublin and Paris with the Jefferson Smurfit Group plc. He was Chief Executive of Smurfit Software Services, project manager for the Smurfit Group's Hyperion systems implementation, and internal auditor of Smurfit Ireland. Prior to this, he worked for KPMG in Dublin and Philadelphia, USA. David is a B.Comm graduate of UCD, a Fellow of the Institute of Chartered Accountants and holds a first class honours MBA from UCD Michael Smurfit Graduate Business School.

## Joined in 2018



### Anne-Marie Eklund Löwinder

Anne-Marie Eklund Löwinder is the Chief Information Security Officer at IIS, The Internet Foundation in Sweden. She is one of Sweden's leading experts on IT security. In 2013 Anne-Marie was the first Swede to be inducted into the Internet Hall of Fame.

She is a member of the Royal Swedish Academy of Engineering Sciences (IVA), Section XII, Information Technology. She is also a board member of the Swedish Law and Informatics Research Institute (IRI) and a member of the information security council of the Swedish Civil Contingencies Agency (MSB).

Anne-Marie was appointed Trusted Community Representative by ICANN, in the role as Crypto Officer, where she participates in DNSSEC key generation for the internet root zone. She is also a member of The Registry Services Technical Evaluation Panel (RSTEP), a technical team under the GNSO (Generic Name Supporting Organization).

Anne-Marie has a degree in Computer Science from the University of Stockholm.



### Louise English ▲

Louise English is a non-executive director of Repak and Chair of its Audit Committee. She previously served as a non-executive director on the boards of St Vincent's Healthcare Group, An Post, Sherry Fitzgerald and Bord na Móna. She was also Chair of, or a member of their Audit Committees. Louise was an executive director of IBI Corporate Finance, one of Ireland's leading providers of independent corporate financial advice. A Chartered Accountant, she trained and qualified with PWC.

Louise holds a BComm from University College Dublin.



# Corporate Governance

Corporate governance is a key focus of the Board of Directors and Management at IE Domain Registry as it directs the philosophy, practices, culture and overall success of the Company.

IE Domain Registry CLG is an independent company limited by guarantee, defined as a small company, and is therefore not required to comply with the provisions of Corporate Governance Codes. However, the IE Domain Registry Board of Directors is committed to ensuring that best practice Corporate Governance operates throughout the Company. Accordingly, the Board has adopted and applied certain provisions of the codes beyond what would normally be regarded as practical, relevant and appropriate for a company of IE Domain Registry's size and nature.

The Company's unitary Board of Directors is comprised of eight independent Non-Executive Directors, supported by three sub-committees: the Audit Committee, the Nominations Committee and the Banking Committee. Directors are appointed initially to the Board for a three year term: thereafter Directors can seek re-election for a further three year term. At the end of a continuous term of six years, Directors are required to retire and re-election can only be sought after a break in service of three years.

The Board of Directors meets six times per annum to consider a range of Company matters, including reviewing the management accounts, monitoring registration and non-renewal rates, discussing strategy and agreeing on the future direction of the Company. The Board also receives regular updates, between meetings if necessary, on a range of matters including business, .ie policy, and financial, legal, regulatory or corporate affairs.

The IE Domain Registry Chairman ensures that the Non-Executive Directors are appointed to the Board from a range of different professional backgrounds. This ensures diversity of the Board which in turn means that members can effectively reach out to a broad range of stakeholder groups. Diversity of the Board also ensures a better understanding of the different requirements of various stakeholders.

The Chairman is responsible for ensuring that all Non-Executive Directors have the necessary knowledge and experience required to discharge their responsibilities. Appraisal of the Board's performance is an important control, aimed at improving effectiveness, maximising strengths and tackling weaknesses.

ComReg commissioned an independent third-party due diligence review of the Company's Corporate Governance, as an input into the process of developing a potential Regulatory Framework for .ie (Consultation Paper 08/48). The conclusions, published in its formal Response to Consultation 09/01, were very complimentary of the high standards of Corporate Governance at the Company.

## Directors' responsibilities

The Board of Directors is the custodian of the Company's values and its long term vision. The Board also provides strategic direction and guidance for the Company.

The Directors of the Company carry out their fiduciary responsibilities in accordance with the best practice Corporate Governance codes and principles. All of the Directors are independent and Non-Executive. In accordance with the Memorandum and Articles of Association of the Company, the Directors do not have a beneficial interest in the members' funds, reserves or the annual profits of the Company.

The Directors are responsible for ensuring that the financial statements have been prepared in accordance with the Companies Act 2014 and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", known as the "relevant financial reporting framework". The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Other material financial decisions reserved for Board approval include investments, capital projects and any bank borrowing facilities.

The Directors are also responsible for other tasks including monitoring the Chief Executive Officer, overseeing strategy, monitoring risks, control systems and governance, monitoring the human capital aspect of the Company (specifically, succession planning, training and remuneration) managing potential conflicts of interest and ensuring that there is effective communication throughout the Company.



## Fair, equitable, transparent

We manage the .ie namespace to the highest standards of corporate governance and pride ourselves on honesty and objectivity in our interactions with Registrars, stakeholders and civic society.



# The Audit Committee

The Company's Audit Committee is responsible to the Board of Directors for the co-ordination and oversight of the financial reporting process, the external audit function, the system of internal financial controls, regulatory compliance and all matters related to the legal integrity of the Company.



The Audit Committee operates under written terms of reference agreed by the Board which are reviewed on a regular basis. The Audit Committee is appointed by the Board from the Non-Executive Directors of the Company and consists of not less than three members, at least one of whom has the "relevant financial experience". The Chair of the Committee is Ms Louise English, who is a Fellow of the Institute of Chartered Accountants in Ireland.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It may also seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee has the authority to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## Statement from the Chair of the Audit Committee

The financial reporting framework that has been applied in the preparation of the financial statements is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The role of the Audit Committee is important as it reviews the effectiveness of the Company's internal controls to provide assurance on the Company's financial reporting process and compliance with all legal and regulatory requirements. The Committee will continue to keep the risk management and internal control framework under review to ensure the integrity of the financial reporting process in a changing environment.

The duties and key responsibilities of the Committee are:

- ▶ to consider the appointment of the external auditors, to make recommendations to the Board about the audit fee and any questions of resignation or dismissal
- ▶ to discuss with the external auditors, before the statutory audit commences, the nature and scope of the audit and to review the audit plan
- ▶ to review the annual financial statements before submission to the Board and focus on:
  - ▶ critical accounting policies and decisions requiring a significant element of judgement and any changes in accounting policies and practices
  - ▶ compliance with accounting standards, legal requirements and regulations
  - ▶ major areas of judgement and major or unusual transactions and how they are disclosed
  - ▶ company policy and practice with regard to insurance and investment risk mitigation and controls
  - ▶ significant adjustments to the financial statements as a result of the external audit
  - ▶ any problems and reservations arising from the audit and any matters the auditor may wish to discuss (in the absence of management where appropriate)
- ▶ to review the external auditor's management letter and management's response
- ▶ to keep under review the effectiveness of internal control systems and of procedures for staff raising matters in confidence
- ▶ to report to the Board of Directors on how it has discharged its responsibilities.

It is the Committee's view that during the year it has discharged its duties and key responsibilities.

### **Louise English**

Chair of the Audit Committee

27 April 2018

# Corporate Social Responsibility (CSR)

One of the core mandates of IE Domain Registry is to support and serve the needs of the local internet community. The Directors and management of the Company strive to be transparent, accountable and to balance the rights and responsibilities of all stakeholders. IE Domain Registry understands the importance of active communication and engagement with our internal and external stakeholders.

The Company prioritises the values of fairness, equity and transparency in all dealings with our key stakeholders, including customers (Registrars), domain holders (registrants), employees of the Company and the local internet community.

## The local internet community

Through its memberships and sponsorship of industry awards and industry events, the Company provides a modest level of financial support to the local internet community. In 2017 the Company sponsored the BT Young Scientist and Technology Exhibition, the Small Firms Association (SFA) Awards, Digital DNA, the Web Awards, the SME Awards, the Start-up Awards and was the headline sponsor of the Irish Internet Association (IIA) Dot IE Net Visionary Awards for the seventh consecutive year.



**Above:** Alex Goodison, winner of the BT Young Scientist IE Domain Registry Special Award 2018 for his project 'FILTER | An algorithm to help detect and combat Fake News' with David Curtin, CEO IE Domain Registry.

The Company has provided free .ie domain name registrations to 6,123 registered charities, in co-operation with a number of our accredited Registrars. Domain names are provided free of charge to those organisations which are registered as charities and have a valid CHY number issued by the Revenue Commissioners.

In partnership with the IIA, the Company was also involved in the training of 1,000 "non-liners" in 2017 as part of the Getting Citizens Online Scheme, an initiative of the Department of Communications, Climate Action & Environment. In 2017, 22,000 citizens received training under this scheme, which provides digital skills training for citizens who have never used the internet, a view to removing a key barrier to digital adoption.

## Employees

The Company aims to be a good employer in all respects. The Company's Staff Handbook sets out the HR policies and procedures, and is provided to all new employees as part of their induction. The Staff Handbook also includes whistle-blower provisions and procedures for staff raising matters in confidence, including providing direct lines of communication to Board members. IE Domain Registry operates a pension scheme for the benefit of all participating full-time employees. The Company also has a Safety Statement in accordance with the relevant legislation.

## Environmental awareness

IE Domain Registry continuously works to reduce its carbon footprint by adopting some of the principles of Green IT. This is apparent from the high availability initiatives in the Company's data centre where there has been investment in energy efficient hardware and software (VMware), which has reduced energy consumption through rationalisation of services and servers.

Furthermore, a back-office recycling programme ensures that all technical hardware is recycled in an environmentally responsible manner. As part of IE Domain Registry's awareness of the need to sustain natural resources, employees implement the Company's recycling policy in the appropriate manner.

# Internet Governance

No one person, company, organisation or government runs the internet.

The internet is a globally distributed computer network comprised of many voluntarily interconnected autonomous networks. As such, internet governance involves many different stakeholders.

## Who runs the internet?

“Internet governance is conducted by a decentralized and international multi-stakeholder network of interconnected autonomous groups drawing from civil society, the private sector, governments, the academic and research communities, and national and international organizations. They work cooperatively from their respective roles to create shared policies and standards that maintain the internet’s global interoperability for the public good.”

Internet Corporation for Assigned Names and Numbers (ICANN)

## Global coordination - ICANN and IANA

On 6 January 2017, an extremely important change in the governance of the DNS took place, with the completion of the transition of the IANA stewardship to ICANN. This means that the global stewardship of certain key technical internet functions effectively transitioned from the US Department of Commerce to the private sector, represented by the global multi-stakeholder community.

ICANN’s role is to oversee the huge and complex interconnected network of unique identifiers that allow computers on the internet to find one another. The graphic opposite explains unique identifiers.

ICANN was formed in 1998. Headquartered in Los Angeles, California, it is a not-for-profit partnership of people from all over the world dedicated to keeping the internet secure, stable and interoperable. It promotes competition and develops policy on the internet’s unique identifiers. ICANN does not control content on the internet. It cannot stop spam and it doesn’t

deal with access to the internet. But through its coordination role of the internet’s naming system, it does have an important impact on the expansion and evolution of the internet.

ICANN has external as well as internal accountabilities. Externally, ICANN is an organisation incorporated under the law of the State of California in the United States, so it can be sued in court. ICANN is also a non-profit public benefit corporation and its directors are legally responsible for upholding their duties under corporate law. Internally, ICANN is accountable to the community through its Bylaws, and the representative composition of the ICANN Board from across the globe.

Governments can participate via the Government Advisory Committee (GAC). At the ICANN 52 meeting in Singapore in February 2015, the GAC welcomed Ireland, Kazakhstan and Mauritania as new GAC Members. Membership of this influential committee was a major milestone for Ireland Inc in 2015, as it gives Ireland a voice on trans-national internet policy matters.

## Ireland’s internet stakeholders and policy development for .ie

IE Domain Registry mirrors the international multi-stakeholder philosophy and principles within its structures and has adopted a bottom-up, consensus driven, and consultative approach to all .ie namespace policy matters. The 10-step Policy Development Process (PDP) was published in May 2012 and provides for the active participation and involvement of a Policy Advisory Committee (PAC). The mandate of the PAC is to advise the Board of IE Domain Registry on matters of policy and its implementation, as set out in the PAC Terms of Reference. (See [www.iedr.ie](http://www.iedr.ie)).

*For explanation of terms and acronyms, see **Glossary of Terms** on page 38.*

## The legislative framework in Ireland

The legislative framework in Ireland is well developed. The Communications Regulation (Amendment) Act, 2007 came into force in 2007. This Act essentially transfers the powers previously available to the Minister for Communications under the Electronic Commerce Act, 2000 (but never exercised by him) to ComReg, with some limited but important amendments and additions.

As an input into the process of developing a potential regulatory framework for .ie, ComReg launched a public consultation process on the .ie namespace and published its formal Response to Consultation, Document 09/01. ComReg's related press release stated that:

- ▶ ComReg will, by way of regulation, appoint IE Domain Registry as the authority authorised to register .ie domain names in accordance with Section 32(4) (a) of the Act of 2007
- ▶ IE Domain Registry will set up and maintain a Policy Advisory Committee representative of all stakeholders with a focus on more transparent policy development
- ▶ IE Domain Registry will continue to adopt the "managed approach" to .ie registrations to ensure continued protection for .ie domain name holders and consumers.

In this context, IE Domain Registry looks forward to a continuing effective working relationship with ComReg.

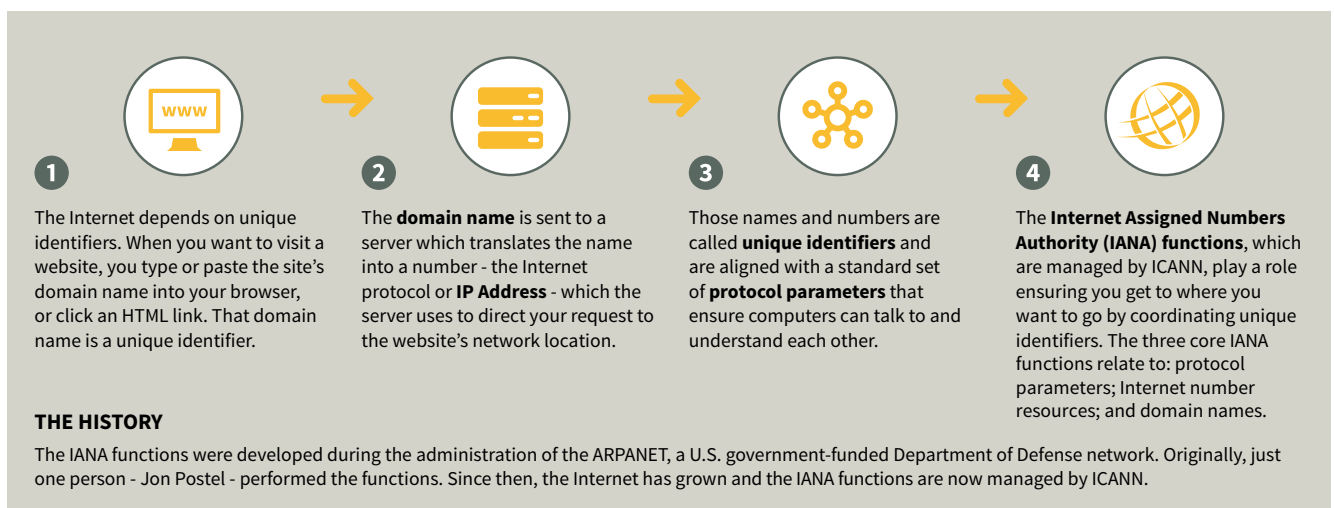
## Internet Governance Forum (IGF)

The Internet Governance Forum (IGF) was established by the United Nations following the World Summit on the Information Society (WSIS) in 2006. The UN's ten-year review concluded successfully with the adoption of the WSIS+10 Resolution on 16 December 2015. It reaffirmed three core elements of the 'Tunis compromise':

First, it extended the IGF mandate for a further 10 years and reaffirmed its underlying architecture, meaning that internet governance is addressed under the UN umbrella, but in a multi-stakeholder manner. Second, it retained the roles and responsibilities of the stakeholders as outlined in the Tunis Agenda. Third, it maintained the element of ambiguity around an enhanced cooperation arrangement, which allows for different interpretations. While there is no negotiated outcome, the IGF informs and inspires those with policy-making power in both the public and private sectors.

At the annual IGF meeting, delegates discuss, exchange information and share good practices with each other. The IGF facilitates a common understanding of how to maximise internet opportunities and address risks and challenges that arise. The main theme of the 12th annual IGF meeting in Geneva, Switzerland in December 2017 was: 'Shape your Digital Future'. (See [www.IntForum.org](http://www.IntForum.org)).

### Diagram 1: What are unique identifiers?



Source: [www.icann.org/en/system/files/files/iana-functions-18dec15-en.pdf](http://www.icann.org/en/system/files/files/iana-functions-18dec15-en.pdf)

# Policy Development

Policy development for the .ie namespace follows a bottom-up, consensus driven and consultative approach, set out in IE Domain Registry's published 10-step Policy Development Process (PDP).

IE Domain Registry established a Policy Advisory Committee (PAC) in July 2014, to provide a forum to consider and provide advice to the IE Domain Registry Board of Directors on policy change requests. The PAC operates under specific Terms of Reference and follows the PDP. The PAC considers all policy change requests submitted for review, and where consensus exists, advises on the implementation of such policy change requests.

The members of the PAC are stakeholders with an interest in the .ie namespace and its policies. The membership includes representatives from eligible organisations, including the .ie accredited Registrars, the Department of Communications, Enterprise Ireland, the Small Firms Association, the Law Society, the Internet Service Providers Association of Ireland, the Department of Business, the Irish Computer Society and the Association of Patent and Trademark Attorneys.

## PAC - operation and modus operandi

The PAC has maintained its cohesive working nature and strong levels of engagement since its inaugural meeting in 2015. The Committee met on five occasions in 2017. In the interim periods between meetings each working group continued its engagement online via mailing lists and conference calls, to ensure that the reviews of the proposed policy changes maintained their momentum.

Meeting attendance and online engagement remains strong. This has been vital to the progression of the various policy change discussions, as has the diverse expertise, experience and knowledge of the Committee members. Throughout 2017, the PAC has worked diligently, with members dedicating considerable time and effort to the consideration of the policy change proposals under discussion. The commitment of the PAC in adhering to the bottom-up, consensus-driven, multi-stakeholder-led PDP has been invaluable in the progression of the policy changes. Entering its fourth year of operation, the PAC expects to continue to build on the achievements and milestones of previous years.

## Policy Change Requests - submitted in 2017




The Committee considered a number of important new policy change requests in 2017. These requests related to policy liberalisation, to drive expansion of the .ie namespace for citizens, residents and businesses and also enhance their customer experience when registering and managing a .ie domain.

### Proposal to remove the "claim to the name" registration requirement




IE Domain Registry submitted a policy change request to the PAC, to remove the need to show a "claim to the name" when applying for a .ie domain, but to retain the important "connection to Ireland" requirement. The PAC undertook an extensive assessment of the policy change proposal and consensus-in-principle was found to exist. A Working Group was established to review the potential implementation of the proposal, in accordance with the PDP framework.

During deliberations, the Working Group acknowledged the need to ensure that the new registration process for .ie domains was easier and faster, whilst maintaining the managed registry approach. It was also considered important to retain the USP that .ie is the only namespace on the internet which is reserved for Irish citizens, residents and businesses with a connection to Ireland. The policy change can be illustrated as follows:

#### Applying prior to the change, registrants need to show:

-  Connection to the island of Ireland
-  Proof of Identity
-  Claim to the name

#### Applying after the change, registrants would show:

-  Connection to the island of Ireland
-  Proof of Identity
-  Claim to the name

The Working Group also considered the potential for cybersquatting to occur and the need for communications and awareness-building efforts, especially for small business owners. Other work streams included drafting deterministic registration guidelines and consideration of a new “FastPass” registration process for existing .ie Registrants.

Notably, a Public Consultation was held throughout September 2017 to ensure that the opinions of the public were taken into consideration during the decision making process. An information campaign was launched to raise awareness of the proposal. There was active participation by IE Domain Registry, PAC stakeholders, the Registrar channel and sector-based representative bodies. The campaign was active on radio, the national press, online blogs and stakeholder publications.

Extensive qualitative analysis of the Public Consultation responses received was undertaken to identify any trends in the comments provided. It was found that no new or previously unconsidered issues had arisen, and that the public believed that the need to show a connection to Ireland would continue to deter cybersquatters. A report detailing the analysis and the formal opinion and recommendations of the Working Group was then published on IE Domain Registry’s website, [www.iedr.ie](http://www.iedr.ie).

The PAC issued its recommendation to the IE Domain Registry Board of Directors for the change and implementation of the proposed policy change, and in November 2017 the board formally approved the policy change. To allow for a four-month publicity and awareness campaign, the policy change was scheduled for implementation on 21 March 2018.

### Proposal to introduce an Alternative Dispute Resolution Policy (ADRP)

This change request proposed the introduction of an Alternative Dispute Resolution Policy (ADRP) to the .ie namespace. The rationale for this policy change proposal was to explore the potential for an alternative, lower cost, faster and easier mechanism for disputing .ie domain registrations, compared to the existing formal Dispute Resolution Process (DRP) with WIPO. The PAC found consensus-in-principle for the policy change proposal and established a Working Group to further review the matter. The Working Group members are expected to continue their review in 2018.

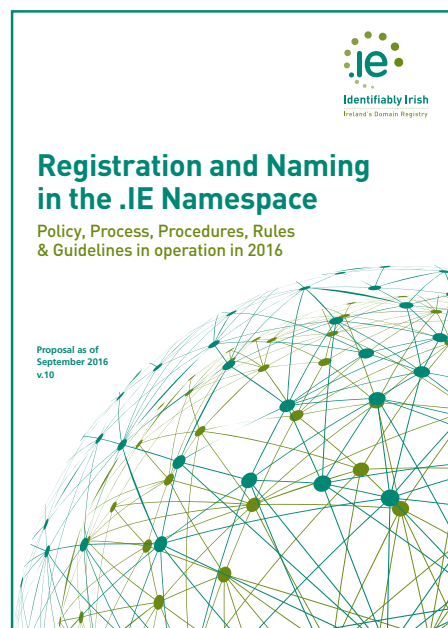
### Proposal to alter the operation of the DNS check process

2017 also saw the submission of a policy change request to alter the operation of the IE Domain Registry’s technical DNS check validation process, without adversely impacting the quality of the .ie zone. The current up-front check determines whether DNS records provided in a ticket request are correctly configured in accordance with defined technical standards. The rationale for this proposal was that it would ensure that ticket requests (e.g. new registration ticket) accepted by IE Domain Registry’s Registration Services Department would not be delayed from successfully completing, even if the DNS

records failed the technical validation check. Consensus was found for the proposal, and no objections were raised during a consultation period with the Registrar channel in December 2017. Accordingly, the policy change will be scheduled for implementation in 2018.

## Policy Change Requests – submitted prior to 2017

In March 2017, the PAC formally approved the introduction of the new framework for the IE Domain Registry Registration and Naming Policy. This new single policy reflected a combination of the legacy Registration Policy and Naming Policy, which had previously existed as two distinct, separate policies.



In 2017, the PAC also oversaw the formal conclusion phase of the previously submitted policy change requests to:

- ▶ introduce Internationalised .ie Domain Names (IDNs)
- ▶ introduce a Secondary Market (Re-sale of the right to use)
- ▶ remove the restriction on registering .ie domains corresponding to Geographic place names in the island of Ireland.

Furthermore, the PAC concluded on the policy change request to restrict the use of the term “architect” in .ie domain names, which was refused.

Policy change requests which were still undergoing consideration at the end of 2017 included:

- ▶ permitting the registration of .ie domains that correspond to TLD extensions (aero, coop, post)
- ▶ modifying the Registration and Naming Policy for abbreviated first names (“Personal Names”)
- ▶ updates to the Privacy Policy - updating terminology and addressing legislative changes, and
- ▶ updates to the WHOIS & Acceptable Use Policy - to include Billing Contact and Abuse Contacts.



# Internal Operations

While it is organised for functional excellence, IE Domain Registry operates a matrix organisation structure to ensure that all teams are focussed on delivering ongoing customer experience (CX) innovation and improvement.



David Curtin



Oonagh McCutcheon



Mick Begley



Patrick Bates

Based in Dún Laoghaire, Co. Dublin, IE Domain Registry has a total of twenty employees. This includes the CEO, David Curtin, who is supported by a management team of three: Customer Operations Manager, Oonagh McCutcheon; Technical Services Manager, Mick Begley; and Financial Controller, Patrick Bates.

Reflecting the Company's stage of development, three new roles were created during 2017 – Policy Analyst, Data Analyst and Head of HR.

## Finance and Administration

Three staff members make up the Finance Team - Financial Controller, Registrar Services Administrator and Office Manager / Head of HR. This team provides accounting services and financial support to the Company and its customers, along with HR support for the intern programme and graduate recruitment initiatives.

## Registration Services

The Registration Services Team has four staff members - one RS Supervisor and three RS Administrators. The RS Team is responsible for ensuring that all .ie applications from potential registrants are authenticated - with evidence of a real and substantive connection to the island of Ireland and confirmation of personal/corporate identity.

## Marketing

The Marketing Specialist manages the Company's marketing initiatives and supports our accredited Registrars on marketing and promotion of the .ie namespace.

## Business Development

There are two Business Development Executives in this team. Their roles are split into: account management - working with our existing accredited Registrars on growth opportunities/customer success management, and; future business development - building stakeholder relationships and expanding the Registrar base.

## Application Support and Development (ASD)

ASD has two staff members. This team is responsible for the ongoing customer support of applications and software tools, and developing, implementing and quality control of new or upgraded solutions for internal and external customers.

## Network Operations Centre (NOC)

The NOC Team has three staff members. NOC manages, controls and monitors IE Domain Registry's networks, information security and infrastructure. The overall function is to maintain optimal, high availability network operations across a variety of platforms and communications channels.



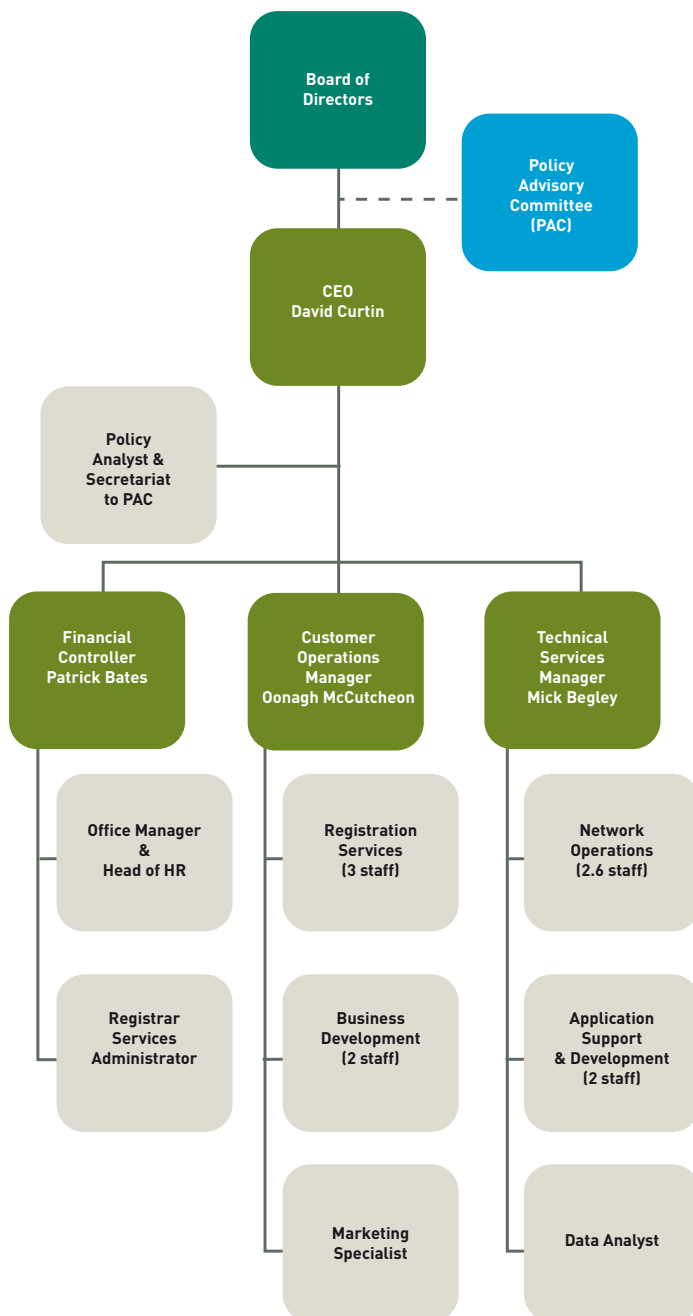
## Data Analytics

The Data Analyst is responsible for the preparation of business intelligence dashboards, KPI visualisation and supporting big data initiatives with the channel. The role applies new data analytics tools and algorithms to provide insights into the database of .ie domains and to complement third party research into the SME market.

## Policy Development

The Policy Analyst is responsible for the registry's policy formation, research and mobilising internal resources for implementation of policy changes. As PAC Secretariat, the role supports the PAC by driving policy change requests, managing public consultations and adhering to the formal 10-step policy development process.

## Organisational structure



# Frontline Customer Service

The Registration Services team is responsible for authenticating the personal or corporate identity of applicants and their connection with the island of Ireland for all new .ie domain registrations. It also assists customers in managing their .ie domain portfolios using IE Domain Registry's automated self-service systems. The team handled over 39,000 new registration requests during 2017.

IE Domain Registry operates a managed registry model whereby all new registrants must prove their connection to Ireland. This model means that the Registry knows the details of who is behind each .ie domain registration and, by extension, each .ie website. These verification checks at the point of registration mean that the .ie namespace has fewer intellectual property disputes, less cybercrime or cybersquatting and minimal incidences of credit card fraud. There is also little evidence of illegal, explicit or immoral content appearing on .ie websites. IE Domain Registry co-operates fully with law enforcement agencies, regulatory bodies and the relevant authorities in these matters, in the public interest. The Company's managed registry model ensures that such interventions are minimal.

2017 was a record-breaking year: 39,523 new domains were registered – an average of 108 every day. This is more than any other single year and a 14% increase on 2016.

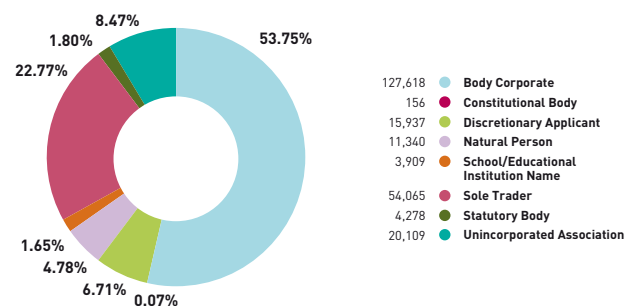
At the end of 2017 there were 237,412 .ie domains registered in total. This was a 7% increase compared to the total number of registered domains at the end of 2016.

## Who is registering .ie domains?

IE Domain Registry identifies the type of all .ie registrants at the time of registration, which provides valuable information on who is registering .ie domains. All registrations are broken down into eight different registrant types. This shows that more than two-thirds (67%) of new .ie domains in 2017 were registered by corporate bodies and sole traders, which reflects the growth of our economy. Clearly, .ie remains the domain-of-choice for Irish business owners.

The .ie database records information on the different domain names being registered. Chart 1 represents the domain holder (registrant) type and indicates that the business sector continues to be the largest type of registrant with body corporates at 53.75% (2016 – 54.46%) and sole traders at 22.77% (2016 – 23.47%).

**Chart 1: Total .ie domains registered at 31 December 2017 by domain holder type**



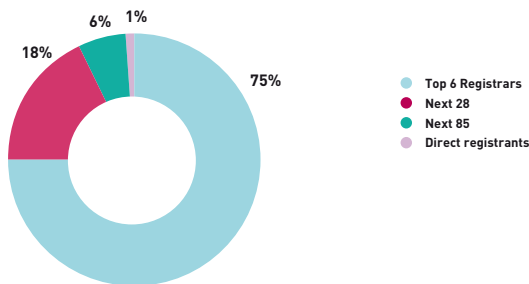
## .ie accredited Registrar community

An accredited Registrar is a company authorised by IE Domain Registry to act as an agent on behalf of registrants (customers) who need .ie websites and/or .ie email addresses. They are usually hosting providers who operate across a number of different business sectors, offering a wide range of services to their target markets. Most accredited Registrars will offer .ie domains as part of a bundle of services (hosting, email, storage, website builder, security products etc.) usually for an ongoing monthly fee. Links to many of our accredited Registrars' websites can be found on the IE Domain Registry website at [www.iedr.ie/register-a-domain/accredited-registrar-list](http://www.iedr.ie/register-a-domain/accredited-registrar-list).

At the end of 2017, the channel comprised of 119 accredited Registrars, who managed 99% of all domain names registered in the database (Chart 2). The top 6 accredited Registrars (those with a portfolio of more than 10,000 domains) and the top 34 (those with more than 500 domains) account for 75% and 93% respectively of the entire .ie database.

Direct registrants (those customers who do not register via an accredited Registrar) account for just 1% of the database.

**Chart 2: Accredited Registrars – concentration of channel market share December 2017**



## Geographical analysis of the .ie database

91% of .ie domains are registered to addresses on the island of Ireland. Of these, 89.5% are to addresses in the Republic of Ireland, with 1.5% registered to addresses in Northern Ireland. This is despite the fact that Northern Ireland accounts for over 28% of the island's population and could be attributed to the fact that the .co.uk extension is the dominant extension in this jurisdiction.

Chart 3 analyses the .ie database on a county by county basis showing the total number of domains per county, the percentage split of the total .ie database and the number of domains per 1,000 population. The Domain Profile Report published by IE Domain Registry in January 2018 provides additional analysis.

Dublin has the highest number of .ie domain registrations with 46% of the .ie database, despite only accounting for 28% of the population of the island of Ireland. Cork is the second highest with 8.5%, followed by Galway with 4%. These percentages are very similar to 2016 figures.

In terms of domains per 1,000 population, Dublin leads the way with 74, followed by Carlow with 58 and Wicklow with 52.

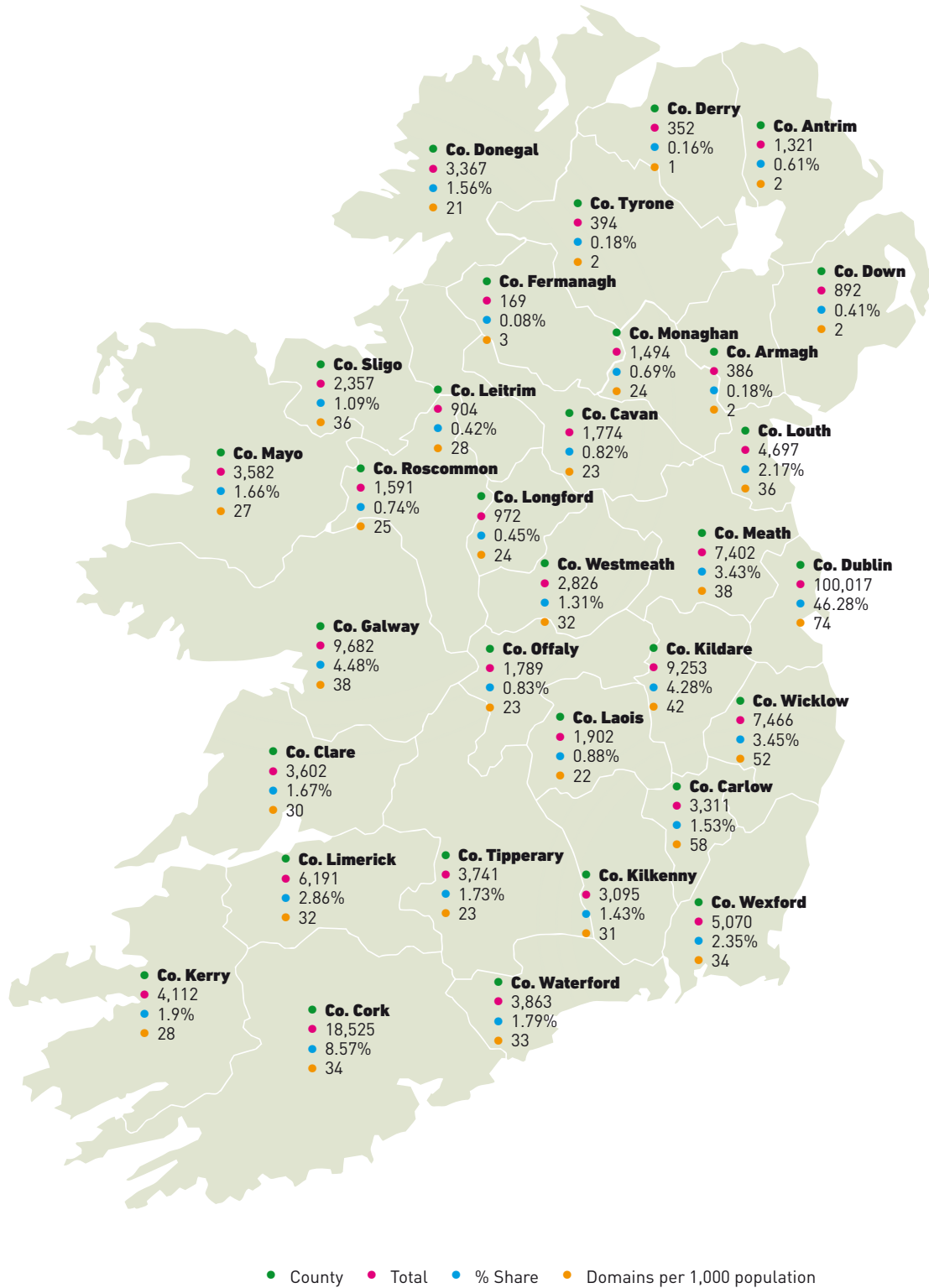
## International Market Review

There are more than 240 country code top-level domain extensions (ccTLDs) worldwide, including .ie. Compared to twenty two other European countries, Ireland ranks 18th, with 50 country code domains per 1,000 people (Chart 4).

Using this metric, Ireland ranks ahead of, or is comparable to, European countries with larger populations, including France (46 .fr domains per 1,000 people), Spain (40 .es domains per 1,000 people), Russia (38 .ru domains).

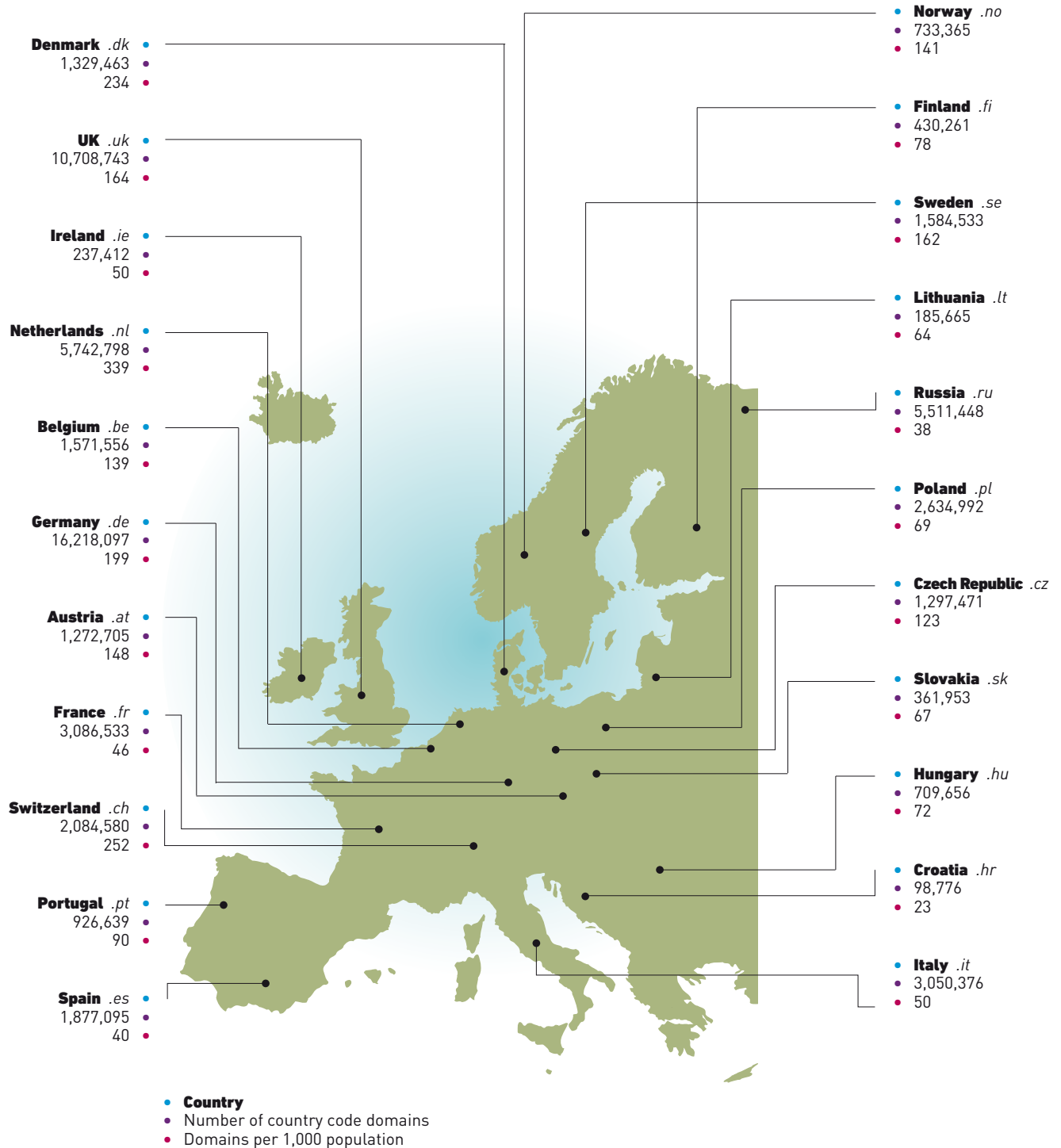
However, Ireland also ranks behind several European countries with smaller or similar populations, including Denmark (234 .dk domains), Norway (141 .no domains) and Lithuania (64 .lt domains). Our nearest neighbours in the UK have 164 .uk domains per 1,000 people.

Chart 3: County profile of .ie registrations



Source: IE Domain Registry Domain Profile Report January 2018

Chart 4: International ccTLD – registrations by country and domains per 1,000 population



Source: Council of European National Top Level Domain Registries ([www.centri.org](http://www.centri.org))



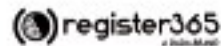
## Flagship research

Our Digital Health Index helps decision makers and policy makers to better understand how Irish businesses use the internet.

# Accredited Registrars

Accredited Registrars are a key part of the service delivery process.

Irish consumer and businesses can choose from over 100 accredited Registrars, many of whom are listed on [www.iedr.ie](http://www.iedr.ie)





# Partners in Keeping Ireland Online

IE Domain Registry works closely with key stakeholders and partners in keeping Ireland online.



## HEAnet

HEAnet is Ireland's National Education and Research Network, providing high quality internet services to Irish universities, Institutes of Technology and the research and educational community. HEAnet provides a high-speed national network with direct connectivity for its community to other networks in Ireland, Europe, the USA and the rest of the world. Established in 1984 to promote the interchange of information electronically within third level education, HEAnet plays a critical role in establishing Ireland as a global centre of excellence in internet activity.

## INEX

Founded in 1996, INEX is a neutral, industry-owned association that provides IP peering facilities for its members. INEX's objective is to provide high-speed, reliable and resilient IP traffic exchange facilities for both Irish and international organisations, allowing them to route IP traffic efficiently thereby providing faster, more reliable and lower-latency internet access for their customers. The INEX switching centres are located in six secure data centres in Dublin and Cork. The switches are connected by dedicated resilient fibre links.

## IIA

The Irish Internet Association is the independent representative body for internet businesses in Ireland. Established in 1997, it has been at the forefront of ensuring that Irish businesses and citizens have the skills, infrastructure and network of support needed to drive growth in the economy. Arising from an EGM in November 2016, a consultant's report was commissioned to examine the future direction of the organisation. The consultant's report, which included wide ranging dialogue with key stakeholders, reported a desire for the organisation to continue representing internet businesses in Ireland.

## DNS-OARC

The DNS Operations, Analysis, and Research Center (DNS-OARC) brings together key operators, implementors, and researchers on a trusted platform so they can coordinate responses to attacks and other concerns, share information and learn together.

DNS-OARC has five key functions: information sharing, operational characterisation, holding workshops, analysis, and providing tools and DNS services.

DNS-OARC members include TLD operators, implementors such as ISC (BIND), NL NetLabs, researchers and security organisations.

## ComReg

ComReg is the statutory body responsible for the regulation of the electronic communications sector and the postal sector. It is the national regulatory authority for these sectors in accordance with EU law which is subsequently transposed into Irish legislation. ComReg is responsible for promoting competition, protecting consumers and encouraging innovation. It was given regulatory responsibility for the .ie namespace in 2007 when the Oireachtas transferred powers which the Minister for Communications had previously obtained under the E-Commerce Act in 2000.



## Supporting Irish SMEs

We work with industry partners, like the Design & Crafts Council of Ireland and the Local Enterprise Offices, to advocate for digital excellence through our OPTIMISE programme.

# Technical Services Review

The Technical Services team manages and maintains the Company's high availability systems and infrastructure in accordance with international best practices. The team is responsible for the confidentiality, integrity, and availability of the Company's information security management systems (ISMS).

## Security and Stability 2017

A key objective for the Technical Services team is to align the Company's systems, controls and procedures with those of the ISO 27001 standard. This alignment ensures that the Company adopts best practice methodologies and provides an effective management system that will enhance stakeholder confidence when assessing the Company's ability to adequately protect its information assets. IE Domain Registry reviewed its controls and procedures in late 2017 in the context of the future GDPR and NIS directive projects planned for 2018.

Ransomware increased exponentially in 2017. There was a proliferation of new attacks and new ransomware apps across the internet during the year. Wannacry, Petya, and others, made headline news as they caused issues for corporates, citizens and government services, such as the NHS in the UK.

Ransomware is a type of malicious software that is typically sent hidden in an email. When opened, the user's system will be encrypted, locking-out the user and preventing access to information on the computer. The only way to retrieve information is to pay the attackers a fee to have the system decrypted.

DDoS attacks and hacking incidents were headline news in 2017. With GDPR and the NIS Directive on the horizon the potential financial fines on corporates for non-compliance has made it all the more important for SMEs to stay vigilant and implement preventive security measures and defences.

Technical service providers and ccTLDs across Europe are cooperating with law enforcement to identify and shut down the harmful bots and sites responsible. IE Domain Registry has been working with a technical partner to regularly scan the .ie zone for any sites that are hosting phishing or malware sites. The Company is planning to share summary information with Registrars in 2018 so that they can collectively enhance the protection of the .ie namespace.

## Future challenges for the international internet technical community

The General Data Protection Regulation (GDPR) will become effective on 25 May 2018. There are fundamental differences of opinion among industry stakeholders on how the regulation can be implemented with regard to the disclosure of personal data currently permitted by the WHOIS service. The WHOIS is a lookup tool designed to interrogate top level domain registry databases to find out information about a domain. Stakeholders within the ICANN community have noted the negative impact of a fragmented WHOIS, fearing that it will hinder the ability of law enforcement to get important information and the ability of the anti-spam community to help ensure the Internet protects end-users. Without the WHOIS transparency it is feared that it will:

- ▶ protect the identity of criminals who may register hundreds of domain names specifically for use in cyberattacks
- ▶ hamper the ability of consumer protection agencies who track the traffic patterns of illicit businesses
- ▶ stymie trademark holders from protecting intellectual property; and
- ▶ make it significantly harder to identify fake news and impact the ability to take action against bad actors.

The multi-stakeholder approach to problem resolution will be severely tested in the coming months as the parties try to reach agreement.

A major international technical event was due to take place in October 2017, but was deferred. The Root Zone DNSSEC Key Signing Key is the top most cryptographic key in the DNSSEC hierarchy. The KSK should be changed periodically (like a password). However, ICANN analysis revealed that only 4% of 12,000 DNSSEC-validating resolvers supported the existing KSK key (KSK-2010). The current plan calls for rolling the root

zone KSK on 11 October 2018. There will be a session at ICANN61 in February 2018 in Puerto Rico, to further discuss the plan and obtain additional feedback from technical industry stakeholders.

## High availability .ie systems and services

The Technical Services team manages and maintains the Company's high availability systems and infrastructure, spread across four sites; two data centres (Interxion and Equinix), a business continuity recovery site and IE Domain Registry's headquarters in Dublin. The Company continues to optimise its network across the datacentres to ensure its resilience.

IE Domain Registry continued to strengthen its systems. The API customer base grew consistently in 2017 to include 33 Registrars; this automated solution allows Registrars to provide a faster customer experience to their customers. Collectively, these 33 Registrars account for almost 83% of the year-end database of .ie domains.

Several key features within the Registrar Console were improved, including login/password reset, quick links for ease of use and the Company introduced functionality to allow Registrars test their DNS changes without having to log into the application. This has been positively received by the Registrars. The SSL certs were also replaced as part of the deployment and updated software security patches were regularly applied. By year-end, a major project was underway as part of the upgrade cycle, including Java version updates and significant database elements and components.

## Products and services

Several policy changes that are planned for 2018 required advance service development and stress-testing in 2017. The team executed performance tests and benchmarking to ensure that systems and applications could handle a large growth spike following the new policy changes.

A new Business Intelligence project team was formed and IE Domain Registry hired a Data Analyst. The team worked internally to provide insights on the SME market and .ie data for the Registrar channel to help them plan for the future. IE Domain Registry also worked with teams in CENTR to see what other insights can be gained by collaborating on algorithms and data analytics.

Team members continued their collaboration efforts with various internet stakeholders through the membership of organisations such as the DNS-OARC (DNS Operations, Analysis and Research Centre) group. This group brings together members from the major internet DNS operators, including ICANN and Verisign, implementors and researchers in order to coordinate responses to attacks, share critical information and engage in discussion and analysis. Staff

are also actively engaged with the Irish Reporting and Information Security Service (IRISS), the Irish Neutral Internet Exchange (INEX), RIPE, CENTR and others. The team actively participated in international industry events such as CENTR meetings (Technical, Security and R&D), RIPE and ICANN during the year. IE Domain Registry hosted a CENTR Tech meeting in Dublin in 2017. Company staff presented at several events through the year, including Percona Live, a Database conference held in Dublin during 2017.

## The .ie DNS infrastructure

The IE Domain Registry Domain Name System (DNS) infrastructure consists of a network of nameserver locations around the globe, illustrated in Diagram 2 overleaf. The lookup or resolution service for .ie domain queries is performed at all nameserver locations. A critical component of this nameserver infrastructure is the use of 'Anycast' load balancing technology provided to IE Domain Registry by the secondary nameserver service providers. This 'Anycast' facility (illustrated in red/blue text, in Diagram 2) protects against a Denial of Service attack (DDoS attack) by allowing the geographical distribution of .ie domain lookup requests to any available DNS resolver for redundancy. This effectively localises the potential adverse effects of the DDoS attack, by preventing it spreading across the entire network. For the .ie namespace, this means increased system efficiency, faster response times, reduced potential for outages, and increased resilience against deliberate or malicious attacks.

It is important to note that even if IE Domain Registry's physical locations, staff and primary nameserver were wiped out (an unlikely scenario) and no action was taken to invoke emergency plans (an even more unlikely scenario), then service to .ie domains would continue for a minimum of 30 days without any intervention. Obviously, new registrations, changes and deletions would not take place but crucially, existing domain holders' websites and email would continue to function normally during this time, using the secondary nameserver locations around the world.

## Diagram 2: Security and stability Nameserver network

### DUBLIN, IRELAND

*a.ns.ie*

*b.ns.ie*

IE Domain Registry

### DUBLIN, IRELAND

*g.ns.ie*

BT

### FRANCE

*h.ns.ie*

Afnic

Saint-Quentin- en-Yvelines

### NETNOD'S NETWORK

*c.ns.ie*

*d.ns.ie*

#### South America

Porto Alegre: Brazil

#### United States

Ashburn: VA

Chicago: IL

Miami: FL

San Francisco: CA

Washington DC: VA

#### Europe

Amsterdam:  
Netherlands [2]

Ankara: Turkey

Belgrade: Serbia

Brussels: Belgium

Bucharest: Romania

Frankfurt: Germany

Helsinki: Finland

Geneva: Switzerland

Gothenburg: Sweden

Kiev: Ukraine

London:

United Kingdom

Luleå: Sweden

Luxembourg:

Luxembourg

Malmo: Sweden

Milan: Italy

Oslo: Norway

Paris: France

Reykjavik: Iceland

Riga: Latvia

St Petersburg: Russia

Stockholm: Sweden [3]

Sundsvall: Sweden

Tallinn: Estonia

Vienna: Austria

#### Middle East/Asia

Colombo: Sri Lanka

Doha: Qatar

Dubai:

United Arab Emirates

Jakarta: Indonesia

Kathmandu: Nepal

Karachi: Pakistan

Kuala Lumpur:

Malaysia

Mumbai: India

Singapore: Singapore

Taipei: Taiwan

Thimphu: Bhutan

Tokyo: Japan

Ulaanbaatar: Mongolia

#### Africa

Johannesburg:

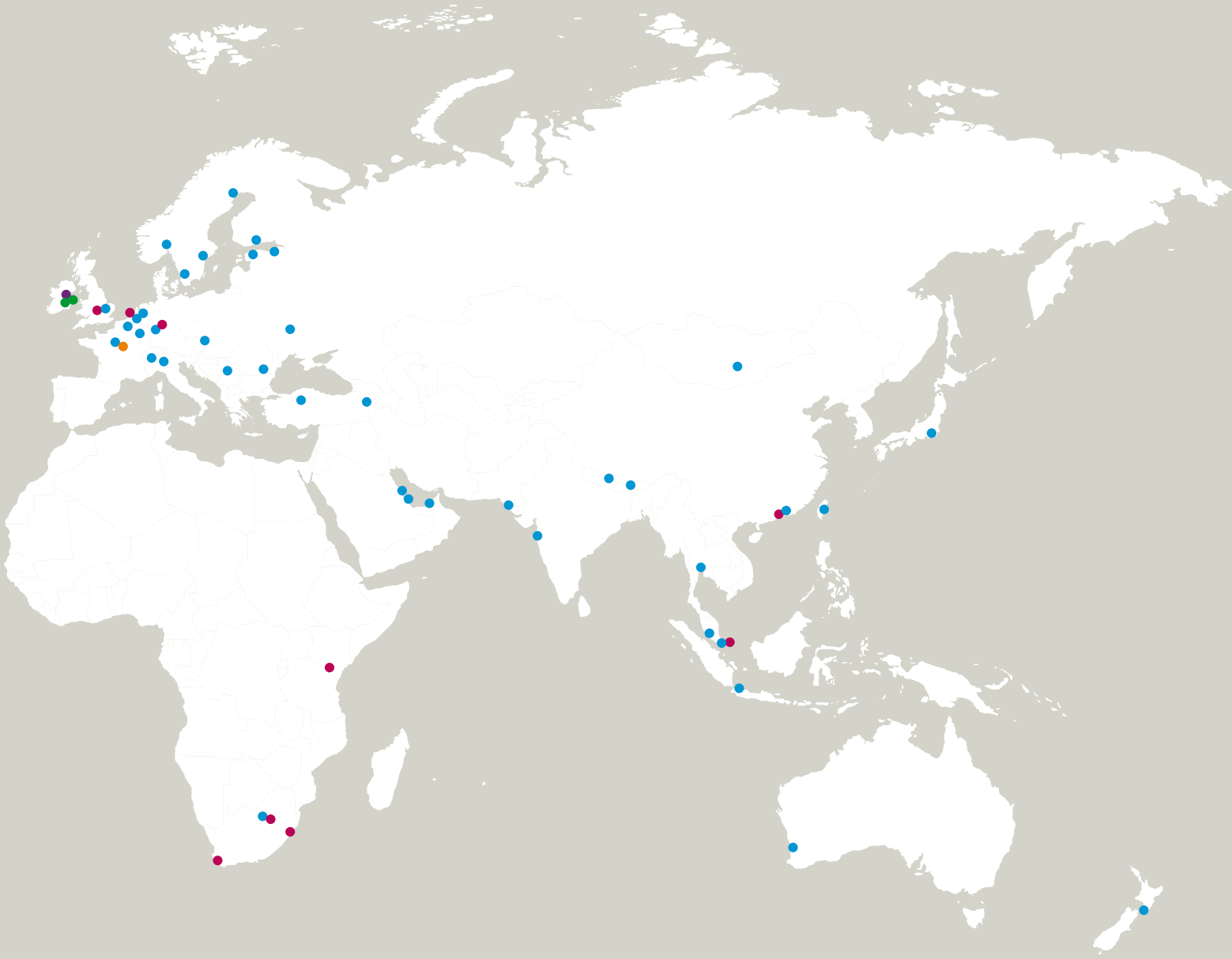
South Africa

#### Oceania

Perth: Australia

Wellington:

New Zealand



**DYN'S NETWORK**

*e.ns.ie*  
*f.ns.ie*

**Canada**

Toronto: Canada

**South America**

Sao Paulo: Brazil

**United States**

El Paso: TX  
Los Angeles: CA  
Nogales: AZ  
North Bergen: NJ

Dallas: TX  
Miami: FL  
Sunnyvale: CA  
Washington DC: VA

**Europe**

Amsterdam: Netherlands  
Dublin: Ireland  
Frankfurt: Germany  
London: United Kingdom  
Warsaw: Poland

**Africa**

Cape Town: South Africa  
Durban: South Africa  
Johannesburg: South Africa

**Middle East/Asia**

Hong Kong: China  
Singapore: Singapore

# Marketing and Communications Review

IE Domain Registry's Marketing and Communications programme continued to engage with stakeholders and the internet community in Ireland throughout 2017. A range of initiatives and sponsorships were specifically designed to promote the benefits of the .ie namespace and encourage internet usage and uptake.

## Co-Funded Marketing Programme

In 2012, IE Domain Registry established a Co-Funded Marketing Programme (CFMP) for our .ie accredited Registrars. The purpose of the programme is to promote awareness, stimulate registration growth and encourage renewals of .ie domain names. The CFMP, in partnership with our Registrars, supports one of the Company's key objectives of raising awareness about the importance of having an identifiably Irish online presence.

IE Domain Registry continued to offer the CFMP throughout 2017. The programme supported a wide range of Registrar marketing initiatives including radio commercials, printed advertisements, social media advertising and industry events. It resulted in increased sales growth, promotion of domain activation with email or a website and selling products such as web builder and security products. Registrars who participated in the 2017 programme reported positive results with increased traffic to their websites and an increase in their .ie registrations and renewal rates.

## Supporting the internet community in Ireland

Throughout 2017, IE Domain Registry continued to support the internet community in Ireland with a range of initiatives and sponsorships designed to promote the .ie domain name and to encourage internet usage.

IE Domain Registry was the headline sponsor of the Irish Internet Association's 2017 dot ie Net Visionary Awards and contributed to other industry events, including the BT Young Scientist and Technology Exhibition, Small Firms Association (SFA) Awards, Web Awards, SME Awards, Start-up Awards and Digital DNA in Belfast.

Additionally, IE Domain Registry continued to build and strengthen relationships with key SME and micro-enterprise representative bodies such as the Local Enterprise Offices, the SFA, Retail Excellence and the Design & Crafts Council of Ireland. By working with these groups, IE Domain Registry can engage with their networks to promote the benefits of e-commerce. This applies especially on a website with a .ie address, which "tells the global community that you are Irish and tells the Irish community that you are local".

In October, IE Domain Registry also hosted Internet Day 2017 where Wikipedia founder Jimmy Wales discussed the need to fight against fake news and how threats to online knowledge-sharing can be combatted with evidence-based journalism. This was the third year celebrating Internet Day, which aims to promote awareness, knowledge, use and understanding of the internet in Ireland by its citizens, businesses and communities.



**Above:** IE Domain Registry CEO David Curtin with Wikipedia Founder, Jimmy Wales at Internet Day 2017.





**Launch of OPTIMISE Design Ireland.**  
**L-R:** Brian McGee, Market Development Director, Design & Crafts Council of Ireland; Colette Byrne, CEO, Kilkenny County Council; Minister John Paul Phelan TD; Karen Hennessy, Chief Executive, Design & Crafts Council of Ireland; Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection, Pat Breen TD; Fiona Deegan, Head of Enterprise, Local Enterprise Office Kilkenny; David Curtin, Chief Executive, IE Domain Registry; Oonagh McCutcheon, Customer Operations Manager, IE Domain Registry.

## OPTIMISE – the e-Commerce Website Development Fund

Research undertaken by IE Domain Registry into Irish Small and Medium Enterprises (SMEs) and micro enterprises' online presence and e-commerce capabilities found that the vast majority of companies are not fully utilising the internet or online sales opportunities. Some of the key issues facing Irish SMEs and micro enterprises are a lack of resources and a lack of knowledge about using online methods to help grow their business.

In response, IE Domain Registry set up OPTIMISE – the e-Commerce Website Development Fund in 2011. The Fund was created to provide Irish SMEs and micro enterprises with professional consultation, practical training and e-commerce tools and development services. To date, OPTIMISE has worked shoulder-to-shoulder with 130 companies to enable them to make greater use of existing web technologies and e-commerce enabled websites to grow their existing business via the internet.

In 2017, OPTIMISE was re-vamped to help more SMEs on their digital journeys. IE Domain Registry partnered with a sectoral organisation, Design & Crafts Council of Ireland (DCCol), to enable selected design enterprises to improve their online presence, hone their digital capabilities and grow their global e-commerce sales. Each participating business received a comprehensive digital health check by an expert digital marketing agency with company-specific recommendations, before taking part in a series of mentoring days, with a masterclass hosted by IE Domain Registry, DCCol and the LEOs. A review meeting with each participant monitored changes implemented as well as their progress moving forward. Engaging sectoral organisations has proved highly effective, as these bodies have a deep understanding of the needs of their members. For more information on OPTIMISE please visit [www.iedr.ie/optimize](http://www.iedr.ie/optimize).

## Fact-based analysis and research: The Digital Health Index

It is imperative that policy makers have access to accurate data upon which to base their decisions. 2017 saw the publication of two key reports by IE Domain Registry – the Digital Health Index and the Domain Profile Report. The Domain Profile Report illustrates the key trends and statistics in .ie domain registrations over time. It examines the entire database of .ie domains while also measuring the growth in registrations at regional and county levels over time.

The Digital Health Index (DHI) is based on empirical research, commissioned by the Company, on 500 SMEs and micro businesses. This biannual report assesses the number and quality of digital assets owned by Irish SMEs, such as websites, social media pages and e-commerce tools. It is a widely recognised research publication, which has significant impact with our stakeholders in advocating for digital excellence, such as promoting the benefits of e-commerce. The DHI is particularly important given that the EC's Digital Economy and Society Index (DESI) excludes SMEs with fewer than 10 employees.

The research investigates the digital health of SMEs in key areas, such as the functionality of websites; use of social media; SMEs' perception of their competitors and their use of digital assets; and, the ongoing issue of offline SMEs. The Q4 2017 Index found that while SME's digital health is on the rise, further improvements are required in order for SMEs to compete in the global e-commerce marketplace. It is vital that SMEs start digitising their sales process in order to counter the effect of marketplaces such as Amazon. The report includes a set of five recommendations for policy makers. These are clustered under two pillars – Mentorship and Infrastructure and call for the implementation of a national digital skills programme; one-to-one mentorship; an increase and improvement in online supports for SMEs; provision of high-speed reliable broadband nationwide and; provision of adequate resources for relevant State agencies with responsibility for SMEs.

## Promoting policy liberalisation

In August 2017, the public consultation on the proposal to remove the 'claim to the name' requirement from our Registration and Naming Policy began. This policy proposal intended to drive expansion of the .ie namespace for all and also enhance the end-user customer experience. Accordingly, advertising, PR and marketing activities were used to promote public awareness. Tailored marketing toolkits were developed for, and distributed to, our Registrars, stakeholders and PAC members. These toolkits included rich content materials, including video animations and digital advertisements. Registrars, stakeholders and PAC members shared these materials with their networks to amplify the liberalisation message to current and potential registrants.



**Above:** Small Firms Association (SFA) National Small Business Awards 2017. L-R: SFA Chair, Sue O'Neill; Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection, Pat Breen TD; CEO Sales Optimize, Liz Fulham; Customer Operations Manager, IE Domain Registry, Oonagh McCutcheon.

**Above:** Example of communications developed to promote liberalisation.



**Above:** The Digital Health Index (DHI) investigates and analyses the digital assets owned and used by Irish SMEs.

**Right:** Infographic which summarises the key findings of the DHI Q4 2017.

# dot ie Digital Health Index

Q4 2017



Identifiably Irish  
Ireland's Domain Registry

The dot ie Digital Health Index has increased to

**49.0**

the highest ever score.



Almost **1 in 5** SMEs have no digital assets whatsoever.



**62%** have a Facebook account, up from **50%**

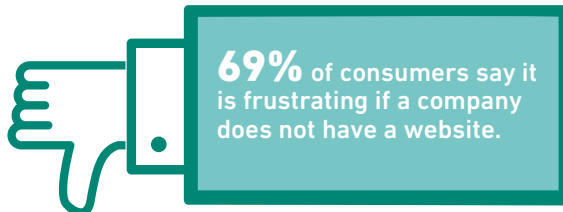
**17%** have data analytics capability, up from **7%**



**18%** of offline SMEs can't go online because of poor internet infrastructure.



**41%** of SMEs say that social media is less important than their website.



Only **40%** of SMEs with websites can take sales orders online.

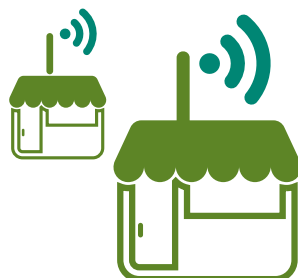


**54%** would shop with a competitor if a business is not online.



**63%** of SMEs do not promote their services online.

Only **52%** of consumers believe their local shops are equipped for the digital age.



# Glossary of Terms

## .ie accredited Registrar

An .ie accredited Registrar is a company that has signed an agreement with IEDR, authorising it to act as agent for registrants who require a .ie web address. Accredited Registrars include HSPs, ISPs and web development companies. The full list of .ie accredited Registrars can be found at [www.iedr.ie/register-a-domain/accredited-registrar-list](http://www.iedr.ie/register-a-domain/accredited-registrar-list).

## Anycast

Anycast is a methodology for addressing multiple servers with the same IP address. Data is transmitted to the closest or best receiver in line with predetermined criteria. One benefit is that a denial of service attack can be “localised” and therefore contained.

## ccTLD

Country code top-level domains (ccTLD), are national top-level domains based on the International Organisation for Standardisation’s (ISO) country codes. National top-level domains comprise two letters, for example .ie for Ireland or .de for Germany.

## CENTR

CENTR (Council of European National Top-Level Registries). CENTR is a not-for-profit organisation dedicated to supporting the interests of country code TLD managers. The objectives of CENTR are to promote and participate in the development of high standards and best practices among ccTLD Registries. See [www.centri.org](http://www.centri.org).

## ComReg

The Commission for Communications Regulation (ComReg) is the general communications regulator for Ireland, with responsibility for mobile, fixed line and postal services.

## CRS Console

IEDR’s automated Core Registry System (CRS): the Console is a web-based interface which allows registrants and Registrars access to CRS to manage their registrations, transfers, modifications, billing and non-renewal of .ie domain names.

## DNS

The Domain Name System (DNS) is an international hierarchical distributed database used to translate alphanumeric domain names, as understood by humans, into IP address, which computers use to find other computers on the internet e.g. [www.iedr.ie](http://www.iedr.ie) is translated to IP address 77.72.74.147.

## DNSSEC

DNSSEC (DNS Security Extension) is a supplementary service to domain names that makes it possible to check that the DNS information stems from the correct sender and has not been altered during its transmission. When DNSSEC is in use, the computer submitting a query (e.g. an internet browser) is able to determine whether the reply provided for an internet address in the DNS actually comes from the server that is registered with IEDR as being the authoritative server.

## Domain name

A domain name is a unique alphanumeric name, which is often linked to a website or e-mail. The domain name is translated in the DNS to an IP address before any internet communication can occur. A registered domain name is a domain name held by a specific registrant following an application process.

## GAC

ICANN receives input and advice from governments through the Governmental Advisory Committee (GAC). The GAC’s key role is to provide advice to ICANN on issues of public policy and especially where there may be an interaction between ICANN’s activities or policies and national laws or international agreements.

## GDPR

The General Data Protection Regulation (GDPR) (EU) 2016/679 is a regulation in EU law on data protection and privacy for all individuals within the European Union and the European Economic Area. GDPR is a new set of rules, backed by national legislation, designed to give EU citizens more control over their personal data. Under the terms of GDPR, organisations have to ensure that personal data is gathered legally and under strict conditions, and also ensure that those who collect and manage it will be obliged to protect it from misuse and exploitation, as well as to respect the rights of data owners - or face penalties for not doing so.

## gTLD

Generic top-level domains (gTLDs), such as .com, .net and .org are top-level domains that are not tied to a country or geographic territory.

## IANA

IANA (Internet Assigned Numbers Authority) is responsible for the global coordination of the DNS Root, IP addressing, and other internet protocol resources.

## ICANN

ICANN (Internet Corporation for Assigned Names and Numbers). An international not-for-profit, private sector organisation created to co-ordinate four key functions of the internet: managing the domain names system, allocating IP addresses, assigning protocol parameters and managing the root server system.

## IDN

Internationalised Domain Names (IDN). Until recently, the Root Zone was limited to a set of characters conforming to “Latin” alphabets - US-ASCII (American Standard Code for Information Interchange). This changed with the introduction of IDNs, which introduced top-level domains (TLDs) in different languages and scripts and enabled internet users to access domain names or use email addresses in their own native language.

## IGF

The Internet Governance Forum (IGF) was established in 2006 by the United Nations to create a forum for discussion of internet governance policy issues. Multi-stakeholders represent countries, commerce and society in general.

## IPv4 and IPv6

Internet Protocol version 4 (IPv4) is the fourth version of the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet. (IE Domain Registry’s IPv4 address is 77.72.74.147).

In response to a global shortage of addresses, a successor protocol, IPv6, became an Internet Standard on 14 July 2017. IPv6 uses a 128-bit address, theoretically allowing 2<sup>128</sup> addresses – enough for every internet-connected fridge and toaster on the planet – for now at least. (IE Domain Registry’s IPv6 address is 77.72.74.133 2a01:4b0:0:6::5).

## Nameserver

Nameservers are computers with software that stores and/or distributes domains (zones) and which accept and answer domain name questions. When a user wishes to surf to [www.iedr.ie](http://www.iedr.ie) for example, the user’s computer sends a question to a nameserver asking for an IP address for a computer on which information regarding [www.iedr.ie](http://www.iedr.ie) is located.

## NIS Directive

The Directive on security of network and information systems (NIS Directive) is the first piece of EU-wide legislation which provides legal measures to boost the overall level of cybersecurity in the European Union. Member States have to transpose the Directive into their national laws by 9 May 2018 and identify operators of essential services (OES) by 9 November 2018.

## PAC

The Board of the IEDR established a Policy Advisory Committee (PAC) in 2014 to consider and provide advice on policy issues concerning Ireland’s internet top-level domain, .ie. The Policy Advisory Committee operates in line with the 10-step Policy Development Process (PDP).

## PDP

IE Domain Registry’s Policy Development Process (PDP) for the .ie namespace is a 10-step process used to formulate, evaluate, and generate consensus on proposed policy changes and its implementation. The formal process is consensus-driven, transparent and allows for bottom-up proposals from the wider multi-stakeholder internet community. See [www.iedr.ie/p30/policy-development](http://www.iedr.ie/p30/policy-development).

## Registrant

The individual or legal entity registered in the .ie database, with the legal right to use the .ie domain name.

## Registry

A registry is a company or organisation responsible for the administration and operation of a top-level domain. IEDR is the active registry operator responsible for administration, management and technical operation of the .ie domain and ensures that all registered .ie domains are included in the zone file and accessible via the internet.

## VMware

VMware is a provider of virtualisation software. It is a US based company which is majority owned by EMC. VMware software provides a completely virtualised set of hardware. One large server can replace dozens of smaller specific-purpose servers.

## Zone and zone file

A zone is the delimitation of the administrative responsibility for a domain tree. A zone file is a data file comprising the necessary zone information to enable the use of DNS addressing. The zone files are stored on authoritative nameservers that are distributed throughout the internet.



# Five Year Summary

Extract from the audited Financial Statements (financial figures only)

<b>Profit and Loss</b>	<b>Year to 31 Dec 2017</b>	<b>Year to 31 Dec 2016</b>	<b>Year to 31 Dec 2015</b>	<b>Year to 31 Dec 2014</b>	<b>Year to 31 Dec 2013</b>
	€	€	€	€	€
<b>Registration Revenue</b>	<b>3,124,557</b>	3,030,258	2,859,722	2,723,983	2,587,526
Administration Expenses	<b>(1,393,891)</b>	(1,727,851)	(1,706,923)	(1,204,141)	(991,860)
Employment Costs	<b>(1,404,097)</b>	(1,344,439)	(1,462,973)	(1,334,870)	(1,274,261)
Depreciation	<b>(140,363)</b>	(157,282)	(206,908)	(175,108)	(190,406)
Regulatory Costs	<b>0</b>	0	0	0	0
<b>Operating profit/(loss)</b>	<b>186,206</b>	(199,314)	(517,082)	9,864	130,999
Unrealised gains on financial investment	<b>83,793</b>	85,274	80,941	83,078	144,504
Profit on sale of financial investment	<b>0</b>	0	0	132,358	0
Interest income	<b>7,229</b>	10,709	21,444	30,741	59,674
Taxation	<b>(21,976)</b>	(23,188)	25,386	(60,000)	(36,000)
<b>Profit/(loss) after taxation</b>	<b>255,252</b>	(126,519)	(389,311)	196,041	299,177

<b>Balance Sheet</b>	<b>At 31 Dec 2017</b>	<b>At 31 Dec 2016</b>	<b>At 31 Dec 2015</b>	<b>At 31 Dec 2014</b>	<b>At 31 Dec 2013</b>
	€	€	€	€	€
Fixed Assets	<b>102,641</b>	164,039	163,762	181,141	199,451
Investments	<b>3,328,882</b>	3,245,089	3,159,815	3,078,874	1,940,089
Current Assets	<b>3,474,662</b>	3,139,923	2,801,697	3,272,788	4,077,512
Creditors <1 year, excluding Deferred Income	<b>(836,023)</b>	(874,362)	(437,514)	(592,383)	(645,586)
Deferred Income	<b>(2,169,542)</b>	(2,049,351)	(1,970,724)	(1,834,073)	(1,661,160)
Creditors >1 year	<b>(54,851)</b>	(34,821)	0	0	0
<b>Members' Funds</b>	<b>3,845,769</b>	3,590,517	3,717,036	4,106,347	3,910,306

## 5 Year Summary - Registration Growth

	<b>YoY % change</b>	<b>Year to 31 Dec 2017</b>	<b>Year to 31 Dec 2016</b>	<b>Year to 31 Dec 2015</b>	<b>Year to 31 Dec 2014</b>	<b>Year to 31 Dec 2013</b>
<b>At 1 January*</b>		<b>219,858</b>	208,928	195,999	187,269	182,284
New Registrations	14.2%	<b>39,523</b>	34,615	35,225	31,072	32,154
Less : Deletions/Non-renewals	2.1%	<b>(24,181)</b>	(23,685)	(22,296)	(22,342)	(27,169)
<b>Net Additions</b>	40.4%	<b>15,342</b>	10,930	12,929	8,730	4,985
<b>At 31 December*</b>		<b>235,200</b>	219,858	208,928	195,999	187,269
Net - growth in year		<b>7.0%</b>	5.2%	6.6%	4.7%	2.7%
New Reg - growth in year		<b>18.0%</b>	16.6%	18.0%	16.6%	17.6%
Deletion rate		<b>(11.0%)</b>	(11.3%)	(11.4%)	(11.9%)	(14.9%)

\*Zone file data - excludes suspended domains



# Financial Statements

*for the financial year ended 31 December 2017*

<b>42</b>	Company Information
<b>42</b>	Directors' Report
<b>45</b>	Independent Auditors' Report
<b>47</b>	Statement of Income and Retained Earnings
<b>48</b>	Balance Sheet
<b>49</b>	Statement of Cash Flows
<b>50</b>	Notes to the Financial Statements



# Company Information

## Directors

Mr. Jim Joyce (Chairman)  
 Ms. Frances M. Buggy (retired 20 October 2017)  
 Mr. Eamonn Ceannt (appointed 10 February 2017)  
 Mr. Mark Dobbyn (retired 10 February 2017)  
 Mr. Gareth Dunlop (appointed 20 October 2017)  
 Ms. Anne-Marie Eklund Löwinder (appointed 9 February 2018)  
 Ms. Louise English (appointed 9 February 2018)  
 Mr. Dan Flinter (appointed 14 July 2017)  
 Dr. Patrick Frain (retired 28 April 2017)  
 Dr. Canice Lambe (retired 9 February 2018)  
 Mr. Kevin McCarthy (retired 8 December 2017)  
 Mr. Fergal O'Byrne  
 Professor J.O. Scanlan (retired 28 April 2017)

## Secretary

Mr. Jim Joyce

## Registered Office

4th Floor, Harbour Square  
 Dun Laoghaire, Co. Dublin

## Company Number

315315

## Auditors

### BDO

Beaux Lane House  
 Mercer Street Lower, Dublin 2

## Bankers

### Bank of Ireland

Montrose, Dublin 4

### KBC Bank

Sandwith Street, Dublin 2

### RaboDirect

2 George's Dock, Dublin 1

## Solicitors

### Arthur Cox

Earlsfort Centre  
 Earlsfort Terrace, Dublin 2

### Eversheds Sutherland

One Earlsfort Centre  
 Earlsfort Terrace, Dublin 2

### McKeever Solicitors

5 Harbourmaster Place  
 IFSC, Dublin 1

# Directors' Report

for the financial year ended 31 December 2017

The directors present their report and the financial statements for the financial year ended 31 December 2017.

## Principal Activity

The company was incorporated on 16 November 1999 and commenced to trade on 1 July 2000. The principal activity of the company is the registry for .ie Internet domain names.

## Results and Dividends

The profit for the year, after providing for depreciation, taxation and the unrealised gains on financial investment amounted to €255,252 (2016 loss - €126,519). No dividends are payable as the company is limited by guarantee and does not have a share capital.

## Fair Review

From an operational perspective, 2017 was a satisfactory year of development and growth. In 2017, the company extended its 2015 Strategic Development Fund with a dedicated 2017 budget of €243,500 to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace. This fund financed a revamp of the successful SME e-commerce fund OPTIMISE program, publications backed by robust independent research, and hosted Jimmy Wales, co-founder of Wikipedia, for Ireland's Internet Day. Thus far, the fund has facilitated the design, development and rollout of new services for customers, including secondary market, IDN's, domain locking and rules liberalisation.

Turnover increased by 3.1% to €3.12 million (2016 - €3.03 million). Volume growth in domains was again strong in 2017, as year-on-year new registration growth increased by 14.2%. When non-renewals are considered, the net increase in the .ie namespace was 40.4%, which is exceptional, even in the context of the global recovery of legacy TLD's such as .com. The new gTLD's continued to struggle, as evidenced by the level of non-renewals. The .ie volume growth is generated by the registrar sales channel, which accounts for over 99% of all new registrations.

The deferred revenue on the balance sheet increased by 5.9% in 2017, to €2.17 million (2016 - €2.05 million). This is because the invoiced value of registration fees increased by 4.9%, reflecting renewals and new growth in 2017.

Administrative expenses decreased by 9.0% from €3.23 million to €2.94 million. Employment costs increased by 4.4% in 2017 to €1.40 million reflecting additional

staff recruited in 2017 and cost of living salary increases. Promotion, sponsorship, and advertising costs were again high as the company continued its Strategic Development Fund activities to support SMEs and grow the .ie namespace. The company continued its sponsorship of industry events, continued its joint promotion with registrars of the .ie namespace and continued to fund the OPTIMISE program, which assists SMEs and micro-businesses to develop and e-commerce enable their .ie websites.

The financial position of the company at 31 December 2017 is solid with Members' Funds of €3.8 million. The market value of financial investments at 31 December 2017 is €3,278,782 (2016 - €3,194,989), up by €83,793 in 2017.

### Principal Risks and Uncertainties

In common with other small and medium-sized enterprises, the company's performance is impacted by residual macro-economic risks posed by the after-effects of the recession, weak SME balance sheets, and the uncertainty arising from the Brexit referendum in the UK – the largest market for Irish SME exporters. These risks continue to be managed prudently by the company. The impact of new regulations remains uncertain, as the EU continues its initiatives to complete the Digital Single Market. This uncertainty is likely to continue until the enabling legislation is passed to reflect General Data Protection Regulation (GDPR) and Network and Information Systems Directive (NIS).

In common with small internet service providers, the company faces risks in relation to digital disruption and innovations from internet global giants, which offer new apps and free services, financed by advertising revenues. The company also faces risks in relation to reliance on key computer systems and key staff. The company's business continuity plans and disaster recovery procedures address the risks associated with reliance on key computer systems. Staff training, cross-skilling and key process documentation mitigate the potential exposure arising from the loss of key staff members.

### Future Developments

The company continues to monitor international developments impacting ccTLD registries, in particular new EC regulations and the ongoing international expansion in, and the number of, top-level domains. These developments will result in some disruption in the global domain name market, and will represent a challenge for data protection

managers, trademark and patents holders, brand managers and the owners of intellectual property rights.

The company's operational plans and budgets incorporate a continuation of the 2017 Strategic Development Fund to finance the strategic objectives and priorities for 2018.

In technical terms, the company's infrastructure and services portfolio is up-to-date, matching the top ccTLD's in the EU. Heretofore, the company has taken a national leadership role in providing registry lock, secure DNS, secondary market, IDN's, rule relaxation for geographic and place names, and the liberalisation of rules for new .ie domains.

### Directors

In accordance with the Articles of Association directors may serve a maximum of two Terms, whereby a Term is a three-year period.

On 10 February 2017, Mr Mark Dobbyn retired and Mr Eamonn Ceannt was appointed as a director; on 28 April 2017 Dr Patrick Frain and Professor J.O. Scanlan retired; Mr Dan Flinter was appointed as a director on 14 July 2017; Ms. Frances Buggy retired and Mr Gareth Dunlop was appointed as a director on 20 October 2017; Mr Kevin McCarthy retired on 8 December 2017; Dr Canice Lambe retired and both Ms Louise English and Ms Anne-Marie Eklund Löwinder were appointed as directors post year end on 9 February 2018.

### Post Balance Sheet Events

There are no material post balance sheet events.

### Directors and their Interests

In accordance with the Articles of Association, the directors have no financial interest in the Members' Funds of the company.

The company is limited by guarantee and does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up. Members are liable for payment of debts and liabilities of the company contracted before ceasing to be a member, and for the costs, charges and expenses of winding up, such amount as may be required not exceeding €1.27 cash.

# Directors' Report *continued*

## Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council, and promulgated by the Institute of Chartered Accountants in Ireland ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and accounting estimates that are reasonable and prudent;
- ▶ state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of proper accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin.

## Statement on relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with Section 332 of Companies Act 2014:

- (a) So far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and
- (b) Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

## Auditors

In accordance with Section 383(2) of the Companies Act 2014, the auditors, BDO, will continue in office.

On behalf of the Board

*Director*

**Mr. Jim Joyce**

*Director*

**Mr. Eamonn Ceannt**

*Date*

27 April 2018

# Independent Auditor's Report

to the Members of IE Domain Registry CLG

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of IE Domain Registry CLG ('the company') for the financial year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- ▶ give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- ▶ have been properly prepared in accordance with the requirements of the Companies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Independent Auditor's Report *continued*

## Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- ▶ in our opinion, the information given in the directors' report is consistent with the financial statements; and
- ▶ in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations, which we consider necessary for the purposes of our audit.

In our opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

## Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

## Respective responsibilities

### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 44, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditor's report.

### The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### Teresa Morahan

*for and on behalf of BDO, Dublin Statutory Audit Firm AI223876*

#### Date

27 April 2018



# Statement of Income and Retained Earnings

for the financial year ended 31 December 2017

	Notes	Continuing Operations	
		2017	2016
		€	€
<b>Turnover</b>	3	<b>3,124,557</b>	3,030,258
Administrative expenses		<b>(2,938,351)</b>	(3,229,572)
<b>Operating profit/(loss)</b>	4	<b>186,206</b>	(199,314)
Unrealised gains on financial investment		<b>83,793</b>	85,274
Interest income		<b>7,229</b>	10,709
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>277,228</b>	(103,331)
Tax on profit/(loss) on ordinary activities	7	<b>(21,976)</b>	(23,188)
<b>Profit/(loss) retained for the year</b>		<b>255,252</b>	(126,519)
<b>Statement of income and retained earnings</b>			
Accumulated profit brought forward		<b>3,590,517</b>	3,717,036
Total recognised profits/(losses) relating to the year		<b>255,252</b>	(126,519)
<b>Accumulated profit carried forward</b>		<b>3,845,769</b>	3,590,517

The financial statements were approved by the Board on 27 April 2018 and signed on its behalf by:-

Director  
Mr. Jim Joyce

Director  
Mr. Eamonn Ceannt

# Balance Sheet

as at 31 December 2017

	Notes	2017 €	2016 €
<b>Fixed Assets</b>			
Tangible assets	8	102,641	164,039
Financial assets	9	3,328,882	3,245,089
<b>Current Assets</b>			
Debtors	10	208,120	113,302
Cash at bank and in hand		3,266,542	3,026,621
		<b>3,474,662</b>	3,139,923
<b>Creditors: amounts falling due within one year</b>	11	<b>(3,005,565)</b>	(2,923,713)
<b>Net Current Assets</b>		<b>469,097</b>	216,210
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(54,851)</b>	(34,821)
<b>Total Assets less Current Liabilities</b>		<b>3,845,769</b>	3,590,517
<b>Capital and Reserves</b>			
Profit and loss account		3,845,769	3,590,517
<b>Members' Funds</b>		<b>3,845,769</b>	3,590,517

The financial statements were approved by the Board on 27 April 2018 and signed on its behalf by:-

Director  
Mr. Jim Joyce

Director  
Mr. Eamonn Ceannt

# Statement of Cash Flows

for the financial year ended 31 December 2017

	Notes	2017 €	2016 €
<b>Cash flows from operating activities</b>			
Profit/(loss) for the financial year		255,252	(126,519)
Adjustments for:			
Depreciation		140,363	157,282
Unrealised gains on financial investment		(83,793)	(85,274)
Interest income		(7,229)	(10,709)
Tax on profit/(loss) on operating activities		21,976	23,188
Decrease/(Increase) in debtors		(97,756)	56,219
Increase/(Decrease) in creditors		90,938	521,381
Corporation tax (paid)/refunded		(967)	40,775
<b>Net cash inflow/(outflow) from operating activities</b>		<b>318,784</b>	<b>576,343</b>
<b>Cash flows from investing activities</b>			
Asset disposal		-	-
Purchase of tangible fixed assets		(78,965)	(157,559)
<b>Net cash used in investing activities</b>		<b>(78,965)</b>	<b>(157,559)</b>
<b>Cash flows from financing activities</b>			
Interest income received		102	10,246
<b>Net cash from financing activities</b>		<b>102</b>	<b>10,246</b>
<b>Net increase in cash and cash equivalents</b>	15	<b>239,921</b>	429,030
<b>Cash at beginning of year</b>		<b>3,026,621</b>	2,597,591
<b>Cash at end of year</b>		<b>3,266,542</b>	3,026,621
<b>Cash at bank</b>	15	<b>3,266,542</b>	3,026,621

# Notes to the Financial Statements

for the financial year ended 31 December 2017

## 1. General Information

These financial statements comprising the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 22 constitute the individual financial statements of IE Domain Registry CLG for the financial year ended 31 December 2017.

IE Domain Registry CLG is a company limited by guarantee and does not have a share capital (registered under Part 2 of Companies Act 2014), incorporated in the Republic of Ireland. The Registered Office is 4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Director's Report on pages 42 to 44.

### 1.1 Statement of Compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

### 1.2 Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the company.

## 2. Accounting Policies

### 2.1 Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

### 2.2 Consolidation

The company and its subsidiary combined meet the exemption criteria for a group and the company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Section 297 of the Companies Act 2014. Consequently, these financial statements deal with the results of the company as a single entity.

## 2. Accounting Policies *(continued)*

### 2.3 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales for the financial year ended 31 December 2017. The company's policy of deferring revenue results in income being recorded in the period to which the fee invoice relates, rather than the period in which the fee invoice was raised. This policy has been maintained during the year ended 31 December 2017. All turnover derives from activities in the Republic of Ireland.

### 2.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life from date of acquisition as follows:

Leasehold Improvements	-	over the life of the underlying lease
Fixtures and Fittings	-	25% Straight Line
Computer Equipment	-	33% Straight Line

The carrying values of tangible fixed assets are reviewed annually for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

### 2.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year to a defined contribution pension scheme for the benefit of all eligible employees.

### 2.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

### 2.7 Taxation

The charge for taxation is based on the profit or loss for the year. Full provision for deferred tax is provided at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

# Notes to the Financial Statements *continued*

## 2. Accounting Policies *(continued)*

### 2.8 Financial Instruments

#### Unlisted Investments

The company holds investments in unlisted non-puttable equity shares of a number of entities. It is considered by the directors that the fair value of these shares can be measured reliably. The accounting policy is to record investments at mark to market.

#### Cash and cash equivalents

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

#### Other financial assets

Other financial assets including trade debtors for goods sold to customers on short-term credit, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

#### Loans and borrowings

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one year or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial year end date.

#### Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Impairment of financial assets

At the end of each reporting period, the company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including unlisted investments, loans, trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the Statement of Income and Retained Earnings in that financial year.



## 2. Accounting Policies *(continued)*

### 2.9 Judgments and key sources of estimation uncertainty

The directors consider the accounting estimates and assumptions below to be its critical accounting estimates and judgements:

#### Going Concern

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

#### Useful Lives of Tangible and Intangible Fixed Assets

Long-lived assets comprising primarily of property, plant and machinery and intangible assets do not represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of tangible Fixed Assets subject to depreciation at the financial year end date was €102,641 (2016 - €164,039).

# Notes to the Financial Statements *continued*

## 3. Turnover

	2017	2016
	€	€
Turnover	<b>3,124,557</b>	3,030,258
Analysis of turnover by country of destination:		
Republic of Ireland	<b>2,716,870</b>	2,622,347
Europe	<b>194,849</b>	193,995
North America	<b>103,740</b>	99,009
United Kingdom	<b>104,195</b>	102,360
Rest of the World	<b>4,903</b>	12,547
	<b>3,124,557</b>	3,030,258

## 4. Operating profit/(loss)

	2017	2016
	€	€
The operating profit/(loss) is arrived at after charging:		
Depreciation and write-off of tangible assets	<b>140,363</b>	157,282
Auditors' remuneration - Audit	<b>13,335</b>	12,705
- Tax advisory services	<b>2,478</b>	2,362
Directors' remuneration	<b>79,800</b>	85,000
Secretarial fees	<b>39,000</b>	39,000

The operating profit reflects expenditure of €165,000 during the year ended 31 December 2017, reflecting the extension of the 2015 Strategic Development Fund with a dedicated 2017 budget of €243,500 to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace. This fund financed a revamp of the successful OPTIMISE program, publications backed by robust independent research, new services for customers and Ireland's Internet Day.

## 5. Directors' remuneration and transactions

### 5(a). Directors' remuneration

Included in employment costs are the following in respect of directors and key management personnel of the company:

	2017	2016
	€	€
Emoluments in respect of qualifying services	525,398	527,532
Company contributions in respect of qualifying services to Pension Scheme Fund, a defined contribution benefit retirement scheme	32,208	32,035
	<b>557,606</b>	<b>559,567</b>

The number of directors and management to whom retirement benefits are accruing under Pension Scheme Fund in respect of qualifying services is 3 (2016 - 3).

Other than as shown above any further required disclosures in sections 305 and 306 of the Companies Act 2014 are €NIL for both financial years.

### 5(b). Transactions with directors and officers

#### Loans to directors

There were no loans made to directors during the financial year.

### 5(c). Material interests of directors in contracts with the company

In 2017, related party transactions included company secretarial services supplied by a Director of IE Domain Registry CLG to the company to the value of €39,000 (2016 - €39,000). The maximum amount outstanding at any time during the financial year was €7,995 (creditor balance) (2016: €7,995 creditor balance). Nothing was outstanding at the financial year end date or the previous financial year end date.

All transactions were made at arms-length and on this company's normal commercial terms, which include a requirement to settle debts within 30 days.

# Notes to the Financial Statements *continued*

## 5. Directors' remuneration and transactions *(continued)*

### 5(d). Employees

#### Number of employees

The average monthly numbers of employees during the year were:

	2017	2016
	Number	Number
Administration	20	18

#### Employment costs

	2017	2016
	€	€
Wages and salaries	1,242,891	1,190,133
Social security costs	118,992	113,491
Other pension costs	42,214	40,815
	<b>1,404,097</b>	1,344,439

Capitalised employee costs during the financial year amounted to €Nil (2016 - €Nil).

## 6. Pension costs

The company operates a defined contribution pension scheme for the benefit of all eligible employees. The assets of the scheme are vested in independent trustees for the sole benefit of those eligible employees.

The other pension costs charge represents contributions payable by the company to the fund and amounted to €42,214 (2016 - €40,815).

## 7. Taxation

### 7(a). Current year taxation

	2017	2016
	€	€
<b>Current year taxation</b>		
Corporation tax on the profit/(loss) for the year on Ordinary activities	1,946	953
Adjustment in respect of previous financial year	-	(12,586)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	20,030	34,821
	<b>21,976</b>	<b>23,188</b>

### 7(b). Factors affecting tax charge for year

	2017	2016
	€	€
Profit/(loss) on ordinary activities before tax	277,228	(103,331)
Profit/(loss) on ordinary activities multiplied by standard rate of Corporation Tax in Ireland of 12.5%	34,654	(12,916)
Effects of:		
Capital allowances for period (greater than) /less than depreciation	421	2,786
Deposit interest at higher rates of taxation	244	1,281
Expenses not allowable for tax purposes and other timing differences	1,748	(335)
Movement in financial investment valuation unrealised - so not chargeable for tax purposes	(10,474)	(10,659)
Losses used against current year and preceding year profits/ losses available for future use	(24,647)	20,796
Deferred taxation	20,030	34,821
Adjustments in respect of previous financial year	-	(12,586)
Current tax charge for year (Note 7(a))	<b>21,976</b>	<b>23,188</b>

# Notes to the Financial Statements *continued*

## 8. Tangible assets

Current Financial Year	Leasehold Improvements	Computer Equipment	Fixtures and Fittings	Total
	€	€	€	€
<b>Cost:</b>				
At 1 January 2017	53,354	1,399,825	21,289	1,474,468
Additions	-	77,256	1,709	78,965
Write-out of retired assets	-	-	(199)	(199)
At 31 December 2017	53,354	1,477,081	22,799	1,553,234
<b>Depreciation:</b>				
At 1 January 2017	53,354	1,237,499	19,576	1,310,429
Charge for the year	-	139,146	1,217	140,363
Write-out of retired assets	-	-	(199)	(199)
At 31 December 2017	53,354	1,376,645	20,594	1,450,593
<b>Net book values</b>				
At 31 December 2017	-	100,436	2,205	102,641
At 1 January 2017	-	162,326	1,713	164,039

The accounting policy for the depreciation of tangible assets is outlined in Note 2.4.

There are no assets held under finance leases or hire purchase contracts at 31 December 2017 (2016 - €Nil).

## 9. Financial assets

### Financial assets

	Note	2017 €	2016 €
Financial Investments at fair value through profit or loss	(a)	3,278,782	3,194,989
Shares in subsidiary undertakings	(b)	50,100	50,100
		3,328,882	3,245,089

### 9(a). Financial investments

	Unlisted 2017 €
At 1 January 2017	
Fair value	3,194,989
Unrealised gains arising in 2017	83,793
At 31 December 2017	3,278,782
<b>Mark to Market Value:</b>	
At 31 December 2017	3,278,782
At 31 December 2016	3,194,989

	Unlisted 2016 €
At 1 January 2016	
Fair value	3,109,715
Unrealised gains arising in 2016	85,274
At 31 December 2016	3,194,989
<b>Mark to Market Value:</b>	
At 31 December 2016	3,194,989
At 31 December 2015	3,109,715

Other financial investments represent the investment for the long term in conservative managed funds, diversified across three Irish investment managers.



# Notes to the Financial Statements *continued*

## 9. Financial assets *(continued)*

The market value of the financial investments at 31 December 2017 was €3,278,782 (2016 - €3,194,989). In accordance with the accounting policy for other financial investments outlined in Note 2.8 the value of other financial investments is recorded at the market value.

### 9(b). Shares in subsidiary undertakings

The company holds 100% of the share capital of the following company:-

Name of subsidiary	Country of Registration or incorporation	Shares held class	Principal Activity
IENUM Limited	Ireland	Ordinary and Preference	IENUM Registry

The aggregate amount of capital and reserves and the results of this undertaking for the year ended 31 December 2017 were as follows:

	Capital and Reserves €	Profit for the year €
IENUM Limited	50,100	Nil

## 10. Debtors: amounts falling due within one year

	2017 €	2016 €
Prepayments and accrued income	208,120	113,302
	208,120	113,302

**11. Creditors: amounts falling due within one year**

		<b>2017</b>	<b>2016</b>
	<i>Note</i>	<b>€</b>	<b>€</b>
Trade creditors	(a)	<b>98,857</b>	189,299
Customer deposit accounts		<b>297,541</b>	251,106
Other creditors		<b>151,400</b>	103,556
Corporation tax payable		<b>1,026</b>	48
Other taxes and social security costs		<b>26,707</b>	15,966
Accruals	(b)	<b>260,492</b>	314,387
Deferred income	(c)	<b>2,169,542</b>	2,049,351
		<b>3,005,565</b>	2,923,713

Other taxes and social security costs include:

	<b>€</b>	<b>€</b>
VAT	<b>26,707</b>	16,366
Employment Taxes	-	(400)
	<b>26,707</b>	15,966

**11(a).** The payment terms of trade creditors vary between on demand and ninety days. No interest is payable on trade creditors. Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.0274% for each day or part of a day for which payment is overdue. No interest was due at the financial year end date.

**11(b).** The terms of the accruals are based on the underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

**11(c).** The accounting policy for deferred income is outlined in Note 2.3.

# Notes to the Financial Statements *continued*

## 12. Creditors: amounts falling due after more than one year

	2017 €	2016 €
Deferred taxation	54,851	34,821
	<b>54,851</b>	<b>34,821</b>

## 13. Guarantee

### Parent Company Guarantee

On 18 December 2006, the company's subsidiary IENUM Limited signed an agreement with the Commission for Communications Regulation (ComReg) to provide the national ENUM registry service for Ireland. At 31 December 2017, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited.

## 14. Commitments

### Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are calculated at €310,594 (2016 - €302,497).

	Premises 2016 €	Premises 2015 €
Expiring:		
Within one year	-	-
Between two and five years	310,594	302,497
More than five years	-	-
	<b>310,594</b>	<b>302,497</b>

### Capital commitments

The company has no capital commitments at 31 December 2017 (2016 - €Nil).

## 15. Analysis of changes in cash at bank

	Opening balance €	Cash flow €	Closing balance €
Cash at bank and in hand	16,788	29,502	46,290
Deposit accounts	3,009,833	210,419	3,220,252
Net funds	3,026,621	239,921	3,266,542

**16. Post balance sheet events**

There are no material post balance sheet events.

**17. Contingent liabilities**

There are no contingent liabilities at 31 December 2017.

**18. Company structure**

The company is limited by guarantee and does not have a share capital.

**19. Controlling parties**

The company is controlled by its members. At 31 December 2017 the six directors are the members.

**20. Comparative figures**

Certain comparative figures have been restated for consistent presentation with current year figures.

**21. Financial instruments**

The analysis of the carrying amounts of the financial instruments of the company required under Section 11 of FRS 102 is as follows:

	2017 €	2016 €
<b>Financial assets at fair value through profit or loss</b>		
Financial investments	<b>3,328,882</b>	3,245,089
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Cash at bank and in hand	<b>3,266,542</b>	3,026,621
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	<b>98,857</b>	189,299

**22. Approval of financial statements**

The financial statements were approved by the Board on 27 April 2018 and signed on its behalf by:-

*Director*  
**Mr. Jim Joyce**

*Director*  
**Mr. Eamonn Ceannt**



## Dedicated and enthusiastic

We are proud to work on behalf of the Irish community to promote the internet as a strategic natural resource.



## Recognised globally as identifiably Irish

A .ie domain name makes you or your company instantly recognisable as Irish.

It tells the global community you are Irish and tells the Irish community you are local.



IE Domain Registry

