



## THE INFORMATION TRUST EXCHANGE

**Trust, identity, personalization,  
content and user sharing for the news industry**

# **ITE Governance Structure**

*(v1.0 Sept. 11, 2015 / BD)*

*The Donald W. Reynolds Journalism Institute (RJI) is fostering the launch of a public-benefit, non-profit consortium for managing trust, identity, privacy and information commerce on the Internet. This DRAFT document describes setup tasks, governance objectives, considerations and a legal structure. Work on corporate form and governance are deferred until after completion of the first four task-group meetings and a decision whether to proceed with formation of the ITE. Comments on this document should be emailed to [informationtrustproject@gmail.com](mailto:informationtrustproject@gmail.com)*

## **1. SETUP TASKS**

1. Confirm governance structure, mission, objectives
2. Review comparables: Bluetooth, Cable Labs, NCN, NewsRight, ICANN, others
3. Facilitate board formation, membership
4. Review on single (non-stock) or dual-entity approach
5. Consider how decisions are made about membership admittance
6. Establish practices for respecting antitrust law
7. Payment guarantees and liabilities -- who bears? ITE or operating licensees?
8. Establish approach to assessing intellectual-property issues
  - a. Any patent-licensing required?
  - b. Ownership of IP created by ITE or affiliates/licensees?

## **2. GOVERNANCE OBJECTIVES**

The Information Trust Exchange, whether chartered as a non-profit association or a co-operative, would

not compete with its members in news or advertising, because it is proposed not to be a direct operator of anything – rather, it will develop standards, protocols and business rules, and license operation of authentication and logging services – data exchanges – by one or more private, for-profit operators. Its role include these functions:

9. Fund protocol and standards development
10. Research, test, commission key technologies
11. Create voluntary privacy, trust, identity standards
12. Protect privacy: Anonymous, yet trusted users
13. Sanction protocols for sharing users/content and license their use
14. Sanction multi-site user authentication services
15. Facilitate web-wide microaccounting/subscriptions
16. Support “atomized” content, wholesale/retailing pricing
17. Broaden “deep web” access; not on web today
18. Enhanced-CPM, precisely-targeted marketing
19. Enable consumer choice for commerce, privacy
20. One account, one bill, one ID, purchase anywhere.
21. But no single owner of all users

### **3. GOVERNANCE CONSIDERATIONS**

- a. Not-for-profit association, staggered board, (say, 27 seats allocated by 7 types); founding members (foundations); publishing members; technology members; public members. It can own, and partner with for-profit operating entities.

See this description: <http://www.newshare.com/wiki/index.php/Blueprint-form>

- b. One group of ITE stakeholders: Technology and business service providers who operate ITE-sanction services under contract with the ITE, for which they pay some relative diminimus transaction- or volume-based license fee. These might include operators of the authentication and logging services, and providers of ancillary services that must interoperate with all auth and logging services. These might include financial-service firms which do settlement on records providing by the auth/logging service, as well as entities who act as authorized agents of either publishers or end-user service providers to perform business-case services on network data.
- c. Another group of ITE stakeholders: Publishers/information service providers, and billing/subscription end-user service providers who wish to be authenticated across the entire ITE service network. Most of their cost would be payments to the tech and business-service providers of their choice (above) at free-market prices. But they would also be asked to pay an "interchange fee" based on transaction volume to the ITE, again solely sufficient to fund the ITE's governance and any necessary R&D. What they get for the interchange fee is a unique, ITE-wide identifier and the assurance they and their users will be "authenticated" globally so long as they play by the ITE's rules.
- d. ITE would define and govern a layer of network protocols for sharing user authentication, profile sharing, copyright payments and billing. Similar to the bank / credit-card system, the network would be overseen by a non-governmental authority on behalf of private -- and competing -- parties. The ITE makes rules for the competitive exchange of both content and users' identity information.
- e. It could raise money through grants, gifts, memberships and loans, and then contract with or acquire entities providing information-commerce operating services, realizing program-related income. The entity must be agile and unencumbered in negotiating and implementing relationships and it's fiduciary obligations must be solely to advance the interests of its members, and the public.

- f. It establish consensus on minimum necessary open protocols to transfer information about usage and charges across a network (either the public Internet or some controlled subset).
- g. It facilitates emergence of an open user- sharing and payment protocol – either by developPing the standard, or endorsing an open standard developed by an incumbent willing to share it.
- h. The Information Trust Exchange, whether chartered as a non-profit association or a co-operative, would not compete with its members in news or advertising, because it is proposed not to be a direct operator of anything – rather, it will develop standards, protocols and business rules, and license operation of authentication and logging services – data exchanges – by one or more private, for-profit operators.
- i. The ITE may exercise an ultimate sanction of removing an infovalet identity service provider, or a relying party – the content provider – from the network if they are not meeting the requirements of the system. These non-regulatory sanctions is one of the reasons why the governance and ownership of the service is so critical. The cutoff decision has to be the result of well-documented interchange rules (consider Visa as a model in this regard), and the entity making the decision has to have no competitive business interest one way or the other but rather only an interest in the fair administration of the service and due regard for evolving identity and privacy rights of end users. Hence, the need for a non-governmental and non-investor-owned entity with a mission to efficiently oversee and operate a service and not profit from it. Profit is for the publishers and service providers who use the service.
- j. The ITE defines an architecture, creates protocols and interfaces, and accompanying business rules. Then contractually partners with technology companies prepared to build ITE- compliant networks that share user data, content and payments.
- k. The ITE allows and enables commercial entities to make their own business decisions about how much to spend to enable and connect to the network. They can't do that now is because there is no interconnect -- a private, yet public-benefit, system of unified policy, governance and sanctions. There is no non-profit exchange facilitator which, like the Internet itself, transcends any single government or enterprise.

#### **4. GOVERNANCE STRUCTURE**

## **CONCRETE IDEAS ABOUT THE CORPORATE STRUCTURE, OWNERSHIP AND GOVERNANCE OF AN INFORMATION TRUST EXCHANGE**

from: <http://www.newshare.com/wiki/index.php/Blueprint-form>

### **A. Formation**

This section describes the proposed corporate form, ownership and governance of an Information Trust Exchange (ITE).

## **Mission**

The mission of the ITE is to (a) sustain and advance the values, principles and purposes of independent journalism in and for participatory democracies worldwide and to (b) own, manage, oversee, operate or license products and services related thereto.

## **Dissolution**

ITE is governed by a non-stock association. It is owned by its membership, whose interests may not be divided or sold except pursuant to the bylaws and whose assets, upon dissolution shall be contributed to charitable or education institutions in furtherance of journalism in conformance with the laws of its state or incorporation.

## **Business Location**

Until at least 2020, ITE shall have as its principal place of business any location in the United States of America. At least until then, it's principal place of business shall be Columbia, Mo., at the Donald W. Reynolds Journalism Institute, or a U.S. location otherwise approved by the Reynolds Journalism Institute.

## **B. Membership**

Any individual may apply to join the Information Trust Exchange upon payment of annual dues established by the Board of Directors and approval of their membership application by the Board of Directors. Membership may be withheld by the board in its discretion for any lawful reason. Members shall be entitled to attend and vote at any Annual or Special meeting called by the Board of Directors or by petition of at least one-third of the membership. The names, membership class citizenship and mailing addresses of each and all members shall be public and available to all members. The ITE shall at least annually prominently publish to the public the names of all members and their classes, along with aggregate information about the change in size and composition of each class.

## **Establishing dues**

Until Jan. 1, 2017, changes in dues and any changes in the privileges and benefits of membership shall be approved by a two-thirds vote of directors then voting at a duly called meeting.

After Dec. 31, 2016, changes in dues and any changes in the privileges and benefits of membership shall be approved by a two-thirds vote of members then voting at an annual or special meeting called with at least 90 days public notice by mail or otherwise.

## **Member classes**

No entity shall be admitted to or removed from any class of membership in the ITE other than by a two-thirds vote of Board of Directors voting at a duly called board meeting.

There shall be the following classes of membership:

### **Class A – Founding Members**

The table APPENDED AT THE END OF THIS DOCUMENT shows seven classes of membership, the maximum number of board seats allocated to each, and the initial and permanent terms of each seat. No change in classes, terms or number of seats allocated thereto shall be approved other than by a two-thirds vote of the entire membership cast by ballot or at an annual or special meeting called with at least 90 days mailed public notice. ([DOWNLOAD PDF VERSION OF TABLE](#))

The following entities and/or individuals shall constitute the initial founding membership of the Information Trust Exchange with the standing term, and initial term of appointment to the Board of Directors for an individual nominated by the entity shown before each name.

## *NAMES TO COME*

The Founding Membership may be enlarged from time to time to time or at any time as may be elected by unanimous consent of directors of ITE voting at a duly called meeting. However, the original seven members shall always have the right and obligation to nominate individuals to their apportioned board seat.

### **Class B – Publishing Members**

Any non-governmental individual or entity whose interests or business consists in substantial part the creation of original works of journalism, art, literature, news, and entertainment in whatever form.

### **Class C – Contributing Member**

Any individual or entity, including governmental, which maintains regular account relationships billed at least monthly, all of whose customers are technically capable and permitted to participate in an Internet-based shared-user networked owned or operated by ITA for, among other purposes, management of user-centric demographics and exchange of value for information services and products.

### **Class D – Technology Members**

Any individual or non-governmental entity whose principal business includes the providing of technical products or services which generally support or enable public networks and forms of participatory democracy.

### **Class E – Participating Members**

Any government, public, charitable, trade, educational or business organization which has a substantial interest or participation in the mission and affairs of the ITE and does not qualify as a Founding, Publishing or Contributing Member.

### **Class F – Supporting Members**

Any individual not otherwise encompassed by the previous classes who wishes to support the mission and operations of the JTA.

### **Class G – At large members**

An individual member designated by a two-thirds vote of the Board of Directors for the purpose of qualifying the designee to hold an at-large seat on the Board of Directors.

## **C. Board of Directors**

All the affairs of the ITE shall be governed by a Board of Directors, which shall appoint by election all officers and principal managers. The board shall have the powers customarily vested in an association board by law or precedent.

### **Officers: Election by Board**

The Board of Directors shall initially consist of one individual designate by each of the Founding Members which together shall elect such officers as may be required by law or otherwise deemed appropriate. An officer need not be a director and all officers shall serve at the pleasure of the board. After their initial terms, Founder Members shall have no explicit right of representation on the Board other than as elected by all Founding Members voting as a class.

### **Board expansion**

The Board of Directors may be expanded by its initial members as its initial members deem prudent, in the classes and maximum numbers set forth in the table below. In making appointments the board shall as far as is reasonably possible seek to maintain a ratable balance of occupied seats equal to the ratios of the maximum number of seats for all classes.

## **Board nomination**

Within each class the membership, except for Class G – At Large, members may meet from time to time or at any time and adopt rules for nominating individuals to fill seats on the Board allocated to that class after the seat has been initially filled by the board. The rules for nomination and election of classes of directors shall be approved by the full board before taking effect. The affirmative votes of two-thirds of directors voting at a duly called meeting shall be necessary to confirm a nomination to the board. In the event of a vacancy by resignation, death, incapacity or impeachment, the board shall immediately name a qualified replacement to serve the remaining term or until the affected membership class can meet and nominate a replacement. Any board member may be impeached and ejected from his or her seat by the affirmative votes of at least 75 percent of the board, upon grounds established by the board.

## **Limitation on service**

Any individual who has served more than one term on the Board, or more than eight years continuously, whichever is longer, shall be ineligible for further service.

## **International representation**

After Dec.31, 2017, at least 25% of the then-sitting Board shall be non-U.S. citizens. After 2021, at least 45% of the then-sitting Board shall be non-U.S. citizens. Should the election by a class of membership of an otherwise-qualified representative to the board place the board outside of this mathematical requirement, the Board shall refuse to seat the representative and the membership of the class shall accept the Board's judgment and nominate another representative.

## **D. Operations – the Operating Company**

At the discretion of its board, the Information Trust Exchange may cause to be formed, or shall acquire ownership in an Operating Company ("Operating Inc.") Operating Inc. might be a regular C-corp, or an L3C, with a mission similar to the mission of the Information Trust Exchange -- to sustain the values, principles and purposes of journalism in and for participatory democracies worldwide. Any goal of profit maximization shall be treated as subsidiary and subservient to this mission once initial capital necessary to build the service has been returned. Operating Inc. shall achieve this, among other means, by facilitating through ownership, operation or licensing an Internet shared-user network for individual-centric demographic management and exchange of information value.

## **Operating Inc. ownership**

Operating Inc. might have two classes of stock as follows:

### **Class A – Voting**

One-hundred percent of the Class A voting stock shall at all times be held by the Information Trust Exchange and be controlled by vote of the ITE's board of directors.

### **Class B – Non Voting**

Class B stock shall have at least all of the rights, privileges and obligations of the Class A stock, except that it shall have no voting rights for any purpose except dissolution or sale of substantially all assets, and only if such right is required by law.

### **Class A exceeds one-third**

The Class A voting shares authorized or issued shall at all times exceed 34% of the total shares outstanding. The sale or dissolution of Operating Inc., or a change in its bylaws, shall by law, regulation or bylaw require a vote of two thirds of all shares required to be voted, or at least 100% of the Class A shares, whichever is greater.

## **Preferential dividends**

The Board of Directors of Operating Inc. may in its discretion agree to provide preferential dividend rights to Class B shareholders, subject to approval of Class A shareholders, and likewise may provide to bond or debtholders rights of conversion to Class B stock, so long as the total of all such rights outstanding would

not cause to be exceeded, if exercised, the requirements of the paragraph above, entitled, “Class A exceeds one third.”

### **General Powers of Operating Inc.**

Operating Inc. shall be organized with all of the customary powers of a U.S. domestic stock corporation. It will be constituted such that it can:

- Sell Class B stock to one or more individuals or entities who have been appropriately advised of the special values and purpose of Operating Inc.
- Accept loans from individuals or other entities, including foundations with specific program-related requirements for investment who have been appropriately advised of the special values and purposes Operating Inc.

Invested capital or loans will be used to fund the technical and other startup costs of the Operating Inc. service, which service shall be owned or controlled by Operating Inc., either directly or through exclusive license.

## APPENDIX

### JOURNALISM TRUST ASSOCIATION BOARD COMPOSITION

Class	Max. seats	Terms	Dues
A – Founding Members	7	1 – Four-year / initial four 2 – Four-year / initial three 3 – three-year / initial three 4 – Three-year / initial two 5 – Three-year / initial one 6 – Two-year / initial two 7 – Two-year / initial one	Initial: \$50,000 Annual: \$10,000
B – Publishing Members	5	1 – Four-year / initial three 2 – Three-year / initial two 3 – three-year / initial one 4 – Two-year / initial two 5 – Two-year / initial one	Initial/Annual: \$100,000 – \$1,000 depending on revenue/size formula TBD
C – Contributing Members	4	1 – Three-year / initial three 2 – Three-year / initial two 3 – three-year / initial one 4 – Two-year / initial two	Initial/Annual: \$250,000- \$1,000 depending on revenue/size formula TBD
D – Technology Members	3	1 – three-year / initial two 2 – Two-year / initial two 3 – Two-year / initial one	Initial/Annual: \$250,000- \$1,000 depending on revenue/size formula TBD
E – Participating Members	3	1 – three-year / initial two 2 – Two-year / initial two 3 – Two-year / initial one	Initial/Annual: \$5,000-\$500 depending on size formula TBD
F – Supporting Members	3	1 – three-year / initial two 2 – Two-year / initial two 3 – Two-year / initial one	Initial/Annual: \$100 TBD
G – At large members	2	1 – three-year / initial two 2 – Two-year / initial one	Initial: Annual: