

MINUTES OF THE SIXTH ANNUAL GENERAL MEETING HELD ON FRIDAY 8TH MAY 2009 FROM 9.00 AM AT THE SAROVA PANAFRIC HOTEL, NAIROBI

Anthony Mugambi (Chairman)
Brian Longwe (Vice Chairman)
Charles Nduati
Sammy Buruchara
Michael Katundu
Ali Hussein
Moses Kemibaro
Vincent Ngundi (Administrative Manager)
Lucky Waindi-Kulecho (Secretary)

ABSENT WITH APOLOGIES

Alice Munyua
Mr. George Kariuki
Charles J. K. Njoroge

In attendance were stakeholders and members of the local Internet community as observers.

The Annual General Meeting commenced at 9.30 a.m.

NOTICE OF MEETING

Notice of meeting was taken as read.

AGENDA

1. KENIC's Compliance with Kenya Communications (Amendment) Act, 2009.
2. Chairman's Report.
3. Adoption of the Financial Statements for the year ended 31st December 2008, and the Directors' and Auditors Reports thereon.
4. Appointment of Auditors for the ensuing year.

MINUTE 1/1/2009

KENIC'S COMPLAINE WITH THE KENYA COMMUNICATIONS (AMENDMENT) ACT, 2009

The Administrative Manager gave an overview of the Kenya Communications (Amendment) Act, 2009 "the Act", highlighting its impact on KENIC. He discussed the requirements under **sections 83D and 83F** of the Act for licensing of the administration of sub-domains in the country code top-level domain and also discussed the opportunities the Act portends for KENIC such as establishing a licensed Digital Certification Authority under **Section 83D**. Other potential opportunities included: partnering with CCK in the establishment of government – industry collaboration in combating cyber crime, in furtherance of the purposes of section 83C (f) of the Act; and developing

activities aimed at enabling universal access to Internet services in Kenya and consequently encouraging the uptake of domain names in line with the provisions on Universal Access in the Act.

The Company Secretary then presented a report of the KENIC Board retreat, held between 1st -2nd April 2009 to review the Act and discuss ways of positioning KENIC to comply therewith. She explained that during the retreat, the Board identified five (5) strategic opportunities within the Act that KENIC could potentially exploit:

- Domain Name Services
- Cyber Security
- Digital Certification
- Retention of electronic records
- Consultancy

The Board assessed the strengths, weaknesses, assumptions and threats (SWAT) faced by KENIC in its repositioning to take advantage of the opportunities delivered by the new law; identified two priority areas in KENIC's realignment and made substantive proposals in this regard.

With regard to the first priority area, the provision of domain name services, the Board proposed to the AGM the retention of the existing multi stakeholder partnership at KENIC and the formation of a subsidiary company to administer the sub domains hitherto administered by KENIC. It is this subsidiary company that would apply to CCK for a license, while KENIC retains its mandate of administering the country code Top Level Domain.

For the second priority area, the provision of white labeling services, the Board proposed that the subsidiary company set up would, amongst others:

- Formulate a business model for the current consultancy that KENIC does on a pro-bono basis; and
- Offer one stop shop for .KE value added services including but not limited to hosting; applications provision; data etc.

The Subsidiary Company would be fully owned by KENIC; and would have a 5-member Board consisting of the KENIC Board Chairperson, who would also be chairperson of the subsidiary company; KENIC CEO who would be a Director; one Director nominated from the KENIC Board; and two other members sourced externally and skilled in business-related fields.

The Board's recommendation to the AGM was, therefore, to approve:

1. The retention of KENIC as a multi stakeholder partnership in charge of the administration of the dot ke country code Top Level Domain;
2. The incorporation of a subsidiary company to administer sub domains, apply for a license in this regard from CCK and carry out white labeling services; and
3. The amendment of the KENIC Memorandum and Articles of Association to remove references to the administration of the second level domain.

Concern was raised by the AGM as to whether it was proper for Kenyan law to regulate the administration of domains, which was hitherto governed only by ICANN policies. Members also aired concern that the proposed white labeling services were likely to create competition to the services offered by registrars and thus create a new conflict between KENIC and its members.

Clarifications were made by the Board, which underscored the fact that the Act sort to regulate and introduce possible competition for the administration of sub domains, but not the top level domain, which would continue to be administered in accordance with ICANN policies. It was also pointed out that the Act had to be complied with if KENIC were to continue carrying out its mandate of administering sub domains and that time was of essence in the preparations for compliance.

The AGM therefore agreed as follows:

- 1) That the Board be mandated to incorporate a wholly owned subsidiary of KENIC;
- 2) That the mandate of the subsidiary company be limited to performing the existing technical functions of KENIC of providing registry services for the existing second level domains;
- 3) That the scope of services offered by the subsidiary company be **strictly limited** to the existing services offered under KENIC until such time as the stakeholders at an AGM of KENIC permit the expansion of such mandate;
- 4) That whilst the SPV applies to CCK for a license under the new legislation, the Board should continue to lobby for changes to the said legislation to remove provisions for the licensing of sub-domain administrators; and
- 5) That for the avoidance of doubt:
 - There shall be no change to the Memorandum & Articles of KENIC;
 - KENIC does not in any way abdicate any of its authority over the implementation or administration of the top level (.KE) and all its sub domains;
 - It should be noted that there is a conflict in the legislation in that CCK is required to license 2nd level domain registries while the authority for allowing the set up and operation of such registries lies solely with KENIC;
 - It was agreed that the detailed governance and management structures of the new entities be presented to stakeholders for approval at a suitable time and venue.

MINUTE 2/1/2009

THE CHAIRMAN'S REPORT

The meeting accepted the report as presented by the Chairman.

MINUTE 3/1/2008

ADOPTION OF AUDITED FINANCIAL

**STATEMENTS AND THE AUDITORS
REPORTS**

Members adopted the Audited Financial Statements together with the Directors' and Auditors' reports thereon.

MINUTE NO 4/1/2006 CONFIRMATION OF AUDITORS

The Chairman indicated to the meeting that the auditors, M/s RSM Ashvir, had provided satisfactory services to KENIC for the past financial year and recommended to the AGM that KENIC retains the firm for the ensuing financial year. Members approved the Chairman's proposal and authorized the Board of Directors to fix the auditor's remuneration.

MINUTE NO.6/1/2006 ANY OTHER BUSINESS

No notice had been given to transact any other business in the Annual General Meeting.

The Annual General Meeting ended at 3.10p.m.

Confirmed this day of 2009

Anthony Mugambi
Chairman

Lucky Waindi-Kulecho
Secretary