

20
11

ANNUAL REPORT

TABLE OF CONTENTS

1. Profile of the Association.....	5
2. Introduction from the Chairman of the Board of Directors	6
3. Foreword from the Chief Executive Officer of the Association.....	7
4. The .cz Domain	8
4.1. State and Development of Registration Numbers.....	8
4.2. Registrars	11
4.2.1. Number and Structure of .cz Domain Name Registrars.....	11
4.2.2. Registrar Certification.....	14
4.2.3. Cooperation with Registrars – Co-marketing Programme	14
4.3. Who Registers Czech Domains?	15
5. Infrastructure.....	19
5.1. Technical Solutions of Domain Management.....	19
5.2. Support of Internet Infrastructure	20
6. Security of the Czech Domain Space	21
6.1. DNSSEC.....	21
6.1.1. DNS SECurity Extension.....	21
6.1.2. The Domain Administration System in the Czech Republic and DNSSEC	21
6.1.3. Promotion of DNSSEC Technology	22
6.2. CSIRTs – Computer Security Incident Response Teams.....	22
6.2.1. CZ.NIC-CSIRT.....	22
6.2.2. CSIRT.CZ – National CSIRT Team of the Czech Republic	23
7. mojID – a Single Identity	26
7.1. What is mojID?.....	26
7.2. Current State and Support of the mojID Service.....	26
8. CZ.NIC Laboratories – Research and Development.....	28
8.1. Introduction.....	28

TABLE OF CONTENTS

8.2. Activities in 2011	28
9. Educational and Informational Activities	31
9.1. Vision.....	31
9.2. Activities in 2011	31
9.2.1. Educational Activities at Schools	31
9.2.2. Communication with the Public – Blog, Facebook, Twitter	31
9.2.3. The Internet and Technology 11 Conference and World IPv6 Day.....	32
9.2.4. CZ.NIC Edition	33
9.2.5. The CZ.NIC Academy Educational Centre.....	33
9.2.6. Seminar for Law Professionals.....	35
9.2.7. Support of Other Educational Activities.....	36
10. Cooperation and Partnership	37
10.1. CZ.NIC Membership in Industry and Interest Organisations.....	37
10.1.1. Czech Republic.....	37
10.1.2. Other Countries	38
10.2. International Collaboration.....	40
10.2.1. 80th IETF Meeting	40
10.2.2. CENTR R&D, CENTR L&R a CENTR Marketing Workshop.....	40
10.2.3. BIND 10 Developer Meeting	40
10.2.4. International Internet Security Workshop.....	41
10.3. Help and Support.....	41
10.3.1. Partnership in the Safe Internet Project	41
10.3.2. CZ.NIC Helps Animals	41
11. Association Structure and Organisation.....	42
11.1. Members.....	42
11.2. Membership Conditions	42

TABLE OF CONTENTS

11.3. List of Members	43
11.4. Association Bodies.....	47
11.4.1. General Assembly	47
11.4.2. Collegium	47
11.4.3. Board of Directors	48
11.4.4. Supervisory Board.....	48
12. Human Resources	49
12.1. State and Development of Employee Numbers	49
12.2. Organisational Structure	51
13. Selected Financial Indicators (in thousands of CZK)	52
14. Balance Sheet (in thousands of CZK)	53
15. Profit and Loss Account (in thousands of CZK).....	55
16. Revenue Development (in thousands of CZK).....	56
17. Data on Facts between the Date of Final Accounts and General Assembly	57
18. Auditor's Report	58
19. Registered Seat and Contact Information	59

01

PROFILE OF THE ASSOCIATION

1. Profile of the Association

CZ.NIC is an interest association of legal entities, an open and independent entity whose main activity is the administration of the .cz top-level national domain registry and of the 0.2.4.e164.arpa (ENUM) domain, as well as securing the operation of the .cz top-level domain. In addition to these activities, the Association carries out research and development of the Internet, Internet protocols and network traffic and strives to increase awareness of domain names and Internet technologies. All these support activities seek to benefit the local Internet community, but also often have an international dimension.

The CZ.NIC Association was established in May 1998 to respond to the growing importance of the Internet and the corresponding number of users and people interested in registering domain names with the .cz ccTLD. Today, the Association is a stable and trustworthy entity able to ensure the reliable operation of the Czech national domain .cz. For domain holders, registrars, and other entities that use the Internet in their work and spare time, CZ.NIC is also a reliable partner providing management of domain names. Furthermore, CZ.NIC takes part in other activities and projects related to the functioning and further development of the Internet with the aim of strengthening its security and stability, factors that are becoming increasingly important with the steadily growing number of users.

02

INTRODUCTION

2. Introduction from the Chairman of the Board of Directors

Ladies and Gentlemen,



In 2011, we successfully fulfilled our primary objective – administration of the .cz domain. The number of registered domains continues to rise: by year-end, there were more than 850,000. We're still one of the fastest growing registries in Europe, not only thanks to high quality domain administration but also to our lowering of the price for registrars by approximately 10%. We continue to fulfil the Association's mission: not only developing the domain administration system, but also trying to introduce new technologies (e.g., we are among the global leaders in DNSSEC security technology; the mojelD project promises the establishment of a single unique ID for the Czech Internet); carrying out research and educational activities; communicating with the global community and cooperating with the Czech state (e.g., in dealing with a national CSIRT where we are involved in technical security as well as in the creation of new legislation on cyber security).

Our financial results at the end of 2011 were positive; the funds we have received will be transferred to the reserve fund to ensure the stability of the key components of the Association. For subsequent years, we expect flat financial results and do not assume the reserve fund will grow further.

Let me thank the management and our employees for their work that ensured the smooth functioning of our organisation, the activities of which are currently indispensable for the operation of our state and society. I believe that our Association will remain a bright spot in the somewhat murky environment of organisations and offices providing services to citizens and companies, and an environment where things work and where people innovate without wasting or stealing.

This annual report provides all key information about the Association. I hope you will continue to support us in the coming years.

Karel Taft

Chairman of the Board
of Directors

3. Foreword from the Chief Executive Officer of the Association

Ladies and Gentlemen,

At the end of 2010, we launched several major projects which were central to our performance in 2011. The first of them I would like to mention is DNSSEC. In 2010, we were primarily concentrating on the technical aspects of this technology, while in 2011 our main goal was its major expansion to as many domains and validating resolvers as possible. To support this objective, we launched an innovative marketing campaign and began negotiations with representatives of many stakeholders: registrars, Internet service providers, and the government. By the end of the year, we were able to announce that 35% of domains had already been secured and that most major ISPs supported the validation. We thereby strengthened our position as the world leader in the introduction of this technology.

Another important task was the smooth transfer of the CSIRT.CZ national security centre from the previous operator, the CESNET association, to our management. The entire project was meticulously planned for the first half of the year and fully implemented to the last detail. At this point, we must extend our thanks to the CESNET association for the excellent cooperation which made the accomplishment of this task much easier.

We of course also continued developing the mojeID project of a single Internet identity, which celebrated its first birthday at the end of October. There were more than 40,000 users by the end of the year, and we managed to establish cooperation with several interesting partners, including the Volny.cz and Tiscali.cz portals, the Internet Info and Mladá fronta publishing houses, and many e-shops, the largest of which was CZC.cz.

Ondřej Filip

Chief Executive Officer



Each year, we try to organise a conference that would be significant, interesting, and beneficial to the local Internet community. This year, it was one of the largest in our field, the IETF Meeting. The success of this conference spurred ICANN to choose Prague for its European meeting in 2012. The CZ.NIC offer won despite strong competition.

And of course I must not forget our .cz domain. The number of new registrations continued to grow rapidly throughout the year. We are still among the fastest-growing national domains in the world; in May, we exceeded 800,000 registered domain names. To help end users orient themselves on the domain registrar market, we launched a relatively ambitious certification project. This effort met with a very positive response both in the Czech Republic and abroad, and received great interest from other registries as well.

As is our tradition, 2011 was a year of interesting news and innovations, suggesting what 2012 would be like. Let us hope it will be at least as successful as the previous one.

04

THE .CZ DOMAIN

4. The .cz Domain

4.1. State and Development of Registration Numbers

As of 1 February 2011, the wholesale prices for .cz domain registrations, i.e., the prices for which contractual partners of the Association (registrars) purchase domains for their customers, were lowered again. The price was set at CZK 140 excluding VAT, a decrease of almost 10% compared to the previous price.

The development of domain registration prices in 2005–2011 is illustrated in the following graph:

Domain Registration Price (CZK)



In 2011, the total number of domain names rose steadily, achieving growth of almost 17% compared to last year: from the 748,779 registered domains as of 1 January 2011 to 880,614 at year-end. Domain number 800,000 was registered in the first half of the year, specifically on 13 May 2011.

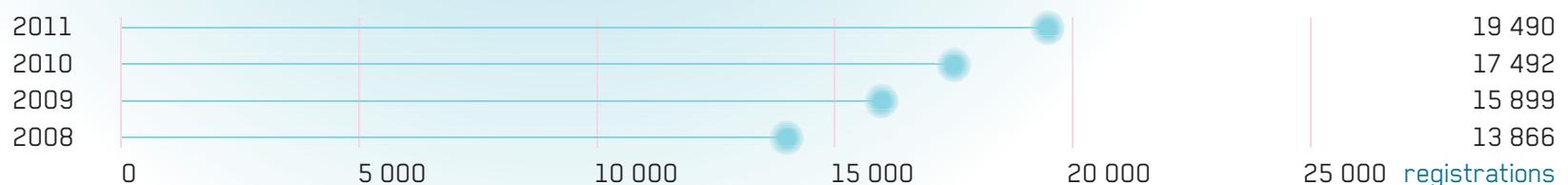
04 THE .CZ DOMAIN

Development of the Number of .cz Domain Names in 2011



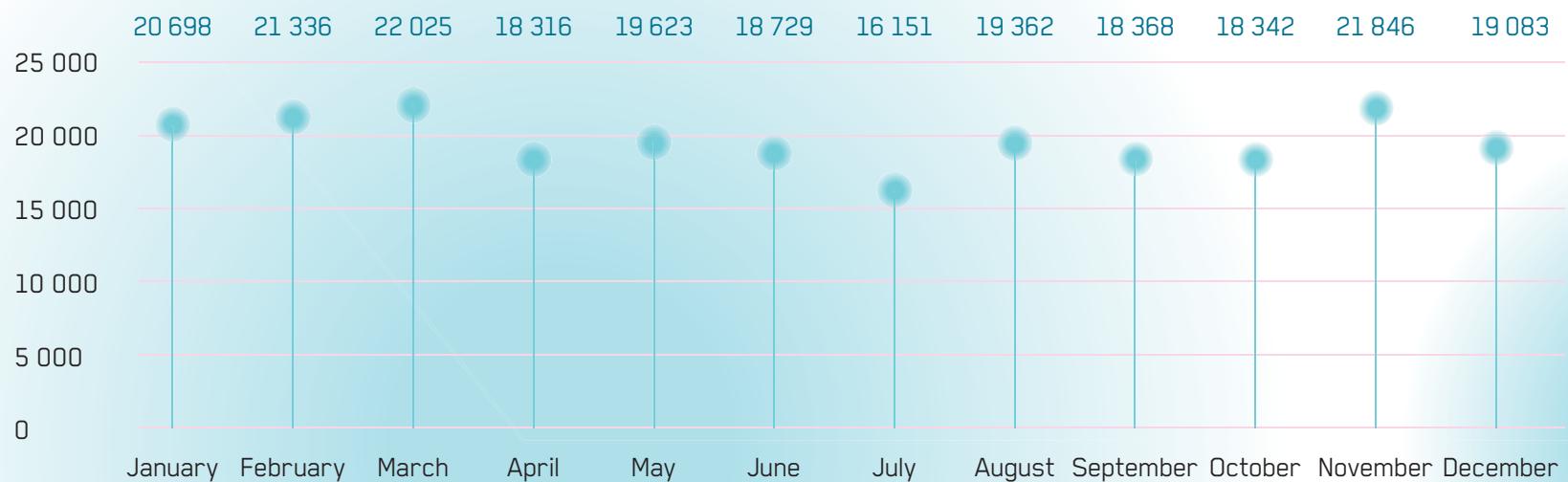
Not only did the total number of domains grow in 2011, but also the number of new registrations. On average, 19,490 domain names were registered each month. The following graphs show the development of the average number of new registrations since 2008 and the number of new registrations by month in 2011.

New Registrations 2008–2011 (Monthly Average)



04 THE .CZ DOMAIN

Number of New .cz Domain Name Registrations in 2011



04 THE .CZ DOMAIN

4.2. Registrars

Since 2003, the CZ.NIC Association has been registering domains through its service partners – registrars. Initially, the use of registrars was an alternative to direct registrations with CZ.NIC. Direct registrations were, however, gradually phased out; since 2007, the Association has only been operating in the registry – registrar model. This system has proved perfectly serviceable, and the number of registrars continues to increase from year to year.

4.2.1. Number and Structure of .cz Domain Name Registrars

Throughout 2011, a relatively large number of changes occurred in the registrar base – four registrars terminated their partnership with us while eight new entities concluded a cooperation agreement.

As of 1 May, domain names managed by the registrars who were closing their businesses were transferred to new companies: Stable.cz s.r.o., took over the portfolio of former registrar MITON CZ, s.r.o., and TERMS a.s., started administering domains registered by IPEX a.s.

As of 20 July, cooperation agreements were also terminated by e-internet.cz s.r.o., and as of last October by Advio Network, s.r.o.

The following companies became new registrars in 2011:

COMPANY	REGISTRAR SINCE
ONEsolution s. r. o.	1 January 2011
united-domains AG	1 January 2011
PIPNI s. r. o.	8 February 2011
Above.com Pty Ltd	1 March 2011
Websupport, s. r. o.	1 March 2011
ASPone, s. r. o.	1 April 2011
TERMS a. s.	1 April 2011
Stable.cz s. r. o.	1 April 2011

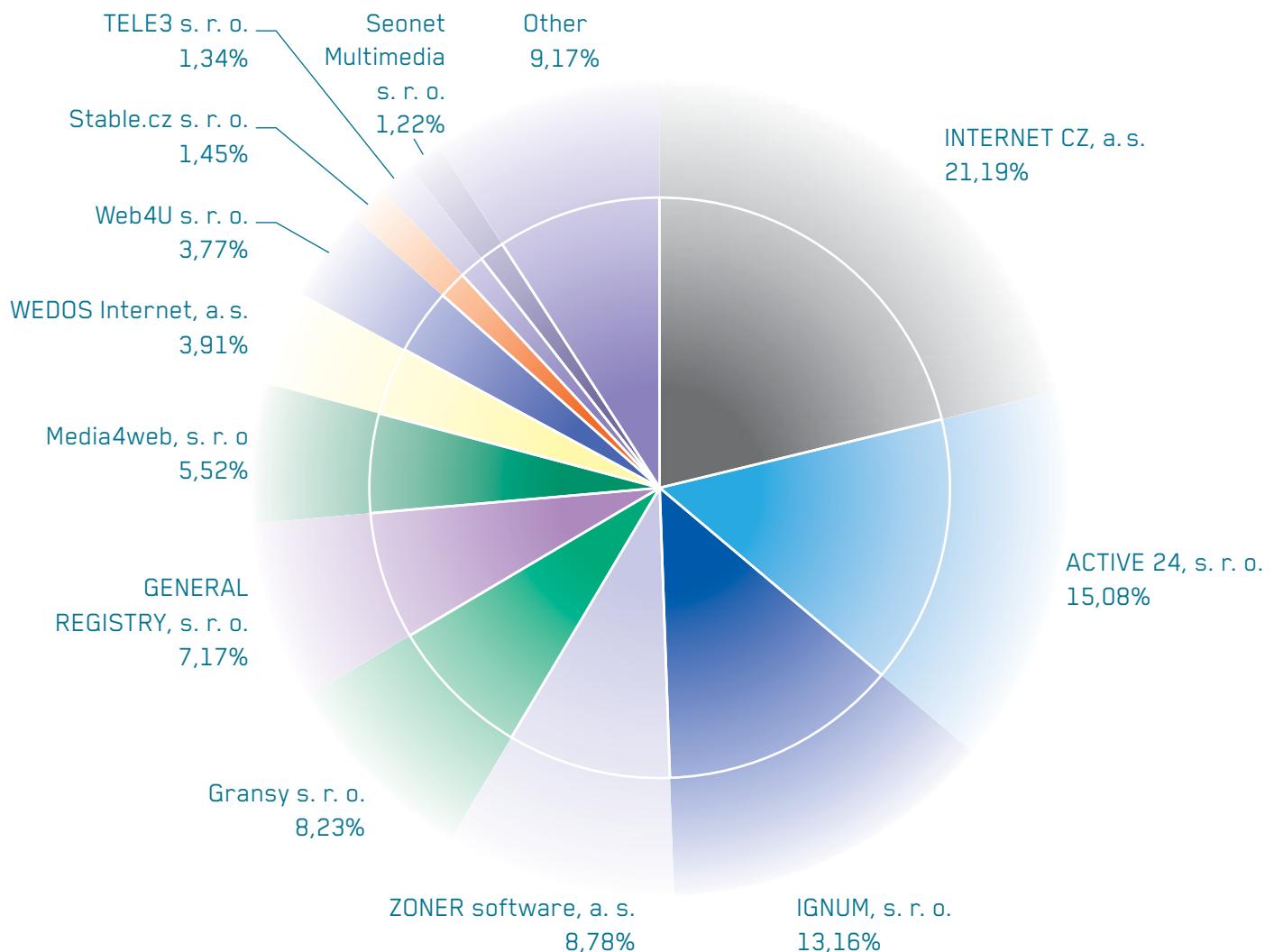
04 THE .CZ DOMAIN

List of all accredited registrars as of 31 December 2011:

Registrar	Registrar since	Registrar	Registrar since
1API GmbH	11 September 2009	Key-Systems GmbH	1 April 2008
1X s. r. o.	1 April 2009	KRAXNET s. r. o.	24 October 2003
Above.com Pty Ltd	1 March 2011	Marketer, s. r. o.	6 April 2009
ACTIVE 24, s. r. o.	13 October 2003	MarkMonitor Inc.	7 February 2008.
AERO Trip PRO s. r. o.	1 September 2010	MASANTA.COM s. r. o.	6 April 2009
AKREDIT, spol. s r. o.	6 April 2009	Media4web, s. r. o.	24 October 2003
Ascio Technologies Inc.	1 October 2007	MIRAMO spol. s r. o.	13 October 2003
ASPone, s. r. o.	1 April 2011	MITON CZ, s. r. o.	1 October 2007
AXFONE s. r. o.	1 November 2008	NEW MEDIA GROUP s. r. o.	1 August 2009
banan s. r. o.	1 August 2008	ONE.CZ s. r. o.	24 October 2003
CORE ASSOCIATION	1 August 2010	ONEsolution s. r. o.	1 January 2011
Český server .cz s. r. o.	5 February 2008	OVH, Sas	1 November 2008
Dial Telecom, a. s.	1 October 2010	ProfiHOSTING s. r. o.	1 June 2010
e-internet.cz s. r. o.	15 July 2008	Safenames Ltd	18 February 2008
Explorer, a. s.	1 October 2007	Seonet Multimedia s. r. o.	8 July 2009
Gandi SAS	7 April 2008	Stable.cz s. r. o.	1 April 2011
GENERAL REGISTRY, s. r. o.	13 October 2003	TELE3 s. r. o.	14 November 2008
Gransy s. r. o.	12 January 2009	Telefónica Czech Republic, a. s.	24 October 2003
ha-vet internet s. r. o.	13 October 2003	TERMS a. s.	1 April 2011
IGNUM, s. r. o.	13 October 2003	Variomedia AG	1 April 2009
Instra Corporation Pty Ltd	1 March 2010	Web4U s. r. o.	24 October 2003
INTERNET CZ, a. s.	13 October 2003	Websupport, s. r. o.	1 March 2011
InterNetX GmbH	8 July 2008	WEDOS Internet, a. s.	1 August 2010
IP Mirror Pte Ltd	7 September 2009	ZONER software, a. s.	13 October 2003

04 THE .CZ DOMAIN

Percentage share of individual registrars with more than 10,000 domain names under their management in the total number of domains registered as of 31 December 2011:



04 THE .CZ DOMAIN

4.2.2. Registrar Certification

The certification project, launched in mid-2011, is intended to help end users (i.e., those interested in domain registration as well as current domain name holders) orient themselves among the increasing number of registrars, particularly regarding the portfolio of services the latter offer. The certification methodology was developed in cooperation with the registrars themselves and the non-profit, non-government organisation Association for Electronic Commerce (APEK).

Registrars interested in participating in the project may be awarded the "certified registrar" logo for one year. In 2011, 11 registrars took part in the programme.

4.2.3 Cooperation with Registrars – Co-marketing Programme

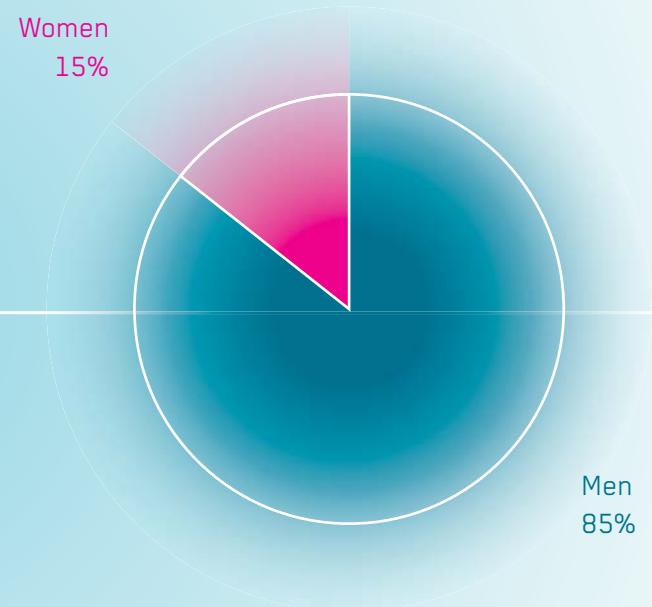
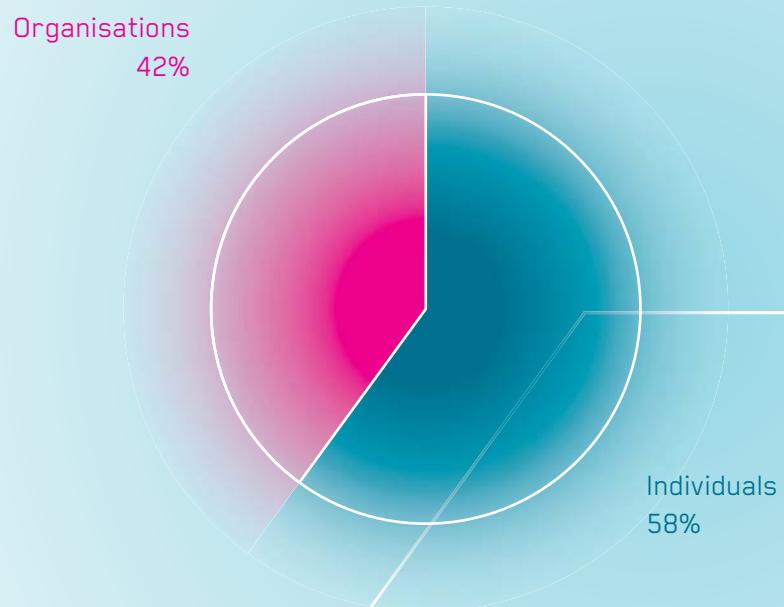
The .cz domain administration system is a distributed one, meaning it is the registrars who are in direct contact with domain name holders. This means the CZ.NIC Association has very limited options for targeting this group through marketing communication. Therefore, we have established a co-marketing programme in which (provided the prescribed conditions are met) CZ.NIC contributes up to 50% of the price of communication campaigns of registrars aimed at promoting the registration of domain names in the .cz ccTLD.

2011 was the third year of this project, and 8 registrars participated, running campaigns with a total volume of approximately CZK 9 million.

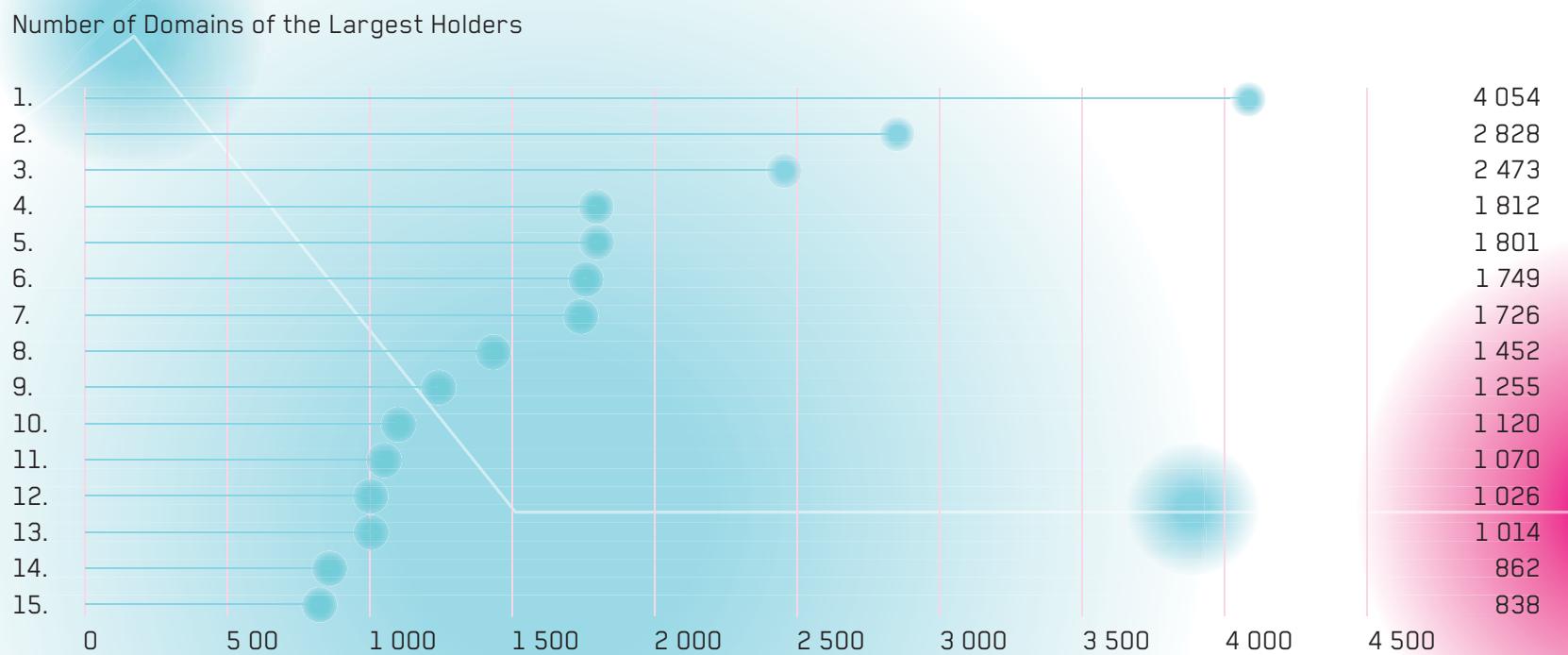
04 THE .CZ DOMAIN

4.3. Who Registers Czech Domains?

Distribution of Domain Name Holders:

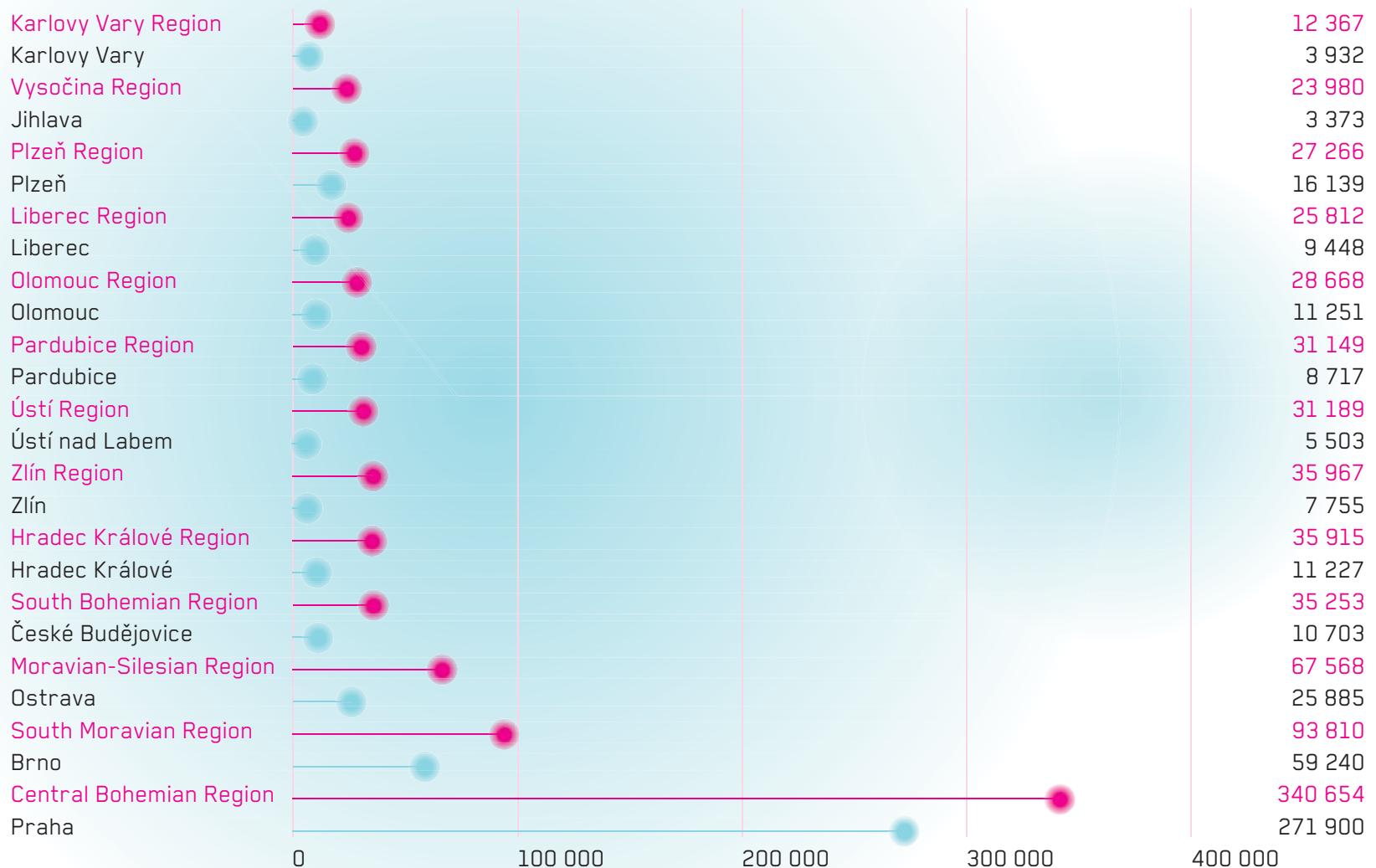


04 THE .CZ DOMAIN

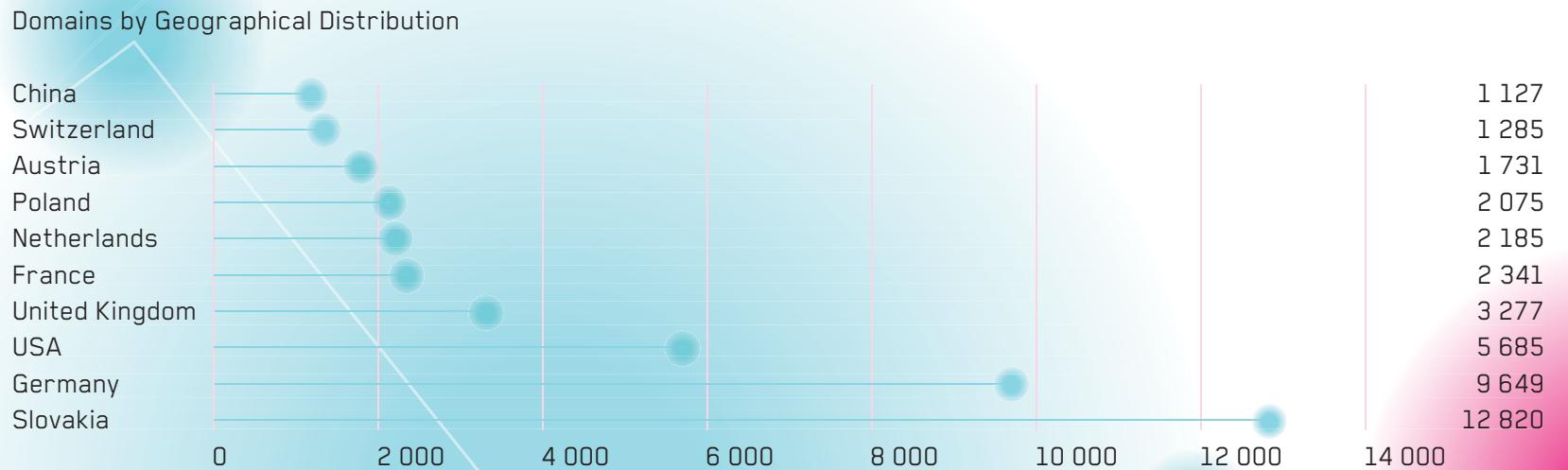


04 THE .CZ DOMAIN

Domains by Geographical Distribution



04 THE .CZ DOMAIN



5. Infrastructure

5.1. Technical Solutions of Domain Management

The DSDng central registry system was designed to be fully redundant. All hardware and software is provided at two independent locations, for both connection to the Internet and the electrical grid. Both locations, the SITEL Telehouse (Prague 10) and the GTS Telehouse (Prague 3), are connected to two different transformer stations and both of course also have independent UPS systems. Both locations also have diesel generators for use in the event of longer electric power blackouts.

The system is designed as heterogeneous – failure of an individual hardware manufacturer cannot cause the central registry to fail. Each location contains servers provided by different suppliers and running on different architecture (Intel and AMD, 32-bit and 64-bit).

The central registry software itself is designed to enable the swapping of any part of the architecture with its copy running at the other server/location, at any time. A critical component is the PostgreSQL database which is always being replicated to the other location during standard operation, and when the primary location is down, traffic can be redirected to the replicated database without any limitation or impact on functionality. Backup systems run 24/7 and are designed to be able to take over and provide registry operation in a short time whenever any component fails.

The FRED (Free Registry for ENUM and Domains)

Central registry software was made available as open-source to support smaller registries. Smaller and starting registries can therefore operate their domain in a system designed for the Czech domain which, with its parameters and capacity, is capable of handling much higher volumes of domain names than currently registered in the .cz ccTLD.

FRED abroad

In addition to the Czech Republic, this system is now administering domains in five more countries of the world – in Costa Rica (.cr), Faroe Islands (.fo), Estonia (.ee), Tanzania (.tz), and Angola (.ao).

05 INFRASTRUCTURE

Servers maintaining records of .cz domains are, other than one sole exception, owned by the Association and operated in several locations around the world, including Sweden (Stockholm), Austria (Vienna), the United Kingdom (London), Germany (Frankfurt), the United States (Redwood City and Culpeper, which is the exception mentioned, as it runs on equipment of the ICANN organisation), Japan (Tokyo), and of course the Czech Republic (Prague).

The central registry system is ready for IPv4 and IPv6 operation and its current implementation for the .cz domain (and all DNS servers) runs on both these protocols.

5.2. Support of Internet Infrastructure

In 2011, the CZ.NIC Association continued to operate F and L root servers. These are two of the 13 root name servers underpinning the Internet domain name system (DNS). Their operation improves the security and stability of the root server system on a global scale, and particularly in the European region.

In addition to the root servers, the Association's infrastructure is used to support developing registries by operating secondary name servers for their ccTLD. This option for national domain management is used by Angola and Tanzania.

Another form of supporting local Internet communities is hosting the websites of some non-profit organisations, e.g., the popular Linux distribution Ubuntu.

6. Security of the Czech Domain Space

6.1. DNSSEC

6.1.1. DNS SECurity Extension

The DNS protocol has been used since the mid-1980s and, like many other protocols of the predominantly academic network it was originally designed for, it lacks any security features. At the time it was created, only a small number of nodes were connected to the Internet, and their operators knew each other. The status of the protocol is, however, relatively privileged, since the majority of other Internet services count on it functioning correctly. The aim of the DNS protocol extension called DNSSEC (DNS SECurity Extension) is to provide verified information from the DNS. This technology uses the principles of digital signatures and is designed to be able to not only return a verified positive response (for example translating a name to an IP address), but also a secured negative one.

DNSSEC is compatible with existing DNS and both variants run at the same time. For the average user, this means that nothing is likely to change when DNSSEC is introduced in the .cz domain until the appropriate DNS server starts using DNSSEC. In the case of advanced users, this could be directly on the user's computer, in the case of companies on a corporate server and for average users on the server of their Internet service provider. To service and content providers, DNSSEC provides an option to increase security and trustworthiness of their services.

6.1.2. The Domain Administration System in the Czech Republic and DNSSEC

For more than three years, holders of Czech domains have been able to secure them with DNSSEC. In 2011, the technology continued to develop and spread, being introduced by more registrars, and the number of secured domains grew significantly – by the end of December 2011, it more than doubled (from 113,000 at the beginning of the year to over 300,000 at its end). Overall, we achieved a level of 35% of secured domains generated in the .cz zone.

DNSSEC technology was gradually accepted and implemented by major connection providers in the Czech Republic. The system thus became fully functional for a large part of Internet users in the country.

06 SECURITY

6.1.3. Promotion of DNSSEC Technology

In spring 2011, we were stressing domain and DNS security and the DNSSEC technology primarily in communication with average users who are usually not aware of potential dangers. For this reason, we chose a campaign that clearly presented the risks of unsecured domains to the public using analogous situations from everyday life. With several celebrity lookalikes, we shot false stories which were posted online. The campaign was designed to alert users to the issues of domain security and motivate them to verify whether their Internet connection and the domains they use are secure. We tested more than 75,000 Internet connections and 810,000 domains.

6.2. CSIRTs – Computer Security Incident Response Teams

With the constantly growing significance of the Internet and the increasing number of users, the number of security incidents has also risen (abuse of a computer, network element, or network for illegal purposes – e.g., spam distribution, breach of copyright laws, phishing, eavesdropping on classified data) and so has their severity. For this reason, an acute need to create, formalise, and improve the efficiency of protection against such attacks has arisen. And for this purpose, CSIRTs (Computer Security Incident Response Teams) have been created.

The CZ.NIC Association, with its long experience in projects in the field of Internet infrastructure, has joined in the support of the activities of CSIRT Czech Republic. It also operates its own CZ.NIC-CSIRT team, responsible for resolving incidents within AS25192 and incidents affecting the nameservers of the .cz and 0.2.4.e164.arpa domains.

6.2.1. CZ.NIC-CSIRT

The CZ.NIC-CSIRT team is integrated in the international structures of security teams. Thanks to its “accredited” status from the Trusted Introducer association, part of the European TERENA organisation uniting security teams not only at the level of domain registry administrators, but also banks, Internet service providers, hardware manufacturers, and universities, the CZ.NIC-CSIRT team gained access to a wide range of information and contact information for specific experts from other European countries. This enables a more efficient approach to potential attacks that will be resolved by the CZ.NIC-CSIRT team.

06 SECURITY

CZ.NIC-CSIRT Activities in 2011

In addition to resolving common incidents, the team, together with the national CSIRT.CZ and the CZ.NIC Laboratory, predominantly handled reports of infected sites in the .cz domain. These reports, which come from publicly available sources, are processed by an internal application and the individual incidents are resolved with the administrators of the affected sites. In the second half of the year, when the system was in full operation, we dealt with more than 2,000 such incidents.

Members of the CZ.NIC-CSIRT team also collaborated on the project to deal with non-random ports on DNS servers in the .cz domain. Based on data collected from DNS operation, almost 2,400 servers without randomised ports were identified between July and October 2011. The administrators of these servers were notified of this serious security issue and in about a third of the cases, the situation has been rectified.

6.2.2. CSIRT.CZ – National CSIRT Team of the Czech Republic

The project that directed the operation of the CSIRT.CZ team ended on 31 December 2010. After negotiations between the CZ.NIC Association and the Ministry of Interior of the Czech Republic, a joint memorandum was signed in accordance with which the Association took over the operations of national CSIRT.CZ on 1 January 2011. This step was important in maintaining the continuity of the work team.

As a national team, CSIRT.CZ helps in resolving incidents related to cyber security in networks operated in the Czech Republic. In particular, it provides coordination help, collects and evaluates data about reported incidents, and passes those incidents to people responsible for the operation of the network or service where the incident occurred.

The CSIRT.CZ office also handles the role of the national PoC (Point of Contact) in the field of information technology and is a centre for education and the promotion of cyber security.

06 SECURITY

Operation of the National CSIRT.CZ Team in 2011

In the first half of 2011, we were concentrating on three key areas of CSIRT.CZ operation: maintaining the continuity of work in CSIRT.CZ, transferring the technology and agenda from the original operator (the CESNET association), and informing national and international structures about the change in the mandate of the CSIRT.CZ team and its transfer to CZ.NIC as the new operator.

We consider it a great success that we managed to ensure continuity of operation without any interruption to the team's activities. These were in particular the need to maintain a single interface for communication with people who were affected by a security incident that originated in networks operated in the Czech Republic and with the persons responsible for said networks.

The transfer of technology (network, servers, and applications) was also flawless, and successfully completed together with the transfer of agenda and know-how in June 2011. The transfer consisted of the migration of three systems in total – e-mail, web, and a system for processing incoming reports and monitoring the entire lifecycle of reported incidents.

Brief Operation Statistics for 2011

The total number of security incidents handled was 776. The following table evaluates the individual incidents by the success rate of their solutions:

closed - resolved	131
closed - we are informed	19
closed - positive change	119
closed - notification	496
closed - unresolved	10
closed - unable to resolve	0

06 SECURITY

Statistics of Incidents by Type:

Phishing	144
IDS	491
Virus	1
Spam	27
Malware	9
Trojan	5
Other	62
Botnet	5
Probe	25
Portscan	6
DOS	1
Crack	0
Copyright	0

7. mojelD – a Single Identity

7.1. What is mojelD?

MojelD is a service that has been allowing Czech Internet users to use one set of identification data to log in to different websites and web services for already two years now. Using mojelD means you do not always have to create new accounts and go through registration processes over and over again. All you need now is a single name and password.

The service is based on the OpenID technology, but includes unique features other OpenID services do not have, such as sharing user identity data with each user login and verifying users with different methods for different levels.

In the development of this service, maximum emphasis was placed on the security and trustworthiness of the entire system. The registry of user details is protected on the same level as the domain registry, and users themselves can define which details from their profiles can be hidden from the given provider each time they log in with their mojelD. This way, users have control over their data and know what information has been provided to each entity.

7.2. Current State and Support of the mojelD Service

Throughout 2011, several changes were made to the service, primarily aimed at simplifying the creation of a user account, modification of the interface to make it more user-friendly and optimise its performance, reflected in faster responses of the application.

The Association plans to keep developing the service further, as one of the key reasons for its introduction was to achieve maximum accuracy of information in the central registry. In 2011, expansion of the mojelD service was supported by several marketing events targeting both providers who could add mojelD logins to their services and end users themselves. Among the most significant was the affiliate programme, providing financial rewards to providers for every new user who opened a mojelD account (18 providers took part in this programme, bringing over 35,000 users). There also was significant response to the consumer contest prepared in cooperation with Internet shops supporting logins via mojelD. In this contest, users who opened a mojelD account could win a voucher for purchases in one of the partner stores. This contest brought over 3,000 users.

07 mojelD

MojelD was also the partner of several events and conferences, such as the E-Business Forum, WebExpo, and the Křišťálová lupa and Internet Effectiveness Awards.

Throughout the year, the first large service providers started supporting mojelD, such as the Volny.cz and Tiscali.cz e-mail services, websites of the Internet Info and Mladá fronta publishing houses, the CZC.cz e-shop, Libimseti.cz social network, and the Uschovna.cz and Speedfile storage services. Thanks to their help, mojelD already had 42,271 users at the end of 2011.

8. CZ.NIC Laboratories – Research and Development

8.1. Introduction

The CZ.NIC Laboratories are a separate organisation focusing on research and development, specialising in research of the Internet, Internet protocols, analyses of network operations, active and passive monitoring, and designing prototypes for further development within the CZ.NIC Association.

The work of the Laboratories focuses primarily on benefits for the local Internet community, but also has implications for communities abroad.

8.2. Activities in 2011

Over the course of the year, the Laboratories team worked at full speed on projects that had been launched in the previous period, and also introduced some new ones:

Knot DNS

An authoritative DNS server being developed by the CZ.NIC Labs. We have managed to achieve the best performance (qps) from the available open source solutions (BIND, NSD) without compromising on functionality and standards support. Knot DNS was introduced at the RIPE 63 conference in Vienna where this new player on the DNS server market was welcomed with great enthusiasm.

DNSSEC Validator

An add-on for the Mozilla Firefox application, graphically showing whether a domain is secured by DNSSEC technology. Since its introduction in 2010, the Validator has received many positive responses, including from users abroad. In 2011, the DNSSEC Validator project was extended to support the Google Chrome browser.

08 CZ.NIC LABORATORIES

BIRD

A daemon for dynamic routing of the IP protocol, intended for Linux and BSD. The project was developed at the Faculty of Mathematics and Physics of the Charles University; the CZ.NIC Labs are participating in its further development. Currently, it is the most commonly used routing daemon for the implementation of route servers in the Exchange Points environment.

Multi-platform Interface for Data Box Access

A free and open source project created for accessing data boxes from the Linux and Mac OS X platforms. Since its beginnings, the project was designed to be multi-platform, meaning it also runs on MS Windows. The original "dsgui" application was unified under the name of Datovka; the family of supported operating systems was extended to iOS (iPhone and iPad) thanks to the new iDatovka application.

IPv6 Widget

HTML widget which may be added to websites and shows visitors to site information about their connection – primarily about the state of IPv6 support and whether their resolver performs DNSSEC validation. As an additional feature, it can test the user's connection speed. The IPv6 widget supports almost all major browsers (Internet Explorer, Mozilla Firefox, Google Chrome, Safari, and others that support the Cross-Origin Resource Sharing technology).

Analysis of DNS Anomalies

In 2011, the pilot phase of anomaly analysis in DNS operation was concluded and the results of the research were presented at the DNS-EASY 2011 conference, jointly organised by ICANN, DNS-OARC, and GSEC in Rome. Based on this project, further cooperation was initiated with the Faculty of Information Technology of the Technical University in Brno, where DNS anomalies were a suggested topic for dissertations.

Laboratories employees also make significant contributions to education in the CZ.NIC Academy, leading courses focusing on DNS and DNSSEC, the IPv6 protocol, the BGP routing protocol, and SIP protocol Internet telephony. They also give lectures at Czech universities and professional conferences at home and abroad.

08 CZ.NIC LABORATORIES

MDM – Malicious Domain Manager

In 2011, the Laboratories also focused on security in cooperation with the CZ.NIC-CSIRT department. For the needs of this department, the MDM – Malicious Domain Manager tool was developed, collecting information about malware in the Czech domain space and enabling simple communication with the responsible parties and monitoring of the progress of the solution. We have also analysed the status of Czech DNS resolvers, conducted an analysis of the randomness of source ports and monitored the number of open resolvers.

DANE WG (DNS-based Authentication of Named Entities Working Group)

This IETF (Internet Engineering Task Force) working group focuses on the storage of certificate fingerprints in DNS and their pairing in establishing secure communication; CZ.NIC Laboratories together with Google are its co-chairs. Last year, the first RFC describing examples of the utilisation of this mechanism was published, and at the end of 2011, a document describing the DANE protocol was very close to completion.

9. Educational and Informational Activities

9.1. Vision

The Association concentrates on the support of projects and services which directly contribute to increasing user comfort while using the Internet, whether as a work tool or a means to spend free time, and boosting the efficiency and stability of the Internet, but also on awareness-raising and educational activities, focused on both the professional and lay public.

9.2. Activities in 2011

9.2.1. Educational Activities at Schools

For already the fourth year, the Association has been giving lectures at secondary schools in the Czech Republic on how the Internet works, including a discussion of domains and DNSSEC, mojID, or IDN.

There are two types of these lectures: a technical one, intended primarily for students of higher years of specialised secondary schools and schools with a general focus, which informs about DNS and the latest technologies related to domain names; and a non-technical lecture, focusing on Internet security and the issues of intellectual property in relation to Internet content. This lecture informs students and teachers about the advantages of having one's own Internet domain, copyright issues, and the possibilities and pitfalls of Internet media. There is also a discussion of the benefits and downsides of social networks. The non-technical presentation, titled "A Handbook for Using the Internet" is intended not only for students of secondary schools, but also for pupils in the final years of primary schools.

9.2.2. Communication with the Public – Blog, Facebook, Twitter

The communication strategy of the Association is to actively provide information and comments in which the organisation and its employees share their views about what is currently being worked on at CZ.NIC, what is being planned, and about various events related to the Internet. Communication with the public takes place across several communication channels, and in addition to active cooperation with the media, the Association uses its own distribution resources.

09 EDUCATION & INFORMATION

Since 2008, CZ.NIC has been writing a very popular Internet blog, which was even selected as a quality source of information by the National Library of the Czech Republic and is archived several times a year in the "WebArchive - Czech Web archive" project.

In addition to the blog, the CZ.NIC Association joined social networking sites and started communicating not only with domain holders via Facebook and Twitter – announcing new official messages and also providing information on other popular and attractive events and projects of the Association to all those interested. The communication channel spectrum of course also includes the .news quarterly bulletin.

A new tab has been created specially for journalists on the main page of www.nic.cz, titled "News". All the official communication of the Association is posted here.

9.2.3. The Internet and Technology 11 Conference and World IPv6 Day

The fourth year of the professional Internet and Technology conference organised by CZ.NIC was held on 8 and 9 June 2011 at the Lávka Club in Prague. The end of IPv4 and the emergence of IPv6 is a major event in the world of the Internet and for this reason was selected as the main topic of the entire first day of the conference. The date was not chosen by accident, as 8 June had been declared the World IPv6 Day, an event that was met with great interest from many companies in the Czech Republic. According to CZ.NIC statistics, one in ten websites with a .cz domain was accessible over IPv6 on that day and the number of IPv6 accessible .cz domains increased by almost 30%. On 8 June 2011 over 18,000 websites with the Czech national extension enabled their IPv6 support.

Other topics discussed at the conference included for example Internet security or networking. The conference was jointly organised in cooperation with the Czech peering node NIX.CZ, which gave its presentations for the most part on the second day.

09 EDUCATION & INFORMATION

9.2.4. CZ.NIC Edition

The "CZ.NIC Edition" is another direction of the awareness-raising and educational activities of the CZ.NIC Association, publishing professional literature or translated foreign resources of high quality. Information about the CZ.NIC Edition and the published books is available on <http://knihy.nic.cz>.

In 2011, two books were published: The Wonderful World of Electronic Signatures by Jiří Peterka and a second revised edition of IPv6 by Pavel Satrapa. Both books are available in hardcopy for purchase and as .pdf files for download, and newly also in the MOBI and EPUB formats for electronic readers.

9.2.5. The CZ.NIC Academy Educational Centre

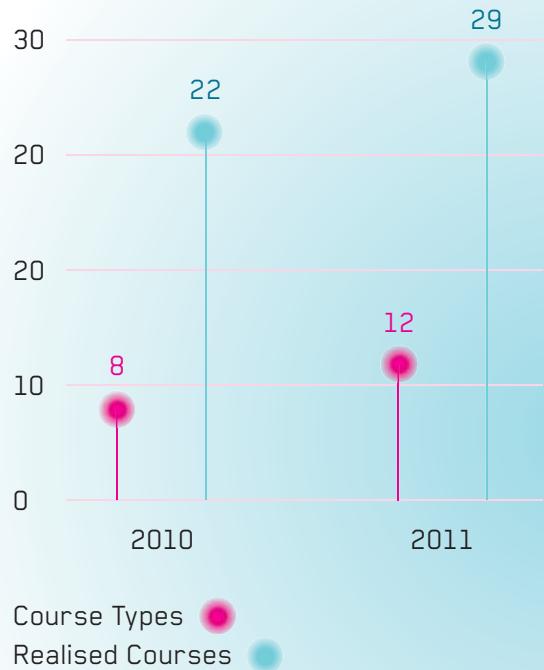
Already three years ago, the CZ.NIC Academy joined the ranks of places offering the latest relevant information from the world of the Internet, Internet technologies, and infrastructure, while also providing an opportunity to try things out in practice on high-end equipment located at the Academy's premises, a specially designed facility in the CZ.NIC headquarters.

In 2011, more types of courses began, focusing this time on specific audiences primarily from the public administration. The courses were tailored to organisations such as the Academy of Sciences, the Czech Telecommunication Office, and the Police of the Czech Republic.

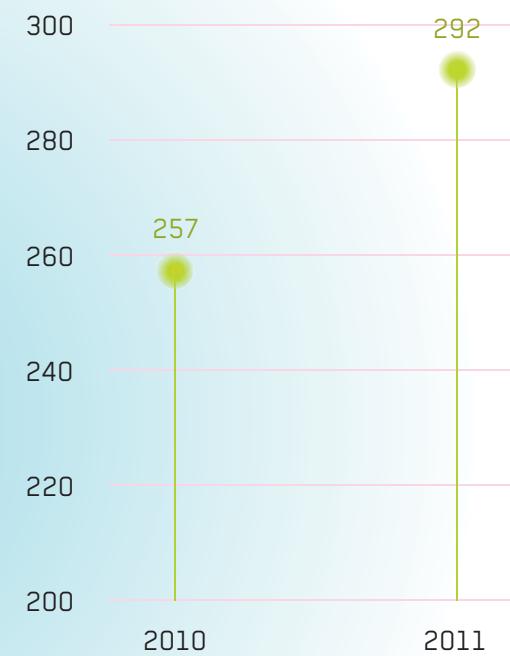
Throughout the year, the Academy organised 29 individual courses, with a total of 292 participants.

09 EDUCATION & INFORMATION

Number of Course Types and Realised Courses



Number of Students



09 EDUCATION & INFORMATION

List of all courses provided by the CZ.NIC Academy in 2011:

COURSES 2011	NUMBER OF COURSES	NUMBER OF STUDENTS
Course for the Academy of Sciences	2	30
Course for the Czech Telecommunication Office	1	20
The World of the Internet and Domains (course for Czech Police)	1	20
DNSSEC – Securing DNS	4	21
Implementing IPv6	7	105
IP Telephony – the SIP Protocol	2	10
Optimising PostgreSQL	2	18
The Principles and Administration of DNS	1	5
The Public Key Infrastructure (PKI)	2	18
The BGP Routing Protocol	4	33
SQL Injection – Principles and Prevention	2	5
Legal Protection of Ideas and Their Expression	1	7
Total	29	292

9.2.6. Seminar for Law Professionals

The May seminar for law professionals entitled "Practical Aspects of Domain Name Dispute Resolutions" was thematically primarily intended for attorneys and corporate lawyers who deal with domain name issues in their practice. The fourth year of the seminar was attended by approximately 40 law professionals.

09 EDUCATION & INFORMATION

9.2.7. Support of Other Educational Activities

As part of educational and awareness-raising activities, employees of the Association have been publishing articles in various professional media. In addition to the series on IPv6 published throughout 2011 in Computerworld magazine and collected in an electronic book at the end of the year, there have been series on the GO programming language and DNSSEC technology. A list of all published texts can be found at the website of the Association.

Throughout the year, employees of the CZ.NIC Association also actively participated in many domestic conferences – for example the Trends in Internet Security conference, LinuxAlt or the Czech Internet Forum.

10

PARTNERSHIP

10. Cooperation and Partnership

In a sense, the Internet is a separate, special world, a fluctuating world of new opportunities and constant changes and innovations. The CZ.NIC Association is aware of the need to continue monitoring domestic as well as international trends in the field of the Internet and Internet technologies. Only thus will the Association be able to react rapidly, continue to develop further, and maintain optimal conditions for the activities of domain name registrars and the convenience of their holders, as well as keep bringing benefits to the general public through its projects.

Due to the significant technological and knowledge development that the Association has gone through in the past years, representatives of the Association, both management members and employees, are welcome guests at Czech and international professional forums.

10.1. CZ.NIC Membership in Industry and Interest Organisations

10.1.1. Czech Republic

ICT UNIE – Association for Information Technology and Telecommunications

A professional association of companies working in information and telecommunication technologies, partially representing the ICT industry of the Czech Republic and promoting efficient use of ICT in all areas of life. It co-authors proposals for reform, legislature, and key decisions focusing on the development of ICT in the Czech Republic, and is a partner of state regulatory bodies.

NIX.CZ

The largest neutral Internet Exchange Point in the Czech Republic, or the umbrella association for Czech and foreign Internet Service Providers for the purpose of interconnecting their networks. The CZ.NIC Association is a member and takes an active part in seminars, workshops, and other meetings organised by NIX.CZ.

10 PARTNERSHIP

Tuesday Business Network

An independent association of which CZ.NIC is a member, providing a platform technology companies, investors and IT professionals to meet and share experiences.

In its work, the Association cooperates closely with, in particular, **the Ministry of Industry and Trade of the Czech Republic**, **the Ministry of Interior of the Czech Republic**, **the Czech Telecommunication Office** and **the Office for Personal Data Protection**.

Due to the existence of disputes about domain names, cooperation between CZ.NIC and the **Arbitration Court attached to the Economic Chamber of the Czech Republic** and **the Agricultural Chamber of the Czech Republic** is also quite important.

10.1.2. Other Countries

CENTR (The Council of European National Top Level Domain Registries)

A non-profit organisation associating top-level national and generic domain name administrators. The organisation focuses mainly on European registries, but there are also representatives of other, more distant regions – e.g., Canada and Japan. Representatives of CZ.NIC, a member since 2001, regularly participate in meetings of the Admin (focusing on administrative and technical procedures in the registries), Legal & Regulatory (focusing mainly on issues connected with alternative dispute resolution, protection of personal data and other topics) or Marketing groups, and of course also technical (Research & Development) workshops.

DNSSEC Industry Coalition

An organisation that strives to promote DNSSEC security technology worldwide. The goal of this organisation is to adopt a unified approach in promoting and implementing DNSSEC for all potential users, including the domain registers of national and generic TLDs. CZ.NIC Association has been a member of the Coalition since May, 2009.

DNS-OARC (The Domain Name System Operations Analysis and Research Center)

A trusted platform that brings together key entities to share their experience from DNS operation, analysis, and research to be able to efficiently coordinate their activities, particularly those concerning the security of the system.

10 PARTNERSHIP

EURid (The European Registry of Internet Domain Names)

An association which, based on an authorisation from the European Commission, administers the top-level .eu domain. CZ.NIC is an associate member and has a representative on its Board of Directors.

EuroISPA (European Internet Services Providers Associations)

The CZ.NIC Association has been a member of this European association of ISPs since 2008. EuroISPA is the largest ISP organisation in the world, with around 1,500 members. Its objective is to represent ISPs within the legislative processes of the European Union and facilitate the exchange of experiences between individual ISPs.

ICANN/ccNSO (Internet Corporation for Assigned Names and Numbers)

An international non-profit organisation founded in 1998, whose main objective is not only the administration and issuing of generic and national top-level domain names, but also the assignment of IP addresses. The CZ.NIC Association, as the administrator of the .cz national domain, delegates its representatives to regular meetings and its specialists participate actively in working groups.

IETF (Internet Engineering Task Force)

An organisation founded back in 1986, directly linked to the birth of the Internet. It is made up of an international community of leading specialists, network architects, and representatives from the commercial sector. The IETF approves and promotes Internet standards and RFC documents, which govern the majority of Internet operations. Its meetings are also attended by many Czech experts from the academic, corporate, and private sectors.

RIPE NCC (Réseaux IP Européens Network Coordination Centre)

An independent non-profit organisation supporting Internet infrastructure. Among its key activities is the operation of RIR (Regional Internet Registry), which allocates Internet resources and connected services (e.g., IP addresses) to its members. As one of its members, CZ.NIC takes part in regular meetings and also participates in other topical meetings and trainings held by the organisation.

Trusted Introducer

One of the activities of the TERENA organisation, which joins CSIRTs in Europe and is a trustworthy centre for the exchange of sensitive information and know-how between the individual CSIRTs. CZ.NIC is a member and is listed among registered CSIRT teams.

10 PARTNERSHIP

BIND (Berkely Internet Name Daemon) Forum

An association supporting software development for DNS – BIND.

ISC (Internet System Consortium)

An organisation supporting Internet infrastructure and the operator of the F-root server.

10.2. International Collaboration

Thanks to the activities of the Association on the international domain scene, stakeholder foreign organisations are increasingly choosing the Czech Republic as the location for their meetings. The CZ.NIC Association welcomes this opportunity, as it gives representatives of the local Internet community easier access to these international forums.

10.2.1. 80th IETF Meeting

In the last week of March, CZ.NIC hosted an important five-day summit in Prague of the professional international community of the IETF (Internet Engineering Task Force) – IETF 80. This organisation is responsible for the creation of specifications necessary to maintain the development and stability of the global Internet network. The individual working groups of approximately 1,300 experts from around the world met in Prague to discuss projects focused primarily on security, routing, and Internet applications.

10.2.2. CENTR R&D, CENTR L&R and CENTR Marketing Workshop

Prague was chosen for its seminars also by CENTR – an associating European as well as non-European registries. In the last week of May, the CZ.NIC Association hosted two such meetings: the CENTR R&D Workshop intended for the researchers and developers of the individual registries, and the 35th CENTR L&R Workshop for domain lawyers, taking place in Prague already for the third time. In December, a third event followed: a convention of marketing experts. This means that in the course of seven months, there were 3 professional meetings organised by the CENTR association taking place in Prague.

10 PARTNERSHIP

10.2.3. BIND 10 Developer Meeting

The BIND system is currently the most popular software solution for running DNS servers, and its latest version is being developed with the participation of the CZ.NIC Association. In 2011, also in March, the education centre of the CZ.NIC Academy in Prague hosted a meeting of the system's developers.

10.2.4. International Internet Security Workshop

The two-day international workshop on Internet security was organised in October 2011 in Prague by EUROPOL and the ENISA association in collaboration with the CSIRT.CZ security team operated by the CZ.NIC Association. Members of national and governmental CERT/CSIRT teams and representatives of law enforcement authorities from across Europe participated in the workshop. This workshop, the sixth to have been held, was extremely important, as it is one of the few opportunities security team members involved in cyber security have to meet face to face. The main purpose of this meeting of the European elite is to share experiences with one another.

10.3. Help and Support

10.3.1. Partnership in the Safe Internet Project

The CZ.NIC Association became a partner of the Safe Internet educational project, which aims to show the risks associated with using the Internet and highlighting efficient ways to defend against them. The project targets various user groups and uses illustrative examples to help form good Internet security habits.

10.3.2. CZ.NIC Helps Animals

The CZ.NIC Association is a long-time contributor to the Prague and Zlín zoos, supporting the breeding programmes of the Southern Cassowary, a bird originating in New Guinea and Australia. In the Czech Republic, there have been occasional sightings of its relative, as yet undescribed by the scientific community – the Domain Cassowary. More information about this species is available at www.kasuar.cz.

11 STRUCTURE

11. Association Structure and Organisation

11.1. Members

The Association's membership comprises a whole range of companies which make a significant contribution to the functioning of the Czech Internet. Among its members are representatives of Internet and telecommunications service providers, domain name registrars, publishers of Internet and print media, e-commerce businesses, and companies for whom the Internet and domain names are an important communication tool.

The CZ.NIC Association is one of the meeting places for representatives of various activities and services that can be found on the Internet. The broad spectrum of business activities carried out by members and their taking part in the Association's activities, whether in the form of participation at general assembly meetings, working groups and workshops, e-mail conferences, or working directly within the Association bodies enriches and expands the Association's knowledge portfolio and allows it to continually improve the efficiency of its management and react to the constant development typical for the Internet.

11.2. Membership Conditions

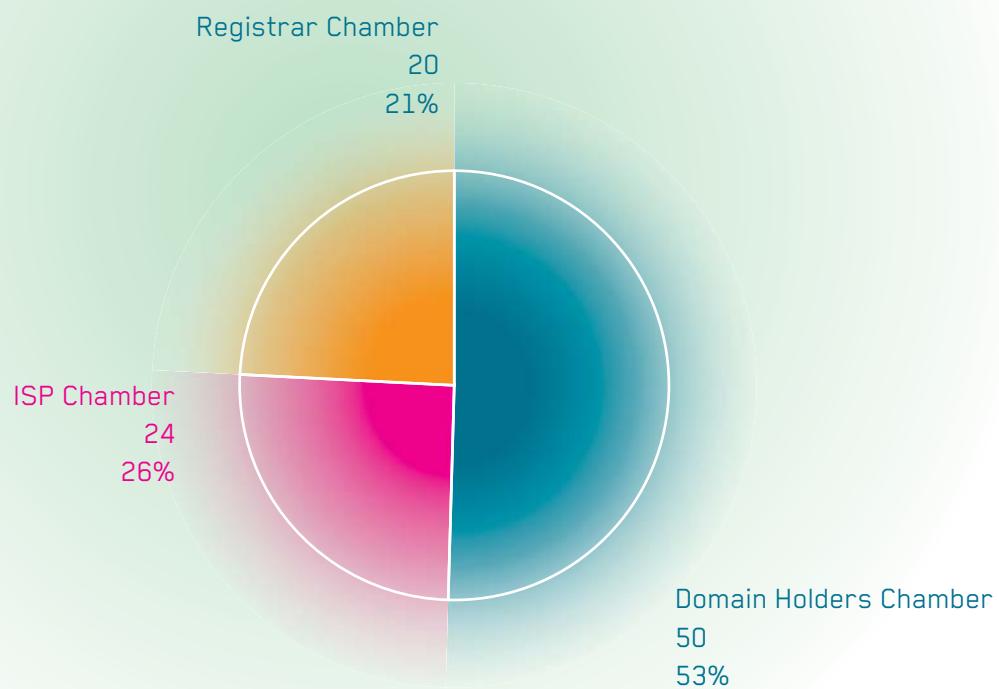
A member of the Association may be any legal entity fulfilling general membership conditions, including having seats in an EU member state or an organisational unit in an EU member state, having possession of at least one domain name with the .cz ccTLD and payment of an entry membership fee. Association members are split into three chambers: the Domain Name Holders Chamber, the ISP Chamber, and the Registrar Chamber. Special conditions for membership in individual chambers are set in the Statutes. The chamber arrangement benefits the Association members, who are able, together with other similarly focused entities, to better define and defend their opinions, suggestions, and interests. The chamber arrangement has also made the operation and negotiations of the Association bodies more efficient, particularly for the Collegium and General Assembly.

11 STRUCTURE

11.3. List of Members

As of 31 December 2011, the CZ.NIC Association had a total of 94 members.

Number of the Association's Members and Their Distribution Among the Chambers of the General Assembly
(as of 31 December 2011):



11 STRUCTURE

Development of the Number of Members in the Chambers of the General Assembly 2005-2011:



11 STRUCTURE

Chamber of Domain Name Holders

NAME	Reg. No.
1. ABRATICA s. r. o.	26108534
2. Advio Network, s. r. o.	28565673
3. AliaWeb, spol. s r. o.	26117363
4. Asociace pro elektronickou komerci	68684797
5. AUDITEL, s. r. o.	26775034
6. Com-Sys TRADE spol. s r. o.	16188781
7. CQK HOLDING a. s.	28405579
8. CYBERSALES a. s.	26199653
9. Datahost s. r. o.	26390973
10. DELL Computer, spol. s r. o.	45272808
11. ekolo.cz s. r. o	27141659
12. Google Czech Republic, s. r. o.	27604977
13. Greenlux s. r. o.	28608747
14. Holubová – advokáti s. r. o.	24686727
15. i – registry s. r. o.	28451082
16. I. H. P. společnost s ručením omezeným	48117846
17. IBM Česká republika, spol. s r. o.	14890992
18. ICZ a. s.	25145444
19. INBES, spol. s r. o.	14502593
20. Intell.Net s. r. o.	27971546
21. Internet Info, s. r. o.	25648071
22. Internet Mall, a. s.	26204967
23. Kanlux s. r. o.	27804861
24. Laurián s. r. o.	29018919
25. MARIAS s. r. o.	26136139

NAME	Reg. No.
26. MEDIA FACTORY Czech Republic a. s.	26288311
27. Michal Krsek & partneři s. r. o.	27418570
28. MITE Infonet s. r. o.	25660292
29. Moonlake, a. s.	28924355
30. NextiraOne Czech s. r. o.	26175738
31. NFX, z. s. p. o.	75093201
32. Nux s. r. o.	27234631
33. Občanské sdružení Ubuntu pro ČR	22674608
34. Orange Business Czech Republic s. r. o.	49620037
35. Orego finance s. r. o.	24718955
36. Pražský Účetní Servis s. r. o.	26740575
37. Q3, s. r. o.	26226073
38. Skymia s. r. o.	28238613
39. Software602 a. s.	63078236
40. Socha, spol. s r. o.	48291153
41. SuperNetwork s. r. o.	25492063
42. SVBsoft, s. r. o.	28523644
43. Tech Ware spol. s r. o.	14891107
44. TIKWI s. r. o.	28917651
45. Trustica s. r. o.	26514362
46. Unie vydavatelů	15887081
47. Unisys s. r. o.	48109291
48. ÚVT, s. r. o.	25701118
49. VIZUS.CZ s. r. o.	27155315
50. Webarium, s. r. o.	26089602

11 STRUCTURE

ISP Chamber

NAME	Reg. No.
1. 2 connect a. s.	29007542
2. BT Limited, organizační složka	70802025
3. CASABLANCA INT s. r. o.	25079832
4. CentroNet, a. s.	26165473
5. CESNET, z. s. p. o.	63839172
6. COOLHOUSING s. r. o.	14893983
7. ČD – Telematika a. s.	61459445
8. České Radiokomunikace a. s.	24738875
9. Dragon Internet a. s.	27237800
10. Faster CZ spol. s r. o.	60722266
11. GTS Czech s. r. o.	28492170
12. Informační a bezpečnostní agentura s. r. o.	64051641

NAME	Reg. No.
13. INTERNEXT 2000, s. r. o.	25352288
14. IPEX a. s.	45021295
15. JH Comp s. r. o.	26051362
16. LAM plus s. r. o.	25129619
17. MAFRA, a. s.	45313351
18. Qnet CZ s. r. o.	25518097
19. SkyNet, a. s.	25346687
20. STARNET, s. r. o.	26041561
21. Trestel CZ, a. s.	26177129
22. T-Systems Czech Republic a. s.	61059382
23. VOLNÝ, a. s.	63080150
24. VSHosting s. r. o.	61505455

Registrar Chamber

NAME	Reg. No.
1. 1X s. r. o.	44632142
2. ACTIVE 24, s. r. o.	25115804
3. AKREDIT, spol. s r. o.	25797387
4. banan s. r. o.	26867257
5. Dial Telecom, a. s.	28175492
6. EXPLORER a. s.	26726653
7. GENERAL REGISTRY, s. r. o.	26027267
8. IGNUm, s. r. o.	26159708
9. INTERNET CZ, a. s.	26043319
10. KRAXNET s. r. o.	26460335

NAME	Reg. No.
11. MASANTA.COM s. r. o.	25730533
12. Media4web, s. r. o.	26735903
13. NEW MEDIA GROUP s. r. o.	26124611
14. ONE.CZ s. r. o.	25503651
15. ONEsolution s. r. o.	27710335
16. Stable.cz s. r. o.	28741048
17. TELE3 s. r. o.	26096960
18. Telefónica Czech Republic, a. s.	60193336
19. Web4U s. r. o.	26058774
20. ZONER software, a. s.	49437381

11 STRUCTURE

11.4. Association Bodies

11.4.1. General Assembly

The General Assembly is the supreme body of the Association, where all members of the Association meet, split into three chambers – registrars, ISPs, and domain name holders. Every Association member has the right to participate in a meeting of the General Assembly, and present their ideas, opinions, and comments.

11.4.2. Collegium

The Collegium has a total of 21 members, of which 18 members are elected by the individual chambers of the General Assembly and 3 members are nominated by state authorities. Members of the Collegium are elected to serve three-year terms.

Collegium members elected by the General Assembly from 1 January to 31 December 2011:

Collegium members representing the Chamber of Domain Name Holders:

Marek Antoš
Jan Hřebíček
Tomáš Maršílek
Jiří Peterka
Jan Redl
Jan Vetyška

Collegium members representing the ISP Chamber:

Ondřej Filip
Tomáš Košňar
Petr Kuneš
Jiří Kysela
Zbyněk Pospíchal
Karel Taft

11 STRUKTURA

Collegium members representing the Registrar Chamber:

Zdeněk Brůna

Marek Erneker

Ilona Filípková

Petr Komárek

Martin Kukačka

Erich Syrovátka

Collegium members nominated by state authorities:

Marek Ebert, The Czech Telecommunications Office

Monika Pochylá, The Ministry of Industry and Trade of the Czech Republic

Marie Moravcová, The Economic Chamber of the Czech Republic

11.4.3. Board of Directors

The Board is a statutory body, governing Association activities and acting in its name.

Board members from 1 January to 31 December 2011:

Karel Taft (*1971), Chairman of the Board of Directors

Marek Antoš (*1979), Vice-Chairman of the Board of Directors

Tomáš Košňar (*1965), member

Martin Kukačka (*1980), member

Jiří Kysela (*1955), member

11.4.4. Supervisory Board

Association control body, which supervises the performance of the Board and the implementation of Association activities.

Members of the Supervisory Board from 1 January to 31 December 2011:

Jan Redl, Chairman of the Supervisory Board

Ondřej Fryc, member

Jiří Peterka, member

12. Human Resources

12.1. State and Development of Employee Numbers

In addition to its main activity, i.e., above all operating the registry of the .cz national domain and the 0.2.4.e164.arpa (ENUM) domain, the CZ.NIC Association also focuses on research, training, and awareness-raising projects. At the beginning of 2011, 55 employees worked at the CZ.NIC Association. By 31 December of the same year, there were 47 employees.

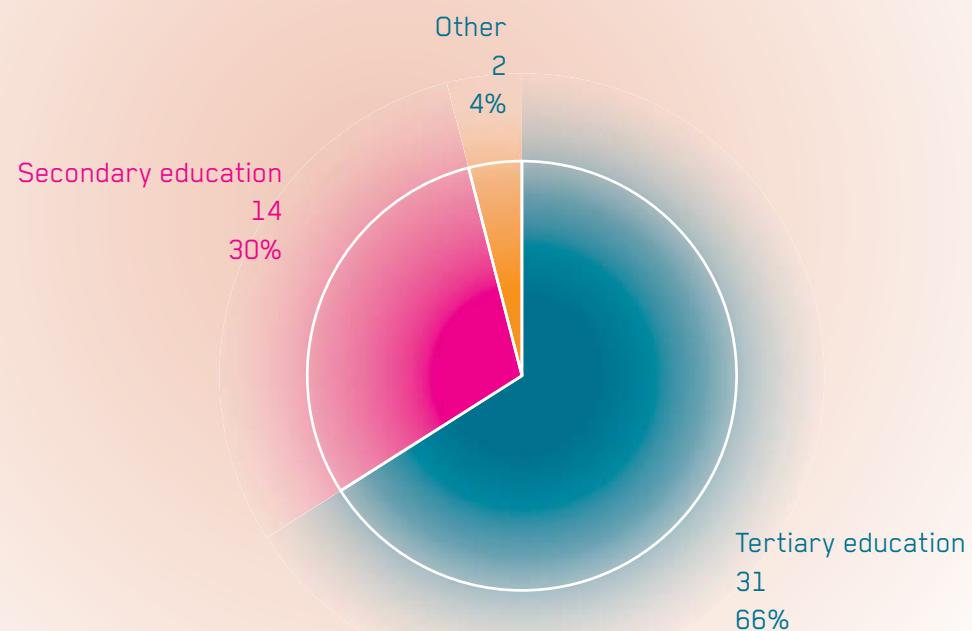
The table below shows the development of the number of employees:

DEPARTMENT	STATUS 1 JANUARY 2011		STATUS 31 DECEMBER 2011	
	NUMBER OF EMPLOYEES	FULL-TIME EQUIVALENT*	NUMBER OF EMPLOYEES	FULL-TIME EQUIVALENT*
Managers	6	6	6	6
The CZ.NIC Academy	1	0,5	1	0,5
Marketing/PR	5	5	4	4
Development	9	7,5	10	8,5
Network Administration	4	4	4	4
CZ.NIC Labs	17	12,2	11	8,55
Legal/Secretariat	1	1	1	1
Customer Support	7	7	7	7
CSIRT	5	1,8	3	2,2
TOTAL	55	45	47	41,75

*) 40-hour working week

The strength of the Association lies in the qualified and proficient employees who are necessary to fulfil the Association's objectives and to develop it further. All employees undergo further training, with an emphasis on achieving maximum professional and personal qualities and development. This personnel policy, combined with an attractive field, work with modern leading technologies, and the chance to take an active part in forming the Czech Internet, leads to a predominance of staff with a university education.

Qualification Structure of the Employees (as of 31 December 2011)

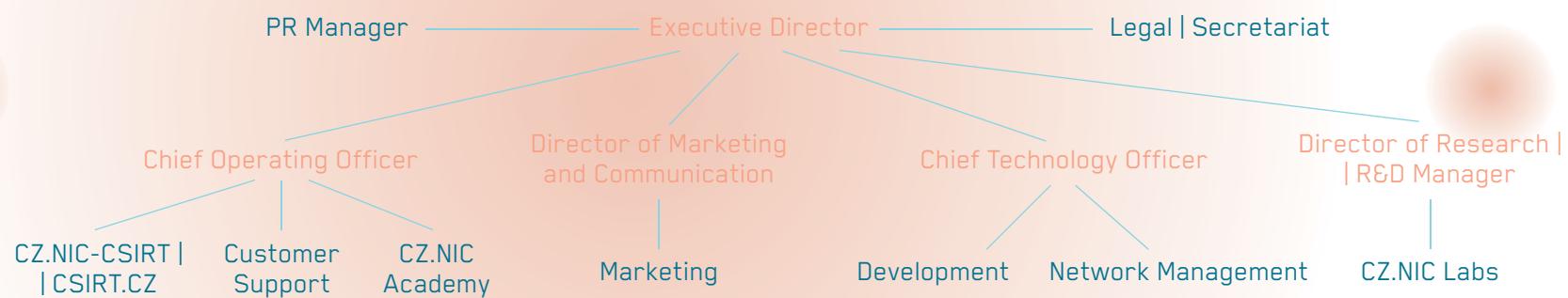


The CZ.NIC Association gives the opportunity to gain professional experience even to new graduates of universities and secondary schools who can get their first job here.

The development of salaries in 2011 reflected the needs of the Association and its employees. Salary is formed by a fixed tariff and variable benefits, reflecting the actual performance of each employee. Setting the amount of salaries, incentives, and any other benefits is governed by the principle of justice pursuant to valid legislation as well as conditions and developments in the telecommunications environment and the IT market.

12.2. Organisational Structure

The Association's clear and simple organisational structure corresponds to the number of employees and brings maximum efficiency in performing the activities of the Association and its management.



13

FINANCIAL INDICATORS

13. Selected Financial Indicators (in thousands of CZK)

YEAR	2004	2005	2006	2007	2008	2009	2010	2011
Income	137 632	139 167	133 050	155 848	119 376	140 994	137 751	136 998
Expenses	139 669	106 557	117 618	132 369	65 909	97 799	100 781	104 370
Profit after tax	-2 037	32 610	15 432	23 479	53 467	43 195	36 970	32 628

14

BALANCE SHEET

14. Balance Sheet (in thousands of CZK)

	2004	2005	2006	2007	2008	2009	2010	2011
Total assets	100 982	147 926	168 026	171 222	221 670	275 087	312 202	361 566
Fixed assets	6 347	3 044	10 156	8 381	8 135	8 268	12 258	8 781
Intangible assets	1 841	1 179	3 210	3 806	1 522	0	0	0
Tangible assets	4 506	1 865	6 946	4 575	6 613	8 268		8 781
Financial assets								
Securities								
Current assets	94 251	144 882	156 678	161 456	212 092	265 160	292 563	351 125
Inventory				55	103	48	184	278
Long-term receivables			106		715	1 196	1 351	1 379
Short-term receivables	880	852	2 872	1 018	1 051	1 851	4 338	12 180
Financial assets	93 371	144 030	153 680	160 383	210 223	262 065	286 690	337 288
Other assets	384	0	1 192	1 385	1 443	1 659	7 381	1 660

14 BALANCE

	2004	2005	2006	2007	2008	2009	2010	2011
Total liabilities	100 982	147 926	168 026	171 222	221 670	275 087	312 202	361 566
Own equity	6 014	38 624	54 056	77 535	131 002	174 197	311 167	243 795
Capital stock								
Capital funds								
Funds from profit	7 627	7 627	7 627	7 627	7 627	7 627	7 627	44 597
Profit or loss from previous years	424	-1 613	30 997	46 429	69 908	123 375	166 570	166 570
Profit or loss for accounting period	-2 037	32 610	15 432	23 479	53 467	43 195	36 970	32 628
External sources	16 786	26 831	18 753	13 706	16 835	13 851	14 877	25 518
Provisions								9 530
Long-term liabilities						193		
Short-term liabilities	16 786	26 831	18 753	13 706	16 642	13 851	14 877	15 988
Bank loans								
Other liabilities	78 182	82 471	95 217	79 981	73 833	87 039	86 158	92 253

15

PROFIT AND LOSS

15. Profit and Loss Account (in thousands of CZK)

	2004	2005	2006	2007	2008	2009	2010	2011
Output and sales	136 250	139 020	131 864	147 564	108 671	109 764	120 980	127 133
Of which revenue and sales	136 250	139 020	128 952	144 740	108 671	109 764	120 980	127 133
Own work capitalized			2 912	2 824	0	0	0	0
Production consumption and costs	124 497	82 074	94 067	88 668	19 509	27 572	37 451	44 440
Added value	11 753	56 946	37 797	58 896	89 162	82 192	83 529	82 693
Staff costs	5 923	6 053	11 930	20 193	20 567	27 113	31 520	39 227
Depreciation of assets	4 294	4 944	4 900	6 042	5 851	5 069	6 980	6 145
Clearance of reserves								533
Other operating income	421	-475	244	246	682	1 156	1 496	1 208
Other operating costs	598	321	516	435	393	433	3 034	351
Operating profit or loss	1 359	45 135	20 695	32 448	62 925	50 566	43 491	37 795
Other financial income	961	622	942	7 885	10 054	30 041	15 075	8 435
Other financial costs	2 719	115	81	7 077	4 129	25 342	11 208	4 623
Profit or loss from financial operations	-1 758	507	861	808	5 925	4 699	3 867	3 812
Profit or loss from ordinary activities	-399	45 642	21 556	33 256	68 850	55 265	47 358	41 607
Extraordinary income								
Extraordinary expenses	1 638		6 124	9 777	15 383	12 070	10 388	
Extraordinary profit or loss	-1 638		-6 124	-9 777	-15 383	-12 070	-10 388	
Profit or loss after tax	-2 037	32 610	15 432	23 479	53 467	43 195	36 970	32 628

16

REVENUE DEVELOPMENT

16. Revenue Development (in thousands of CZK)

YEAR	2004	2005	2006	2007	2008	2009	2010	2011
	136 250	139 020	128 952	144 741	108 523	109 576	120 701	127 133

17 DATA

17. Data on Facts between the Date of Final Accounts and General Assembly

No events occurred in the given time which would have had an impact on the data presented in the financial statements for 2011.

18. Auditor's Report

ADU.CZ

**Independent auditor report for the members
of the interest association of legal entities CZ.NIC**

We have audited the enclosed financial statements of CZ.NIC, an interest association of legal entities, i.e. a balance sheet as of 31 December 2011, a profit and loss statement for the period between 1 January 2011 and 31 December 2011 and the appendix of this statement, including a description of used significant accounting methods.

Responsibility of the statutory body of the accounting unit for the financial statements

In accordance with Czech accounting standards, the responsible party for the creation and faithful reproduction of financial statements is the statutory body of the association. This responsibility includes proposing, implementing and ensuring the application of internal control measures governing the creation and faithful reproduction of financial statements to guarantee they do not include any significant errors caused by fraud or mistake, select and apply suitable accounting methods and perform accounting estimates that are adequate to the given situation.

Responsibility of the auditor

Our task is to issue, based on the audit carried out, a report about these financial statements. We have performed the audit in accordance with the Auditor Code, the International Standards on Auditing and relevant application standards of the Auditor Chamber of the Czech Republic. In accordance with these rules, we are required to comply with ethical norms and plan and carry out an audit in such a manner to be adequately certain that the financial statements do not include any significant error.

The audit includes carrying out auditing procedures the aim of which is to obtain proof of the financial amounts and facts listed in the statements. Selection of auditing procedures follows the judgement of the auditor, including the assessment of the risk that the financial statements include significant errors caused by fraud or mistake. When assessing these risks, the auditor takes into account internal controlling procedures that are relevant to the creation and faithful reproduction of financial statements. The aim of the assessment of internal controlling procedures is to propose suitable auditing methods, not to make a statement about the efficiency of the internal controlling procedures. The audit also includes an assessment of the appropriateness of the accounting methods used, adequacy of accounting estimates made by management and an assessment of the overall presentation of financial statements.

We believe that the information and proof gathered serve as an adequate basis for our statement.

The auditor's statement

In our opinion, the financial statements represent a faithful and honest overview of assets, liabilities and the financial situation of CZ.NIC, an interest association of legal entities, as of 31 December 2011 and the costs, revenues and results of its economic performance in 2011 in accordance with Czech accounting standards.

In Malenice on 31 May 2012



Digitally signed by Ing. SIMONA PACÁKOVÁ
Czech Auditor Chamber licence no. 368

On behalf of ADU.CZ s.r.o.,
this report was created by Ing. Simona Pacáková, auditor, Czech Auditor Chamber decree no. 1825

19

CONTACT INFORMATION

19. Registered Seat and Contact Information

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Phone: +420 222 745 111
Fax: +420 222 745 112
www.nic.cz

The association is entered in the registry of interest associations of legal entities at the Prague Municipal Authority, registration number ZS 30/3/98.

CZ.NIC – 24-hour customer support
Phone: +420 222 745 111
or
E-mail: podpora@nic.cz