

**IN THE MATTER OF AN INDEPENDENT REVIEW PROCESS  
BEFORE THE INTERNATIONAL CENTRE FOR DISPUTE RESOLUTION**

**AFILIAS DOMAINS NO. 3 LIMITED,**

*Claimant*

v.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS,**

*Respondent*

**ICDR Case No. 01-18-0004-2702**

**AMICUS CURIAE  
APPENDIX OF EXHIBITS**

May 31, 2020

Exhibit No.	Description
AC-1	.blog Registry Agreement ICANN- Primer Nivel
AC-2	.blog Assignment and Assumption Agreement
AC-3	.meet Registry Agreement ICANN-Afilias (webpage)
AC-4	.meet Registry Agreement ICANN-Afilias
AC-5	.meet Assignment and Assumption Agreement
AC-6	.theatre Registry Agreement ICANN-KBE (webpage)
AC-7	.theatre Registry Agreement ICANN-KBE
AC-8	.theatre Assignment and Assumption Agreement
AC-9	.rent Registry Agreement ICANN-DERRent (webpage)
AC-10	.rent Registry Agreement ICANN-DERRent
AC-11	.rent Assignment and Assumption Agreement
AC-12	.security Registry Agreement ICANN-Symantec (webpage)
AC-13	.security Registry Agreement ICANN-Symantec
AC-14	.security Assignment and Assumption Agreement
AC-15	.protection Registry Agreement ICANN-Symantec (webpage)
AC-16	.protection Registry Agreement ICANN-Symantec
AC-17	.protection Assignment & Assumption Agreement
AC-18	Dot Online LLC- New gTLD Application (.online)
AC-19	Dot Online Inc- New gTLD application (.online)
AC-20	Namecheap- New gTLD application (.online)
AC-21	Neustar- New gTLD Application (.site)
AC-22	Ruby Glen .web gTLD application (.web)
AC-23	Radix- New gTLD application (.site)
AC-24	Radix- New gTLD application (.website)
AC-25	Domain Name Agreements between ICANN, DOC and NSI (28 September 1999)
AC-26	Email from Pat Kane to Akram Atallah (2 September 2015)
AC-27	Email from Daniel Halloran to Pat Kane (5 September 2015)



Exhibit No.	Description
AC-28	Letter from NDC & Verisign to ICANN (23 August 2016)
AC-29	Letter from Verisign to ICANN (7 October 2016)
AC-30	Letter from Peter Kadzik of DOJ to Senator Ted Cruz (31 August 2016)
AC-31	DOJ Civil Investigative Demand to Thomas Indelicarto of Verisign (18 January 2017)
AC-32	ICANN- Consensus Policy Information (15 March 2013)
AC-33	ICANN- Registrar Accreditation Agreement (28 September 1999)
AC-34	ICANN- New gTLD Advisory (5 September 2014)
AC-35	ICANN- Public Comment Summary and Analysis of Guidebook (April- May 2011)
AC-36	ICANN Website- Change Request Criteria (5 September 2014)
AC-37	ICANN Website- New gTLD Update (30 May 2012)
AC-38	Beszonoff Declaration in opposition to Ruby Glenn TRO (25 July 2016)
AC-39	Rasco Declaration in Opposition to Ruby Glenn TRO (25 July 2016)
AC-40	Cooperative Agreement, Amendment 11, DOC-Verisign (7 October 1998)
AC-41	Statement from gTLD Registries- Settlement Comments (20 February 2006)
AC-42	Registry Operators' Submission re Objections to Proposed Verisign Settlement (20 February 2006)
AC-43	Afilias website- New TLDs
AC-44	Afilias website- New TLD Services
AC-45	Afilias TLD image 1 "We buy TLD"s
AC-46	Afilias TLD image 2 "We buy TLD"s
AC-47	Afilias TLD image 3 "We buy TLD"s
AC-48	Afilias Website-Web is ICANN's First Test of Accountability (28 October 2016)
AC-49	Verisign Website- New gTLD services
AC-50	Demand Media filing with the SEC (10 May 2013)
AC-51	Rightside Filing with SEC (2014)
AC-52	Press Release- Demand Media Announces Rightside Becoming an Independent Company- (13 January 2014)
AC-53	Letter from McCarter & English re: gTLD applications of Demand Media, Inc. and Donuts, Inc. ( 28 July 2012)

Exhibit No.	Description
AC-54	Fair Winds Partners Website- Services
AC-55	Valideus Website- New gTLD Application Management
AC-56	CentralNic Website- A Different Take on New TLDs (May-June 2012)
AC-57	Kevin Murphy- Domain Incite- “DOJ says new gTLD private auctions might be illegal” (19 March 2013)
AC-58	Kevin Murphy- Domain Incite- “Donuts loses five of the first six new gTLD auctions” (13 June 2013)
AC-59	Business Wire- Donuts Launches Domain Namespace Expansion (5 June 2012)
AC-60	Radix- CircleID- Radix Announces .Website Launch Timeline (16 June 2014)
AC-61	Jean Guillon- CircleID- So you want to apply for a new gTLD in the second round of the ICANN new TLD program (24 September 2014)
AC-62	Andrew Alleman- Domain Wire- Survey: .Club and .Web domain names are favorites (12 March 2015)
AC-63	Kevin Murphy- Domain Incite- You might be surprised how many new gTLDs have changed hands already (1 July 2015)
AC-64	Kevin Murphy- Domain Incite- Afilias wants to buy your failed gTLD (7 July 2015)
AC-65	Neylon- Key Systems- Expert roundup: What’s next for the new TLD’s in 2016 (4 January 2016)
AC-66	Ron Jackson -DN Journal “The State of the Industry 2017” (January 2017)
AC-67	Andrew Allemann- Domain Wire- DOJ closes investigation on Verisign running .web (11 January 2018)
AC-68	Kevin Murphy- Domain Incite- Is the .co rebid biased toward Afilias (17 January 2020)
AC-69	Kieren McCarthy- The Register- Colombia accused of rigging .co contract for dot-org provider Afilias (4 February 2020)
AC-70	Paul Livesay- CircleID- Afilias' Cynical Attempt to Secure a Windfall at Community Expense (7 November 2016)

# **EXHIBIT AC-1**

## REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this “Agreement”) is entered into as of \_\_\_\_\_ (the “Effective Date”) between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation (“ICANN”), and Primer Nivel S.A., a company formed under the laws of the Republic of Panama (“Registry Operator”).

### ARTICLE 1.

#### DELEGATION AND OPERATION OF TOP-LEVEL DOMAIN; REPRESENTATIONS AND WARRANTIES

**1.1 Domain and Designation.** The Top-Level Domain to which this Agreement applies is **.blog** (the “TLD”). Upon the Effective Date and until the earlier of the expiration of the Term (as defined in Section 4.1) or the termination of this Agreement pursuant to Article 4, ICANN designates Registry Operator as the registry operator for the TLD, subject to the requirements and necessary approvals for delegation of the TLD and entry into the root-zone.

**1.2 Technical Feasibility of String.** While ICANN has encouraged and will continue to encourage universal acceptance of all top-level domain strings across the Internet, certain top-level domain strings may encounter difficulty in acceptance by ISPs and webhosters and/or validation by web applications. Registry Operator shall be responsible for ensuring to its satisfaction the technical feasibility of the TLD string prior to entering into this Agreement.

#### **1.3 Representations and Warranties.**

(a) Registry Operator represents and warrants to ICANN as follows:

(i) all material information provided and statements made in the registry TLD application, and statements made in writing during the negotiation of this Agreement, were true and correct in all material respects at the time made, and such information or statements continue to be true and correct in all material respects as of the Effective Date except as otherwise previously disclosed in writing by Registry Operator to ICANN;

(ii) Registry Operator is duly organized, validly existing and in good standing under the laws of the jurisdiction set forth in the preamble hereto, and Registry Operator has all requisite power and authority and has obtained all necessary approvals to enter into and duly execute and deliver this Agreement; and

(iii) Registry Operator has delivered to ICANN a duly executed instrument that secures the funds required to perform registry functions for the TLD in the event of the termination or expiration of this Agreement (the “Continued Operations Instrument”), and such instrument is a binding

obligation of the parties thereto, enforceable against the parties thereto in accordance with its terms.

(b) ICANN represents and warrants to Registry Operator that ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America. ICANN has all requisite power and authority and has obtained all necessary corporate approvals to enter into and duly execute and deliver this Agreement.

## ARTICLE 2.

### COVENANTS OF REGISTRY OPERATOR

Registry Operator covenants and agrees with ICANN as follows:

**2.1 Approved Services; Additional Services.** Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in the Specification 6 attached hereto (“Specification 6”) and such other Registry Services set forth on Exhibit A (collectively, the “Approved Services”). If Registry Operator desires to provide any Registry Service that is not an Approved Service or is a material modification to an Approved Service (each, an “Additional Service”), Registry Operator shall submit a request for approval of such Additional Service pursuant to the Registry Services Evaluation Policy at <http://www.icann.org/en/registries/rsep/rsep.html>, as such policy may be amended from time to time in accordance with the bylaws of ICANN (as amended from time to time, the “ICANN Bylaws”) applicable to Consensus Policies (the “RSEP”). Registry Operator may offer Additional Services only with the written approval of ICANN, and, upon any such approval, such Additional Services shall be deemed Registry Services under this Agreement. In its reasonable discretion, ICANN may require an amendment to this Agreement reflecting the provision of any Additional Service which is approved pursuant to the RSEP, which amendment shall be in a form reasonably acceptable to the parties.

**2.2 Compliance with Consensus Policies and Temporary Policies.** Registry Operator shall comply with and implement all Consensus Policies and Temporary Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with the ICANN Bylaws, provided such future Consensus Policies and Temporary Policies are adopted in accordance with the procedure and relate to those topics and subject to those limitations set forth in Specification 1 attached hereto (“Specification 1”).

**2.3 Data Escrow.** Registry Operator shall comply with the registry data escrow procedures set forth in Specification 2 attached hereto (“Specification 2”).

**2.4 Monthly Reporting.** Within twenty (20) calendar days following the end of each calendar month, Registry Operator shall deliver to ICANN reports in the format set forth in Specification 3 attached hereto (“Specification 3”).

**2.5 Publication of Registration Data.** Registry Operator shall provide public access to registration data in accordance with Specification 4 attached hereto (“Specification 4”).

**2.6 Reserved Names.** Except to the extent that ICANN otherwise expressly authorizes in writing, Registry Operator shall comply with the requirements set forth in Specification 5 attached hereto (“Specification 5”). Registry Operator may at any time establish or modify policies concerning Registry Operator’s ability to reserve (i.e., withhold from registration or allocate to Registry Operator, but not register to third parties, delegate, use, activate in the DNS or otherwise make available) or block additional character strings within the TLD at its discretion. Except as specified in Specification 5, if Registry Operator is the registrant for any domain names in the registry TLD, such registrations must be through an ICANN accredited registrar, and will be considered Transactions (as defined in Section 6.1) for purposes of calculating the Registry-level transaction fee to be paid to ICANN by Registry Operator pursuant to Section 6.1.

**2.7 Registry Interoperability and Continuity.** Registry Operator shall comply with the Registry Interoperability and Continuity Specifications as set forth in Specification 6 attached hereto (“Specification 6”).

**2.8 Protection of Legal Rights of Third Parties.** Registry Operator must specify, and comply with, the processes and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties as set forth Specification 7 attached hereto (“Specification 7”). Registry Operator may, at its election, implement additional protections of the legal rights of third parties. Any changes or modifications to the process and procedures required by Specification 7 following the Effective Date must be approved in advance by ICANN in writing. Registry Operator must comply with all remedies imposed by ICANN pursuant to Section 2 of Specification 7, subject to Registry Operator’s right to challenge such remedies as set forth in the applicable procedure described therein. Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.

**2.9 Registrars.**

(a) All domain name registrations in the TLD must be registered through an ICANN accredited registrar; provided, that Registry Operator need not use a registrar if it registers names in its own name in order to withhold such names from delegation or use in accordance with Section 2.6. Subject to the requirements of Specification 11, Registry Operator must provide non-discriminatory access to Registry Services to all ICANN accredited registrars that enter into and are in compliance with the registry-registrar agreement for the TLD; provided that Registry Operator may establish non-discriminatory criteria for qualification to register names in the TLD that are reasonably related to the proper functioning of the TLD. Registry Operator must use a uniform non-discriminatory



agreement with all registrars authorized to register names in the TLD (the “Registry-Registrar Agreement”). Registry Operator may amend the Registry-Registrar Agreement from time to time; provided, however, that any material revisions thereto must be approved by ICANN before any such revisions become effective and binding on any registrar. Registry Operator will provide ICANN and all registrars authorized to register names in the TLD at least fifteen (15) calendar days written notice of any revisions to the Registry-Registrar Agreement before any such revisions become effective and binding on any registrar. During such period, ICANN will determine whether such proposed revisions are immaterial, potentially material or material in nature. If ICANN has not provided Registry Operator with notice of its determination within such fifteen (15) calendar-day period, ICANN shall be deemed to have determined that such proposed revisions are immaterial in nature. If ICANN determines, or is deemed to have determined under this Section 2.9(a), that such revisions are immaterial, then Registry Operator may adopt and implement such revisions. If ICANN determines such revisions are either material or potentially material, ICANN will thereafter follow its procedure regarding review and approval of changes to Registry-Registrar Agreements at <http://www.icann.org/en/resources/registries/rra-amendment-procedure>, and such revisions may not be adopted and implemented until approved by ICANN.

(b) If Registry Operator (i) becomes an Affiliate or reseller of an ICANN accredited registrar, or (ii) subcontracts the provision of any Registry Services to an ICANN accredited registrar, registrar reseller or any of their respective Affiliates, then, in either such case of (i) or (ii) above, Registry Operator will give ICANN prompt notice of the contract, transaction or other arrangement that resulted in such affiliation, reseller relationship or subcontract, as applicable, including, if requested by ICANN, copies of any contract relating thereto; provided, that ICANN will treat such contract or related documents that are appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15 (except that ICANN may disclose such contract and related documents to relevant competition authorities). ICANN reserves the right, but not the obligation, to refer any such contract, related documents, transaction or other arrangement to relevant competition authorities in the event that ICANN determines that such contract, related documents, transaction or other arrangement might raise significant competition issues under applicable law. If feasible and appropriate under the circumstances, ICANN will give Registry Operator advance notice prior to making any such referral to a competition authority.

(c) For the purposes of this Agreement: (i) “Affiliate” means a person or entity that, directly or indirectly, through one or more intermediaries, or in combination with one or more other persons or entities, controls, is controlled by, or is under common control with, the person or entity specified, and (ii) “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.

## **2.10 Pricing for Registry Services.**

(a) With respect to initial domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying or other programs which had the effect of reducing the price charged to registrars, unless such refunds, rebates, discounts, product tying or other programs are of a limited duration that is clearly and conspicuously disclosed to the registrar when offered) of no less than thirty (30) calendar days. Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(b) With respect to renewal of domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying, Qualified Marketing Programs or other programs which had the effect of reducing the price charged to registrars) of no less than one hundred eighty (180) calendar days. Notwithstanding the foregoing sentence, with respect to renewal of domain name registrations: (i) Registry Operator need only provide thirty (30) calendar days notice of any price increase if the resulting price is less than or equal to (A) for the period beginning on the Effective Date and ending twelve (12) months following the Effective Date, the initial price charged for registrations in the TLD, or (B) for subsequent periods, a price for which Registry Operator provided a notice pursuant to the first sentence of this Section 2.10(b) within the twelve (12) month period preceding the effective date of the proposed price increase; and (ii) Registry Operator need not provide notice of any price increase for the imposition of the Variable Registry-Level Fee set forth in Section 6.3. Registry Operator shall offer registrars the option to obtain domain name registration renewals at the current price (i.e., the price in place prior to any noticed increase) for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(c) In addition, Registry Operator must have uniform pricing for renewals of domain name registrations ("Renewal Pricing"). For the purposes of determining Renewal Pricing, the price for each domain registration renewal must be identical to the price of all other domain name registration renewals in place at the time of such renewal, and such price must take into account universal application of any refunds, rebates, discounts, product tying or other programs in place at the time of renewal. The foregoing requirements of this Section 2.10(c) shall not apply for (i) purposes of determining Renewal Pricing if the registrar has provided Registry Operator with documentation that demonstrates that the applicable registrant expressly agreed in its registration agreement with registrar to higher Renewal Pricing at the time of the initial registration of the domain name following clear and conspicuous disclosure of such Renewal Pricing to such registrant, and (ii) discounted Renewal Pricing pursuant to a Qualified Marketing Program (as defined below). The parties acknowledge that the purpose of this Section 2.10(c) is to prohibit abusive and/or discriminatory Renewal Pricing practices imposed by Registry



Operator without the written consent of the applicable registrant at the time of the initial registration of the domain and this Section 2.10(c) will be interpreted broadly to prohibit such practices. For purposes of this Section 2.10(c), a “Qualified Marketing Program” is a marketing program pursuant to which Registry Operator offers discounted Renewal Pricing, provided that each of the following criteria is satisfied: (i) the program and related discounts are offered for a period of time not to exceed one hundred eighty (180) calendar days (with consecutive substantially similar programs aggregated for purposes of determining the number of calendar days of the program), (ii) all ICANN accredited registrars are provided the same opportunity to qualify for such discounted Renewal Pricing; and (iii) the intent or effect of the program is not to exclude any particular class(es) of registrations (e.g., registrations held by large corporations) or increase the renewal price of any particular class(es) of registrations. Nothing in this Section 2.10(c) shall limit Registry Operator’s obligations pursuant to Section 2.10(b).

(d) Registry Operator shall provide public query-based DNS lookup service for the TLD (that is, operate the Registry TLD zone servers) at its sole expense.

## **2.11 Contractual and Operational Compliance Audits.**

(a) ICANN may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct, contractual compliance audits to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. Such audits shall be tailored to achieve the purpose of assessing compliance, and ICANN will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by ICANN, and (b) use commercially reasonable efforts to conduct such audit during regular business hours and in such a manner as to not unreasonably disrupt the operations of Registry Operator. As part of such audit and upon request by ICANN, Registry Operator shall timely provide all responsive documents, data and any other information reasonably necessary to demonstrate Registry Operator’s compliance with this Agreement. Upon no less than ten (10) calendar days notice (unless otherwise agreed to by Registry Operator), ICANN may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. ICANN will treat any information obtained in connection with such audits that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15.

(b) Any audit conducted pursuant to Section 2.11(a) will be at ICANN’s expense, unless (i) Registry Operator (A) controls, is controlled by, is under common control or is otherwise Affiliated with, any ICANN accredited registrar or registrar reseller or any of their respective Affiliates, or (B) has subcontracted the provision of Registry Services to an ICANN accredited registrar or registrar reseller or any of their respective Affiliates, and, in either case of (A) or (B) above, the audit relates to Registry Operator’s compliance with Section 2.14, in which case Registry Operator shall reimburse ICANN for

all reasonable costs and expenses associated with the portion of the audit related to Registry Operator's compliance with Section 2.14, or (ii) the audit is related to a discrepancy in the fees paid by Registry Operator hereunder in excess of 5% in a given quarter to ICANN's detriment, in which case Registry Operator shall reimburse ICANN for all reasonable costs and expenses associated with the entirety of such audit. In either such case of (i) or (ii) above, such reimbursement will be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(c) Notwithstanding Section 2.11(a), if Registry Operator is found not to be in compliance with its representations and warranties contained in Article 1 of this Agreement or its covenants contained in Article 2 of this Agreement in two consecutive audits conducted pursuant to this Section 2.11, ICANN may increase the number of such audits to one per calendar quarter.

(d) Registry Operator will give ICANN immediate notice of Registry Operator's knowledge of the commencement of any of the proceedings referenced in Section 4.3(d) or the occurrence of any of the matters specified in Section 4.3(f).

**2.12 Continued Operations Instrument.** Registry Operator shall comply with the terms and conditions relating to the Continued Operations Instrument set forth in Specification 8 attached hereto ("Specification 8").

**2.13 Emergency Transition.** Registry Operator agrees that, in the event that any of the emergency thresholds for registry functions set forth in Section 6 of Specification 10 is reached, ICANN may designate an emergency interim registry operator of the registry for the TLD (an "Emergency Operator") in accordance with ICANN's registry transition process (available at <<http://www.icann.org/en/resources/registries/transition-processes>>) (as the same may be amended from time to time, the "Registry Transition Process") until such time as Registry Operator has demonstrated to ICANN's reasonable satisfaction that it can resume operation of the registry for the TLD without the reoccurrence of such failure. Following such demonstration, Registry Operator may transition back into operation of the registry for the TLD pursuant to the procedures set out in the Registry Transition Process, provided that Registry Operator pays all reasonable costs incurred (i) by ICANN as a result of the designation of the Emergency Operator and (ii) by the Emergency Operator in connection with the operation of the registry for the TLD, which costs shall be documented in reasonable detail in records that shall be made available to Registry Operator. In the event ICANN designates an Emergency Operator pursuant to this Section 2.13 and the Registry Transition Process, Registry Operator shall provide ICANN or any such Emergency Operator with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such Emergency Operator. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event that an Emergency Operator is designated pursuant to this Section 2.13. In addition, in the

event of such failure, ICANN shall retain and may enforce its rights under the Continued Operations Instrument.

**2.14 Registry Code of Conduct.** In connection with the operation of the registry for the TLD, Registry Operator shall comply with the Registry Code of Conduct as set forth in Specification 9 attached hereto (“Specification 9”).

**2.15 Cooperation with Economic Studies.** If ICANN initiates or commissions an economic study on the impact or functioning of new generic top-level domains on the Internet, the DNS or related matters, Registry Operator shall reasonably cooperate with such study, including by delivering to ICANN or its designee conducting such study all data related to the operation of the TLD reasonably necessary for the purposes of such study requested by ICANN or its designee, provided, that Registry Operator may withhold (a) any internal analyses or evaluations prepared by Registry Operator with respect to such data and (b) any data to the extent that the delivery of such data would be in violation of applicable law. Any data delivered to ICANN or its designee pursuant to this Section 2.15 that is appropriately marked as confidential (as required by Section 7.15) shall be treated as Confidential Information of Registry Operator in accordance with Section 7.15, provided that, if ICANN aggregates and makes anonymous such data, ICANN or its designee may disclose such data to any third party. Following completion of an economic study for which Registry Operator has provided data, ICANN will destroy all data provided by Registry Operator that has not been aggregated and made anonymous.

**2.16 Registry Performance Specifications.** Registry Performance Specifications for operation of the TLD will be as set forth in Specification 10 attached hereto (“Specification 10”). Registry Operator shall comply with such Performance Specifications and, for a period of at least one (1) year, shall keep technical and operational records sufficient to evidence compliance with such specifications for each calendar year during the Term.

**2.17 Additional Public Interest Commitments.** Registry Operator shall comply with the public interest commitments set forth in Specification 11 attached hereto (“Specification 11”).

**2.18 Personal Data.** Registry Operator shall (i) notify each ICANN-accredited registrar that is a party to the registry-registrar agreement for the TLD of the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to Registry Operator by such registrar is collected and used under this Agreement or otherwise and the intended recipients (or categories of recipients) of such Personal Data, and (ii) require such registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. Registry Operator shall take reasonable steps to protect Personal Data collected from such registrar from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

## ARTICLE 3.

### COVENANTS OF ICANN

ICANN covenants and agrees with Registry Operator as follows:

**3.1 Open and Transparent.** Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

**3.2 Equitable Treatment.** ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

**3.3 TLD Nameservers.** ICANN will use commercially reasonable efforts to ensure that any changes to the TLD nameserver designations submitted to ICANN by Registry Operator (in a format and with required technical elements specified by ICANN at <http://www.iana.org/domains/root/> will be implemented by ICANN within seven (7) calendar days or as promptly as feasible following technical verifications.

**3.4 Root-zone Information Publication.** ICANN's publication of root-zone contact information for the TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN at <http://www.iana.org/domains/root/>.

**3.5 Authoritative Root Database.** To the extent that ICANN is authorized to set policy with regard to an authoritative root server system (the "Authoritative Root Server System"), ICANN shall use commercially reasonable efforts to (a) ensure that the authoritative root will point to the top-level domain nameservers designated by Registry Operator for the TLD, (b) maintain a stable, secure, and authoritative publicly available database of relevant information about the TLD, in accordance with ICANN publicly available policies and procedures, and (c) coordinate the Authoritative Root Server System so that it is operated and maintained in a stable and secure manner; provided, that ICANN shall not be in breach of this Agreement and ICANN shall have no liability in the event that any third party (including any governmental entity or internet service provider) blocks or restricts access to the TLD in any jurisdiction.

## ARTICLE 4.

### TERM AND TERMINATION

**4.1 Term.** The term of this Agreement will be ten (10) years from the Effective Date (as such term may be extended pursuant to Section 4.2, the "Term").

## **4.2 Renewal.**

(a) This Agreement will be renewed for successive periods of ten (10) years upon the expiration of the initial Term set forth in Section 4.1 and each successive Term, unless:

(i) Following notice by ICANN to Registry Operator of a fundamental and material breach of Registry Operator's covenants set forth in Article 2 or breach of its payment obligations under Article 6 of this Agreement, which notice shall include with specificity the details of the alleged breach, and such breach has not been cured within thirty (30) calendar days of such notice, (A) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator has been in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (B) Registry Operator has failed to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction; or

(ii) During the then current Term, Registry Operator shall have been found by an arbitrator (pursuant to Section 5.2 of this Agreement) or a court of competent jurisdiction on at least three (3) separate occasions to have been in (A) fundamental and material breach (whether or not cured) of Registry Operator's covenants set forth in Article 2 or (B) breach of its payment obligations under Article 6 of this Agreement.

(b) Upon the occurrence of the events set forth in Section 4.2(a) (i) or (ii), the Agreement shall terminate at the expiration of the then-current Term.

## **4.3 Termination by ICANN.**

(a) ICANN may, upon notice to Registry Operator, terminate this Agreement if: (i) Registry Operator fails to cure (A) any fundamental and material breach of Registry Operator's representations and warranties set forth in Article 1 or covenants set forth in Article 2, or (B) any breach of Registry Operator's payment obligations set forth in Article 6 of this Agreement, each within thirty (30) calendar days after ICANN gives Registry Operator notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (iii) Registry Operator fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) ICANN may, upon notice to Registry Operator, terminate this Agreement if Registry Operator fails to complete all testing and procedures (identified by ICANN in writing to Registry Operator prior to the date hereof) for delegation of the TLD



into the root zone within twelve (12) months of the Effective Date. Registry Operator may request an extension for up to additional twelve (12) months for delegation if it can demonstrate, to ICANN's reasonable satisfaction, that Registry Operator is working diligently and in good faith toward successfully completing the steps necessary for delegation of the TLD. Any fees paid by Registry Operator to ICANN prior to such termination date shall be retained by ICANN in full.

(c) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator fails to cure a material breach of Registry Operator's obligations set forth in Section 2.12 of this Agreement within thirty (30) calendar days of delivery of notice of such breach by ICANN, or if the Continued Operations Instrument is not in effect for greater than sixty (60) consecutive calendar days at any time following the Effective Date, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in material breach of such covenant, and (iii) Registry Operator fails to cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(d) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator makes an assignment for the benefit of creditors or similar act, (ii) attachment, garnishment or similar proceedings are commenced against Registry Operator, which proceedings are a material threat to Registry Operator's ability to operate the registry for the TLD, and are not dismissed within sixty (60) calendar days of their commencement, (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registry Operator or maintains control over any of Registry Operator's property, (iv) execution is levied upon any material property of Registry Operator, (v) proceedings are instituted by or against Registry Operator under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within sixty (60) calendar days of their commencement, or (vi) Registry Operator files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations or the operation of the TLD.

(e) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to Section 2 of Specification 7 or Sections 2 and 3 of Specification 11, subject to Registry Operator's right to challenge such termination as set forth in the applicable procedure described therein.

(f) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator knowingly employs any officer who is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) calendar days of Registry Operator's knowledge of the foregoing, or (ii) any member of Registry Operator's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of

competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registry Operator's board of directors or similar governing body within thirty (30) calendar days of Registry Operator's knowledge of the foregoing.

(g) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement as specified in Section 7.5.

#### **4.4 Termination by Registry Operator.**

(a) Registry Operator may terminate this Agreement upon notice to ICANN if (i) ICANN fails to cure any fundamental and material breach of ICANN's covenants set forth in Article 3, within thirty (30) calendar days after Registry Operator gives ICANN notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that ICANN is in fundamental and material breach of such covenants, and (iii) ICANN fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) Registry Operator may terminate this Agreement for any reason upon one hundred eighty (180) calendar day advance notice to ICANN.

**4.5 Transition of Registry upon Termination of Agreement.** Upon expiration of the Term pursuant to Section 4.1 or Section 4.2 or any termination of this Agreement pursuant to Section 4.3 or Section 4.4, Registry Operator shall provide ICANN or any successor registry operator that may be designated by ICANN for the TLD in accordance with this Section 4.5 with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such successor registry operator. After consultation with Registry Operator, ICANN shall determine whether or not to transition operation of the TLD to a successor registry operator in its sole discretion and in conformance with the Registry Transition Process; provided, however, that (i) ICANN will take into consideration any intellectual property rights of Registry Operator (as communicated to ICANN by Registry Operator) in determining whether to transition operation of the TLD to a successor registry operator and (ii) if Registry Operator demonstrates to ICANN's reasonable satisfaction that (A) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator or its Affiliates for their exclusive use, (B) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (C) transitioning operation of the TLD is not necessary to protect the public interest, then ICANN may not transition operation of the TLD to a successor registry operator upon the expiration or termination of this Agreement without the consent of Registry Operator (which shall not be unreasonably withheld, conditioned or delayed). For the avoidance of doubt, the foregoing sentence shall not prohibit ICANN from delegating the TLD pursuant

to a future application process for the delegation of top-level domains, subject to any processes and objection procedures instituted by ICANN in connection with such application process intended to protect the rights of third parties. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event of a transition of the TLD pursuant to this Section 4.5. In addition, ICANN or its designee shall retain and may enforce its rights under the Continued Operations Instrument for the maintenance and operation of the TLD, regardless of the reason for termination or expiration of this Agreement.

**4.6 Effect of Termination.** Upon any expiration of the Term or termination of this Agreement, the obligations and rights of the parties hereto shall cease, provided that such expiration or termination of this Agreement shall not relieve the parties of any obligation or breach of this Agreement accruing prior to such expiration or termination, including, without limitation, all accrued payment obligations arising under Article 6. In addition, Article 5, Article 7, Section 2.12, Section 4.5, and this Section 4.6 shall survive the expiration or termination of this Agreement. For the avoidance of doubt, the rights of Registry Operator to operate the registry for the TLD shall immediately cease upon any expiration of the Term or termination of this Agreement.

## ARTICLE 5.

### DISPUTE RESOLUTION

**5.1 Mediation.** In the event of any dispute arising under or in connection with this Agreement, before either party may initiate arbitration pursuant to Section 5.2 below, ICANN and Registry Operator must attempt to resolve the dispute through mediation in accordance with the following terms and conditions:

(a) A party shall submit a dispute to mediation by written notice to the other party. The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days of delivery of written notice pursuant to this Section 5.1, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 5.1(a).

(b) The mediator shall conduct the mediation in accordance with the rules and procedures that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated



as a settlement discussion and shall therefore be confidential and may not be used against either party in any later proceeding relating to the dispute, including any arbitration pursuant to Section 5.2. The mediator may not testify for either party in any later proceeding relating to the dispute.

(c) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. Each party shall treat information received from the other party pursuant to the mediation that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of such other party in accordance with Section 7.15.

(d) If the parties have engaged in good faith participation in the mediation but have not resolved the dispute for any reason, either party or the mediator may terminate the mediation at any time and the dispute can then proceed to arbitration pursuant to Section 5.2 below. If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following the date of the notice delivered pursuant to Section 5.1(a), the mediation shall automatically terminate (unless extended by agreement of the parties) and the dispute can then proceed to arbitration pursuant to Section 5.2 below.

**5.2 Arbitration.** Disputes arising under or in connection with this Agreement that are not resolved pursuant to Section 5.1, including requests for specific performance, will be resolved through binding arbitration conducted pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. The arbitration will be conducted in the English language and will occur in Los Angeles County, California. Any arbitration will be in front of a single arbitrator, unless (i) ICANN is seeking punitive or exemplary damages, or operational sanctions, (ii) the parties agree in writing to a greater number of arbitrators, or (iii) the dispute arises under Section 7.6 or 7.7. In the case of clauses (i), (ii) or (iii) in the preceding sentence, the arbitration will be in front of three arbitrators with each party selecting one arbitrator and the two selected arbitrators selecting the third arbitrator. In order to expedite the arbitration and limit its cost, the arbitrator(s) shall establish page limits for the parties' filings in conjunction with the arbitration, and should the arbitrator(s) determine that a hearing is necessary, the hearing shall be limited to one (1) calendar day, provided that in any arbitration in which ICANN is seeking punitive or exemplary damages, or operational sanctions, the hearing may be extended for one (1) additional calendar day if agreed upon by the parties or ordered by the arbitrator(s) based on the arbitrator(s) independent determination or the reasonable request of one of the parties thereto. The prevailing party in the arbitration will have the right to recover its costs and reasonable attorneys' fees, which the arbitrator(s) shall include in the awards. In the event the arbitrators determine that Registry Operator has been repeatedly and willfully in fundamental and material breach of its obligations set forth in Article 2, Article 6 or Section 5.4 of this Agreement, ICANN may request the arbitrators award punitive or exemplary damages, or operational sanctions (including without limitation an order temporarily restricting Registry Operator's right to sell new registrations). Each party shall treat information received from the other party pursuant to the arbitration that is appropriately marked as confidential (as required by Section 7.15) as

Confidential Information of such other party in accordance with Section 7.15. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles County, California; however, the parties will also have the right to enforce a judgment of such a court in any court of competent jurisdiction.

**5.3 Limitation of Liability.** ICANN's aggregate monetary liability for violations of this Agreement will not exceed an amount equal to the Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to this Agreement (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any). Registry Operator's aggregate monetary liability to ICANN for breaches of this Agreement will be limited to an amount equal to the fees paid to ICANN during the preceding twelve-month period (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any), and punitive and exemplary damages, if any, awarded in accordance with Section 5.2, except with respect to Registry Operator's indemnification obligations pursuant to Section 7.1 and Section 7.2. In no event shall either party be liable for special, punitive, exemplary or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided in Section 5.2. Except as otherwise provided in this Agreement, neither party makes any warranty, express or implied, with respect to the services rendered by itself, its servants or agents, or the results obtained from their work, including, without limitation, any implied warranty of merchantability, non-infringement or fitness for a particular purpose.

**5.4 Specific Performance.** Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrator or court of competent jurisdiction specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

## ARTICLE 6.

### FEES

#### 6.1 Registry-Level Fees.

(a) Registry Operator shall pay ICANN a registry-level fee equal to (i) the registry fixed fee of US\$6,250 per calendar quarter and (ii) the registry-level transaction fee (collectively, the "Registry-Level Fees"). The registry-level transaction fee will be equal to the number of annual increments of an initial or renewal domain name registration (at one or more levels, and including renewals associated with transfers from one ICANN-accredited registrar to another, each a "Transaction"), during the applicable calendar quarter multiplied by US\$0.25; provided, however that the registry-level transaction fee shall not apply until and unless more than 50,000 Transactions have occurred in the TLD during any calendar quarter or any consecutive four calendar quarter period in the

aggregate (the “Transaction Threshold”) and shall apply to each Transaction that occurred during each quarter in which the Transaction Threshold has been met, but shall not apply to each quarter in which the Transaction Threshold has not been met. Registry Operator’s obligation to pay the quarterly registry-level fixed fee will begin on the date on which the TLD is delegated in the DNS to Registry Operator. The first quarterly payment of the registry-level fixed fee will be prorated based on the number of calendar days between the delegation date and the end of the calendar quarter in which the delegation date falls.

(b) Subject to Section 6.1(a), Registry Operator shall pay the Registry-Level Fees on a quarterly basis to an account designated by ICANN within thirty (30) calendar days following the date of the invoice provided by ICANN.

**6.2 Cost Recovery for RSTEP.** Requests by Registry Operator for the approval of Additional Services pursuant to Section 2.1 may be referred by ICANN to the Registry Services Technical Evaluation Panel (“RSTEP”) pursuant to that process at <http://www.icann.org/en/registries/rsep/>. In the event that such requests are referred to RSTEP, Registry Operator shall remit to ICANN the invoiced cost of the RSTEP review within fourteen (14) calendar days of receipt of a copy of the RSTEP invoice from ICANN, unless ICANN determines, in its sole and absolute discretion, to pay all or any portion of the invoiced cost of such RSTEP review.

### **6.3 Variable Registry-Level Fee.**

(a) If the ICANN accredited registrars (accounting, in the aggregate, for payment of two-thirds of all registrar-level fees (or such portion of ICANN accredited registrars necessary to approve variable accreditation fees under the then-current registrar accreditation agreement), do not approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for any ICANN fiscal year, upon delivery of notice from ICANN, Registry Operator shall pay to ICANN a variable registry-level fee, which shall be paid on a fiscal quarter basis, and shall accrue as of the beginning of the first fiscal quarter of such ICANN fiscal year (the “Variable Registry-Level Fee”). The fee will be calculated and invoiced by ICANN on a quarterly basis, and shall be paid by Registry Operator within sixty (60) calendar days with respect to the first quarter of such ICANN fiscal year and within twenty (20) calendar days with respect to each remaining quarter of such ICANN fiscal year, of receipt of the invoiced amount by ICANN. The Registry Operator may invoice and collect the Variable Registry-Level Fees from the registrars that are party to a registry-registrar agreement with Registry Operator (which agreement may specifically provide for the reimbursement of Variable Registry-Level Fees paid by Registry Operator pursuant to this Section 6.3); provided, that the fees shall be invoiced to all ICANN accredited registrars if invoiced to any. The Variable Registry-Level Fee, if collectible by ICANN, shall be an obligation of Registry Operator and shall be due and payable as provided in this Section 6.3 irrespective of Registry Operator’s ability to seek and obtain reimbursement of such fee from registrars. In the event ICANN later collects variable accreditation fees for which Registry Operator has paid ICANN a Variable Registry-Level Fee, ICANN shall reimburse the Registry Operator an appropriate amount of the Variable Registry-Level Fee, as reasonably

determined by ICANN. If the ICANN accredited registrars (as a group) do approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for a fiscal year, ICANN shall not be entitled to a Variable-Level Fee hereunder for such fiscal year, irrespective of whether the ICANN accredited registrars comply with their payment obligations to ICANN during such fiscal year.

(b) The amount of the Variable Registry-Level Fee will be specified for each registrar, and may include both a per-registrar component and a transactional component. The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year. The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year but shall not exceed US\$0.25 per domain name registration (including renewals associated with transfers from one ICANN accredited registrar to another) per year.

**6.4 Pass Through Fees.** Registry Operator shall pay to ICANN (i) a one-time fee equal to US\$5,000 for access to and use of the Trademark Clearinghouse as described in Specification 7 (the “RPM Access Fee”) and (ii) an amount specified by ICANN not to exceed US\$0.25 per Sunrise Registration and Claims Registration (as such terms are used in Trademark Clearinghouse RPMs incorporated herein pursuant to Specification 7) (the “RPM Registration Fee”). The RPM Access Fee will be invoiced as of the Effective Date of this Agreement, and Registry Operator shall pay such fee to an account specified by ICANN within thirty (30) calendar days following the date of the invoice. ICANN will invoice Registry Operator quarterly for the RPM Registration Fee, which shall be due in accordance with the invoicing and payment procedure specified in Section 6.1.

**6.5 Adjustments to Fees.** Notwithstanding any of the fee limitations set forth in this Article 6, commencing upon the expiration of the first year of this Agreement, and upon the expiration of each year thereafter during the Term, the then-current fees set forth in Section 6.1 and Section 6.3 may be adjusted, at ICANN’s discretion, by a percentage equal to the percentage change, if any, in (i) the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index (the “CPI”) for the month which is one (1) month prior to the commencement of the applicable year, over (ii) the CPI published for the month which is one (1) month prior to the commencement of the immediately prior year. In the event of any such increase, ICANN shall provide notice to Registry Operator specifying the amount of such adjustment. Any fee adjustment under this Section 6.5 shall be effective as of the first day of the first calendar quarter following at least thirty (30) days after ICANN’s delivery to Registry Operator of such fee adjustment notice.

**6.6 Additional Fee on Late Payments.** For any payments thirty (30) calendar days or more overdue under this Agreement, Registry Operator shall pay an additional fee on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.

## ARTICLE 7.

### MISCELLANEOUS

#### 7.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify and defend ICANN and its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or relating to intellectual property ownership rights with respect to the TLD, the delegation of the TLD to Registry Operator, Registry Operator's operation of the registry for the TLD or Registry Operator's provision of Registry Services, provided that Registry Operator shall not be obligated to indemnify or defend any Indemnitee to the extent the claim, damage, liability, cost or expense arose: (i) due to the actions or omissions of ICANN, its subcontractors, panelists or evaluators specifically related to and occurring during the registry TLD application process (other than actions or omissions requested by or for the benefit of Registry Operator), or (ii) due to a breach by ICANN of any obligation contained in this Agreement or any willful misconduct by ICANN. This Section shall not be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for costs associated with the negotiation or execution of this Agreement, or with monitoring or management of the parties' respective obligations hereunder. Further, this Section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties, which shall be governed by Article 5 or otherwise awarded by a court of competent jurisdiction or arbitrator.

(b) For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the same actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Article 6 hereof for any applicable quarter) by the total number of domain names under registration within all top level domains for which the registry operators thereof are engaging in the same acts or omissions giving rise to such claim. For the purposes of reducing Registry Operator's liability under Section 7.1(a) pursuant to this Section 7.1(b), Registry Operator shall have the burden of identifying the other registry operators that are engaged in the same actions or omissions that gave rise to the claim, and demonstrating, to ICANN's reasonable satisfaction, such other registry operators' culpability for such actions or omissions. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in Section 7.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

**7.2 Indemnification Procedures.** If any third-party claim is commenced that is indemnified under Section 7.1 above, ICANN shall provide notice thereof to Registry



Operator as promptly as practicable. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to ICANN to handle and defend the same, at Registry Operator's sole cost and expense, provided that in all events ICANN will be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN's policies, Bylaws or conduct. ICANN shall cooperate, at Registry Operator's cost and expense, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom, and may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is fully indemnified by Registry Operator will be entered into without the consent of ICANN. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section 7.2, ICANN will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Registry Operator and Registry Operator shall cooperate in such defense.

**7.3 Defined Terms.** For purposes of this Agreement, unless such definitions are amended pursuant to a Consensus Policy at a future date, in which case the following definitions shall be deemed amended and restated in their entirety as set forth in such Consensus Policy, Security and Stability shall be defined as follows:

(a) For the purposes of this Agreement, an effect on "Security" shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of registry data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

(b) For purposes of this Agreement, an effect on "Stability" shall refer to (1) lack of compliance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice Requests for Comments ("RFCs") sponsored by the Internet Engineering Task Force; or (2) the creation of a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems operating in accordance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice RFCs, and relying on Registry Operator's delegated information or provisioning of services.

**7.4 No Offset.** All payments due under this Agreement will be made in a timely manner throughout the Term and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

**7.5 Change of Control; Assignment and Subcontracting.** Except as set forth in this Section 7.5, neither party may assign any of its rights and obligations under this Agreement without the prior written approval of the other party, which approval will not

be unreasonably withheld. For purposes of this Section 7.5, a direct or indirect change of control of Registry Operator or any subcontracting arrangement that relates to any Critical Function (as identified in Section 6 of Specification 10) for the TLD (a “Material Subcontracting Arrangement”) shall be deemed an assignment.

(a) Registry Operator must provide no less than thirty (30) calendar days advance notice to ICANN of any assignment or Material Subcontracting Arrangement, and any agreement to assign or subcontract any portion of the operations of the TLD (whether or not a Material Subcontracting Arrangement) must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder, and Registry Operator shall continue to be bound by such covenants, obligations and agreements. Registry Operator must also provide no less than thirty (30) calendar days advance notice to ICANN prior to the consummation of any transaction anticipated to result in a direct or indirect change of control of Registry Operator.

(b) Within thirty (30) calendar days of either such notification pursuant to Section 7.5(a), ICANN may request additional information from Registry Operator establishing (i) compliance with this Agreement and (ii) that the party acquiring such control or entering into such assignment or Material Subcontracting Arrangement (in any case, the “Contracting Party”) and the ultimate parent entity of the Contracting Party meets the ICANN-adopted specification or policy on registry operator criteria then in effect (including with respect to financial resources and operational and technical capabilities), in which case Registry Operator must supply the requested information within fifteen (15) calendar days.

(c) Registry Operator agrees that ICANN’s consent to any assignment, change of control or Material Subcontracting Arrangement will also be subject to background checks on any proposed Contracting Party (and such Contracting Party’s Affiliates).

(d) If ICANN fails to expressly provide or withhold its consent to any assignment, direct or indirect change of control of Registry Operator or any Material Subcontracting Arrangement within thirty (30) calendar days of ICANN’s receipt of notice of such transaction (or, if ICANN has requested additional information from Registry Operator as set forth above, thirty (30) calendar days of the receipt of all requested written information regarding such transaction) from Registry Operator, ICANN shall be deemed to have consented to such transaction.

(e) In connection with any such assignment, change of control or Material Subcontracting Arrangement, Registry Operator shall comply with the Registry Transition Process.

(f) Notwithstanding the foregoing, (i) any consummated change of control shall not be voidable by ICANN; provided, however, that, if ICANN reasonably determines to withhold its consent to such transaction, ICANN may terminate this Agreement pursuant to Section 4.3(g), (ii) ICANN may assign this Agreement without the

consent of Registry Operator upon approval of the ICANN Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of ICANN upon such assignee's express assumption of the terms and conditions of this Agreement, (iii) Registry Operator may assign this Agreement without the consent of ICANN directly to a wholly-owned subsidiary of Registry Operator, or, if Registry Operator is a wholly-owned subsidiary, to its direct parent or to another wholly-owned subsidiary of its direct parent, upon such subsidiary's or parent's, as applicable, express assumption of the terms and conditions of this Agreement, and (iv) ICANN shall be deemed to have consented to any assignment, Material Subcontracting Arrangement or change of control transaction in which the Contracting Party is an existing operator of a generic top-level domain pursuant to a registry agreement between such Contracting Party and ICANN (provided that such Contracting Party is then in compliance with the terms and conditions of such registry agreement in all material respects), unless ICANN provides to Registry Operator a written objection to such transaction within ten (10) calendar days of ICANN's receipt of notice of such transaction pursuant to this Section 7.5. Notwithstanding Section 7.5(a), in the event an assignment is made pursuant to clauses (ii) or (iii) of this Section 7.5(f), the assigning party will provide the other party with prompt notice following any such assignment.

#### **7.6 Amendments and Waivers.**

(a) If the ICANN Board of Directors determines that an amendment to this Agreement (including to the Specifications referred to herein) and all other registry agreements between ICANN and the Applicable Registry Operators (the "Applicable Registry Agreements") is desirable (each, a "Special Amendment"), ICANN may adopt a Special Amendment pursuant to the requirements of and process set forth in this Section 7.6; provided that a Special Amendment may not be a Restricted Amendment.

(b) Prior to submitting a Special Amendment for Registry Operator Approval, ICANN shall first consult in good faith with the Working Group regarding the form and substance of such Special Amendment. The duration of such consultation shall be reasonably determined by ICANN based on the substance of the Special Amendment. Following such consultation, ICANN may propose the adoption of a Special Amendment by publicly posting such amendment on its website for no less than thirty (30) calendar days (the "Posting Period") and providing notice of such proposed amendment to the Applicable Registry Operators in accordance with Section 7.9. ICANN will consider the public comments submitted on a Special Amendment during the Posting Period (including comments submitted by the Applicable Registry Operators).

(c) If, within one hundred eighty (180) calendar days following the expiration of the Posting Period (the "Approval Period"), the ICANN Board of Directors approves a Special Amendment (which may be in a form different than submitted for public comment, but must address the subject matter of the Special Amendment posted for public comment, as modified to reflect and/or address input from the Working Group and public comments), ICANN shall provide notice of, and submit, such Special Amendment for approval or disapproval by the Applicable Registry Operators. If, during the sixty (60) calendar day period following the date ICANN provides such notice to the Applicable



Registry Operators, such Special Amendment receives Registry Operator Approval, such Special Amendment shall be deemed approved (an "Approved Amendment") by the Applicable Registry Operators, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Approved Amendment to Registry Operator (the "Amendment Effective Date"). In the event that a Special Amendment does not receive Registry Operator Approval, the Special Amendment shall be deemed not approved by the Applicable Registry Operators (a "Rejected Amendment"). A Rejected Amendment will have no effect on the terms and conditions of this Agreement, except as set forth below.

(d) If the ICANN Board of Directors reasonably determines that a Rejected Amendment falls within the subject matter categories set forth in Section 1.2 of Specification 1, the ICANN Board of Directors may adopt a resolution (the date such resolution is adopted is referred to herein as the "Resolution Adoption Date") requesting an Issue Report (as such term is defined in ICANN's Bylaws) by the Generic Names Supporting Organization (the "GNSO") regarding the substance of such Rejected Amendment. The policy development process undertaken by the GNSO pursuant to such requested Issue Report is referred to herein as a "PDP." If such PDP results in a Final Report supported by a GNSO Supermajority (as defined in ICANN's Bylaws) that either (i) recommends adoption of the Rejected Amendment as Consensus Policy or (ii) recommends against adoption of the Rejected Amendment as Consensus Policy, and, in the case of (i) above, the Board adopts such Consensus Policy, Registry Operator shall comply with its obligations pursuant to Section 2.2 of this Agreement. In either case, ICANN will abandon the Rejected Amendment and it will have no effect on the terms and conditions of this Agreement. Notwithstanding the foregoing provisions of this Section 7.6(d), the ICANN Board of Directors shall not be required to initiate a PDP with respect to a Rejected Amendment if, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject matter of such Rejected Amendment was the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation.

(e) If (a) a Rejected Amendment does not fall within the subject matter categories set forth in Section 1.2 of Specification 1, (b) the subject matter of a Rejected Amendment was, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation, or (c) a PDP does not result in a Final Report supported by a GNSO Supermajority that either (A) recommends adoption of the Rejected Amendment as Consensus Policy or (B) recommends against adoption of the Rejected Amendment as Consensus Policy (or such PDP has otherwise been abandoned or terminated for any reason), then, in any such case, such Rejected Amendment may still be adopted and become effective in the manner described below. In order for the Rejected Amendment to be adopted, the following requirements must be satisfied:

(i) the subject matter of the Rejected Amendment must be within the scope of ICANN's mission and consistent with a balanced application of its core values (as described in ICANN's Bylaws);

(ii) the Rejected Amendment must be justified by a Substantial and Compelling Reason in the Public Interest, must be likely to promote such interest, taking into account competing public and private interests that are likely to be affected by the Rejected Amendment, and must be narrowly tailored and no broader than reasonably necessary to address such Substantial and Compelling Reason in the Public Interest;

(iii) to the extent the Rejected Amendment prohibits or requires conduct or activities, imposes material costs on the Applicable Registry Operators, and/or materially reduces public access to domain name services, the Rejected Amendment must be the least restrictive means reasonably available to address the Substantial and Compelling Reason in the Public Interest;

(iv) the ICANN Board of Directors must submit the Rejected Amendment, along with a written explanation of the reasoning related to its determination that the Rejected Amendment meets the requirements set out in subclauses (i) through (iii) above, for public comment for a period of no less than thirty (30) calendar days; and

(v) following such public comment period, the ICANN Board of Directors must (a) engage in consultation (or direct ICANN management to engage in consultation) with the Working Group, subject matter experts, members of the GNSO, relevant advisory committees and other interested stakeholders with respect to such Rejected Amendment for a period of no less than sixty (60) calendar days; and (b) following such consultation, reapprove the Rejected Amendment (which may be in a form different than submitted for Registry Operator Approval, but must address the subject matter of the Rejected Amendment, as modified to reflect and/or address input from the Working Group and public comments) by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN's Conflict of Interest Policy (a "Board Amendment").

Such Board Amendment shall, subject to Section 7.6(f), be deemed an Approved Amendment, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Board Amendment to Registry Operator (which effective date shall be deemed the Amendment Effective Date hereunder). Notwithstanding the foregoing, a Board Amendment may not amend the registry fees charged by ICANN hereunder, or amend this Section 7.6.

(f) Notwithstanding the provisions of Section 7.6(e), a Board Amendment shall not be deemed an Approved Amendment if, during the thirty (30) calendar day period following the approval by the ICANN Board of Directors of the Board Amendment, the Working Group, on the behalf of the Applicable Registry Operators, submits to the ICANN Board of Directors an alternative to the Board Amendment (an “Alternative Amendment”) that meets the following requirements:

(i) sets forth the precise text proposed by the Working Group to amend this Agreement in lieu of the Board Amendment;

(ii) addresses the Substantial and Compelling Reason in the Public Interest identified by the ICANN Board of Directors as the justification for the Board Amendment; and

(iii) compared to the Board Amendment is: (a) more narrowly tailored to address such Substantial and Compelling Reason in the Public Interest, and (b) to the extent the Alternative Amendment prohibits or requires conduct or activities, imposes material costs on Affected Registry Operators, or materially reduces access to domain name services, is a less restrictive means to address the Substantial and Compelling Reason in the Public Interest.

Any proposed amendment that does not meet the requirements of subclauses (i) through (iii) in the immediately preceding sentence shall not be considered an Alternative Amendment hereunder and therefore shall not supersede or delay the effectiveness of the Board Amendment. If, following the submission of the Alternative Amendment to the ICANN Board of Directors, the Alternative Amendment receives Registry Operator Approval, the Alternative Amendment shall supersede the Board Amendment and shall be deemed an Approved Amendment hereunder (and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Alternative Amendment to Registry Operator, which effective date shall be deemed the Amendment Effective Date hereunder), unless, within a period of sixty (60) calendar days following the date that the Working Group notifies the ICANN Board of Directors of Registry Operator Approval of such Alternative Amendment (during which time ICANN shall engage with the Working Group with respect to the Alternative Amendment), the ICANN Board of Directors by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN’s Conflict of Interest Policy, rejects the Alternative Amendment. If (A) the Alternative Amendment does not receive Registry Operator Approval within thirty (30) calendar days of submission of such Alternative Amendment to the Applicable Registry Operators (and the Working Group shall notify ICANN of the date of such submission), or (B) the ICANN Board of Directors rejects the Alternative Amendment by such two-thirds vote, the Board Amendment (and not the Alternative Amendment) shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice to Registry Operator (which

effective date shall be deemed the Amendment Effective Date hereunder). If the ICANN Board of Directors rejects an Alternative Amendment, the board shall publish a written rationale setting forth its analysis of the criteria set forth in Sections 7.6(f)(i) through 7.6(f)(iii). The ability of the ICANN Board of Directors to reject an Alternative Amendment hereunder does not relieve the Board of the obligation to ensure that any Board Amendment meets the criteria set forth in Section 7.6(e)(i) through 7.6(e)(v).

(g) In the event that Registry Operator believes an Approved Amendment does not meet the substantive requirements set out in this Section 7.6 or has been adopted in contravention of any of the procedural provisions of this Section 7.6, Registry Operator may challenge the adoption of such Special Amendment pursuant to the dispute resolution provisions set forth in Article 5, except that such arbitration shall be conducted by a three-person arbitration panel. Any such challenge must be brought within sixty (60) calendar days following the date ICANN provided notice to Registry Operator of the Approved Amendment, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. The Approved Amendment will be deemed not to have amended this Agreement during the pendency of the dispute resolution process.

(h) Registry Operator may apply in writing to ICANN for an exemption from the Approved Amendment (each such request submitted by Registry Operator hereunder, an "Exemption Request") during the thirty (30) calendar day period following the date ICANN provided notice to Registry Operator of such Approved Amendment. Each Exemption Request will set forth the basis for such request and provide detailed support for an exemption from the Approved Amendment. An Exemption Request may also include a detailed description and support for any alternatives to, or a variation of, the Approved Amendment proposed by such Registry Operator. An Exemption Request may only be granted upon a clear and convincing showing by Registry Operator that compliance with the Approved Amendment conflicts with applicable laws or would have a material adverse effect on the long-term financial condition or results of operations of Registry Operator. No Exemption Request will be granted if ICANN determines, in its reasonable discretion, that granting such Exemption Request would be materially harmful to registrants or result in the denial of a direct benefit to registrants. Within ninety (90) calendar days of ICANN's receipt of an Exemption Request, ICANN shall either approve (which approval may be conditioned or consist of alternatives to or a variation of the Approved Amendment) or deny the Exemption Request in writing, during which time the Approved Amendment will not amend this Agreement. If the Exemption Request is approved by ICANN, the Approved Amendment will not amend this Agreement; provided, that any conditions, alternatives or variations of the Approved Amendment required by ICANN shall be effective and, to the extent applicable, will amend this Agreement as of the Amendment Effective Date. If such Exemption Request is denied by ICANN, the Approved Amendment will amend this Agreement as of the Amendment Effective Date (or, if such date has passed, such Approved Amendment shall be deemed effective immediately on the date of such denial), provided that Registry Operator may, within thirty (30) calendar days following receipt of ICANN's determination, appeal ICANN's decision to deny the Exemption Request pursuant to the dispute resolution procedures set forth in Article 5. The Approved Amendment will be

deemed not to have amended this Agreement during the pendency of the dispute resolution process. For avoidance of doubt, only Exemption Requests submitted by Registry Operator that are approved by ICANN pursuant to this Section 7.6(j), agreed to by ICANN following mediation pursuant to Section 5.1 or through an arbitration decision pursuant to Section 5.2 shall exempt Registry Operator from any Approved Amendment, and no Exemption Request granted to any other Applicable Registry Operator (whether by ICANN or through arbitration) shall have any effect under this Agreement or exempt Registry Operator from any Approved Amendment.

(i) Except as set forth in this Section 7.6, Section 7.7 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 7.6 or Section 7.7 shall restrict ICANN and Registry Operator from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Sections 7.6 or 7.7 shall be deemed to limit Registry Operator's obligation to comply with Section 2.2.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "Applicable Registry Operators" means, collectively, the registry operators of top-level domains party to a registry agreement that contains a provision similar to this Section 7.6, including Registry Operator.

(ii) "Registry Operator Approval" means the receipt of each of the following: (A) the affirmative approval of the Applicable Registry Operators whose payments to ICANN accounted for two-thirds of the total amount of fees (converted to U.S. dollars, if applicable, at the prevailing exchange rate published the prior day in the U.S. Edition of the Wall Street Journal for the date such calculation is made by ICANN) paid to ICANN by all the Applicable Registry Operators during the immediately previous calendar year pursuant to the Applicable Registry Agreements, and (B) the affirmative approval of a majority of the Applicable Registry Operators at the time such approval is obtained. For the avoidance of doubt, with respect to clause (B), each Applicable Registry Operator shall have one vote for each top-level domain operated by such Registry Operator pursuant to an Applicable Registry Agreement.

(iii) "Restricted Amendment" means the following: (A) an amendment of Specification 1, (B) except to the extent addressed in Section



2.10 hereof, an amendment that specifies the price charged by Registry Operator to registrars for domain name registrations, (C) an amendment to the definition of Registry Services as set forth in the first paragraph of Section 2.1 of Specification 6, or (D) an amendment to the length of the Term.

(iv) “Substantial and Compelling Reason in the Public Interest” means a reason that is justified by an important, specific, and articulated public interest goal that is within ICANN's mission and consistent with a balanced application of ICANN's core values as defined in ICANN's Bylaws.

(v) “Working Group” means representatives of the Applicable Registry Operators and other members of the community that the Registry Stakeholders Group appoints, from time to time, to serve as a working group to consult on amendments to the Applicable Registry Agreements (excluding bilateral amendments pursuant to Section 7.6(i)).

(k) Notwithstanding anything in this Section 7.6 to the contrary, (i) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for Approved Amendment to become effective with respect to Registry Operator, and (ii) no Approved Amendment adopted pursuant to Section 7.6 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

## **7.7 Negotiation Process.**

(a) If either the Chief Executive Officer of ICANN (“CEO”) or the Chairperson of the Registry Stakeholder Group (“Chair”) desires to discuss any revision(s) to this Agreement, the CEO or Chair, as applicable, shall provide written notice to the other person, which shall set forth in reasonable detail the proposed revisions to this Agreement (a “Negotiation Notice”). Notwithstanding the foregoing, neither the CEO nor the Chair may (i) propose revisions to this Agreement that modify any Consensus Policy then existing, (ii) propose revisions to this Agreement pursuant to this Section 7.7 on or before June 30, 2014, or (iii) propose revisions or submit a Negotiation Notice more than once during any twelve (12) month period beginning on July 1, 2014.

(b) Following receipt of the Negotiation Notice by either the CEO or the Chair, ICANN and the Working Group (as defined in Section 7.6) shall consult in good faith negotiations regarding the form and substance of the proposed revisions to this Agreement, which shall be in the form of a proposed amendment to this Agreement (the “Proposed Revisions”), for a period of at least ninety (90) calendar days (unless a resolution is earlier reached) and attempt to reach a mutually acceptable agreement relating to the Proposed Revisions (the “Discussion Period”).

(c) If, following the conclusion of the Discussion Period, an agreement is reached on the Proposed Revisions, ICANN shall post the mutually agreed Proposed

Revisions on its website for public comment for no less than thirty (30) calendar days (the "Posting Period") and provide notice of such revisions to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval (as defined in Section 7.6) and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(d) If, following the conclusion of the Discussion Period, an agreement is not reached between ICANN and the Working Group on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (the "Mediation Notice") requiring each party to attempt to resolve the disagreements related to the Proposed Revisions through impartial, facilitative (non-evaluative) mediation in accordance with the terms and conditions set forth below. In the event that a Mediation Notice is provided, ICANN and the Working Group shall, within fifteen (15) calendar days thereof, simultaneously post the text of their desired version of the Proposed Revisions and a position paper with respect thereto on ICANN's website.

(i) The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, who has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or an Applicable Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 7.7(d)(i).

(ii) The mediator shall conduct the mediation in accordance with the rules and procedures for facilitative mediation that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute.

(iii) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

(iv) If an agreement is reached during the mediation, ICANN shall post the mutually agreed Proposed Revisions on its website for the Posting Period and provide notice to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the agreed Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(v) If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the mediation shall automatically terminate (unless extended by agreement of the parties). The mediator shall deliver to the parties a definition of the issues that could be considered in future arbitration, if invoked. Those issues are subject to the limitations set forth in Section 7.7(e)(ii) below.

(e) If, following mediation, ICANN and the Working Group have not reached an agreement on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (an "Arbitration Notice") requiring ICANN and the Applicable Registry Operators to resolve the dispute through binding arbitration in accordance with the arbitration provisions of Section 5.2, subject to the requirements and limitations of this Section 7.7(e).

(i) If an Arbitration Notice is sent, the mediator's definition of issues, along with the Proposed Revisions (be those from ICANN, the Working Group or both) shall be posted for public comment on ICANN's website for a period of no less than thirty (30) calendar days. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators), and information regarding such comments and consideration shall be provided to a three (3) person arbitrator panel. Each party may modify its Proposed Revisions before and after the Posting Period. The arbitration proceeding may not commence prior to the closing of such public comment period, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. Except as set forth in this Section 7.7, the arbitration shall be conducted pursuant to Section 5.2.

(ii) No dispute regarding the Proposed Revisions may be submitted for arbitration to the extent the subject matter of the Proposed



Revisions (i) relates to Consensus Policy, (ii) falls within the subject matter categories set forth in Section 1.2 of Specification 1, or (iii) seeks to amend any of the following provisions or Specifications of this Agreement: Articles 1, 3 and 6; Sections 2.1, 2.2, 2.5, 2.7, 2.9, 2.10, 2.16, 2.17, 2.19, 4.1, 4.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16; Section 2.8 and Specification 7 (but only to the extent such Proposed Revisions seek to implement an RPM not contemplated by Sections 2.8 and Specification 7); Exhibit A; and Specifications 1, 4, 6, 10 and 11.

(iii) The mediator will brief the arbitrator panel regarding ICANN and the Working Group's respective proposals relating to the Proposed Revisions.

(iv) No amendment to this Agreement relating to the Proposed Revisions may be submitted for arbitration by either the Working Group or ICANN, unless, in the case of the Working Group, the proposed amendment has received Registry Operator Approval and, in the case of ICANN, the proposed amendment has been approved by the ICANN Board of Directors.

(v) In order for the arbitrator panel to approve either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions, the arbitrator panel must conclude that such proposed amendment is consistent with a balanced application of ICANN's core values (as described in ICANN's Bylaws) and reasonable in light of the balancing of the costs and benefits to the business interests of the Applicable Registry Operators and ICANN (as applicable), and the public benefit sought to be achieved by the Proposed Revisions as set forth in such amendment. If the arbitrator panel concludes that either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions meets the foregoing standard, such amendment shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator and deemed an Approved Amendment hereunder.

(f) With respect to an Approved Amendment relating to an amendment proposed by ICANN, Registry may apply in writing to ICANN for an exemption from such amendment pursuant to the provisions of Section 7.6.

(g) Notwithstanding anything in this Section 7.7 to the contrary, (a) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for the Approved Amendment to become effective with respect to Registry Operator, and (b) no Approved Amendment adopted pursuant to Section 7.7 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

**7.8 No Third-Party Beneficiaries.** This Agreement will not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

**7.9 General Notices.** Except for notices pursuant to Sections 7.6 and 7.7, all notices to be given under or in relation to this Agreement will be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this Agreement. All notices under Sections 7.6 and 7.7 shall be given by both posting of the applicable information on ICANN's web site and transmission of such information to Registry Operator by electronic mail. Any change in the contact information for notice below will be given by the party within thirty (30) calendar days of such change. Other than notices under Sections 7.6 or 7.7, any notice required by this Agreement will be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within three (3) calendar days. Any notice required by Sections 7.6 or 7.7 will be deemed to have been given when electronically posted on ICANN's website and upon confirmation of receipt by the email server. In the event other means of notice become practically achievable, such as notice via a secure website, the parties will work together to implement such notice means under this Agreement.

If to ICANN, addressed to:  
Internet Corporation for Assigned Names and Numbers  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536  
USA  
Telephone: +1-310-301-5800  
Facsimile: +1-310-823-8649  
Attention: President and CEO

With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:  
Primer Nivel S.A.  
CL 93B 11A 84 LC 409  
Bogota  
CO  
Telephone: + 573162928048  
Facsimile: + 19179796470  
Attention: Gerardo Aristizabal, Managing Director  
Email: aristizabal@mi.com.co

**7.10 Entire Agreement.** This Agreement (including those specifications and documents incorporated by reference to URL locations which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.

**7.11 English Language Controls.** Notwithstanding any translated version of this Agreement and/or specifications that may be provided to Registry Operator, the English language version of this Agreement and all referenced specifications are the official versions that bind the parties hereto. In the event of any conflict or discrepancy between any translated version of this Agreement and the English language version, the English language version controls. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

**7.12 Ownership Rights.** Nothing contained in this Agreement shall be construed as (a) establishing or granting to Registry Operator any property ownership rights or interests of Registry Operator in the TLD or the letters, words, symbols or other characters making up the TLD string, or (b) affecting any existing intellectual property or ownership rights of Registry Operator.

**7.13 Severability; Conflicts with Laws.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the balance of this Agreement or of any other term hereof, which shall remain in full force and effect. If any of the provisions hereof are determined to be invalid or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible. ICANN and the Working Group will mutually cooperate to develop an ICANN procedure for ICANN's review and consideration of alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement. Until such procedure is developed and implemented by ICANN, ICANN will review and consider alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement in a manner similar to ICANN's Procedure For Handling WHOIS Conflicts with Privacy Law.

**7.14 Court Orders.** ICANN will respect any order from a court of competent jurisdiction, including any orders from any jurisdiction where the consent or non-objection of the government was a requirement for the delegation of the TLD. Notwithstanding any other provision of this Agreement, ICANN's implementation of any such order will not be a breach of this Agreement

#### **7.15 Confidentiality**

(a) Subject to Section 7.15(c), during the Term and for a period of three (3) years thereafter, each party shall, and shall cause its and its Affiliates' officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to any third party, directly or indirectly, any information that is, and the disclosing party has marked as, or has otherwise designated in writing to the receiving party as, "confidential

trade secret,” “confidential commercial information” or “confidential financial information” (collectively, “Confidential Information”), except to the extent such disclosure is permitted by the terms of this Agreement.

(b) The confidentiality obligations under Section 7.15(a) shall not apply to any Confidential Information that (i) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no fault of the receiving party in breach of this Agreement, (ii) can be demonstrated by documentation or other competent proof to have been in the receiving party’s possession prior to disclosure by the disclosing party without any obligation of confidentiality with respect to such information, (iii) is subsequently received by the receiving party from a third party who is not bound by any obligation of confidentiality with respect to such information, (iv) has been published by a third party or otherwise enters the public domain through no fault of the receiving party, or (v) can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving party without reference to the disclosing party’s Confidential Information.

(c) Each party shall have the right to disclose Confidential Information to the extent that such disclosure is (i) made in response to a valid order of a court of competent jurisdiction or, if in the reasonable opinion of the receiving party’s legal counsel, such disclosure is otherwise required by applicable law; provided, however, that the receiving party shall first have given notice to the disclosing party and given the disclosing party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment order requiring that the Confidential Information that is the subject of such order or other applicable law be held in confidence by such court or other third party recipient, unless the receiving party is not permitted to provide such notice under such order or applicable law, or (ii) made by the receiving party or any of its Affiliates to its or their attorneys, auditors, advisors, consultants, contractors or other third parties for use by such person or entity as may be necessary or useful in connection with the performance of the activities under this Agreement, provided that such third party is bound by confidentiality obligations at least as stringent as those set forth herein, either by written agreement or through professional responsibility standards.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
Akram Atallah  
President, Global Domains Division

**PRIMER NIVEL S.A.**

By: \_\_\_\_\_  
Gerardo Aristizabal  
Managing Director



## **EXHIBIT A**

### **Approved Services**

The ICANN gTLD Applicant Guidebook (located at <http://newgtlds.icann.org/en/applicants/agb>) and the RSEP specify processes for consideration of proposed registry services. Registry Operator may provide any service that is required by the terms of this Agreement. In addition, the following services (if any) are specifically identified as having been approved by ICANN prior to the effective date of the Agreement, and Registry Operator may provide such services:

#### **1. DNS Service – TLD Zone Contents**

Notwithstanding anything else in this Agreement, as indicated in section 2.2.3.3 of the gTLD Applicant Guidebook, permissible contents for the TLD's zone are:

- 1.1.** Apex SOA record
- 1.2.** Apex NS records and in-bailiwick glue for the TLD's DNS servers
- 1.3.** NS records and in-bailiwick glue for DNS servers of registered names in the TLD
- 1.4.** DS records for registered names in the TLD
- 1.5.** Records associated with signing the TLD zone (i.e., RRSIG, DNSKEY, NSEC, and NSEC3)

(Note: The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g., apex A, AAAA, MX records) in the TLD zone.)

If Registry Operator wishes to place any DNS resource record type into its TLD DNS zone (other than those listed in Sections 1.1 through 1.5 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS. Registry Operator recognizes and acknowledges that a service based on the use of less-common DNS resource records in the TLD zone, even if approved, might not work as intended for all users due to lack of software support.

#### **2. Internationalized Domain Names (IDNs)**

Registry Operator may offer registration of IDNs at the second and lower levels provided that Registry Operator complies with the following requirements:

- 2.1.** Registry Operator must offer Registrars support for handling IDN registrations in EPP.
- 2.2.** Registry Operator must handle variant IDNs as follows:
  - 2.2.1.** By default variant IDNs (as defined in the Registry Operator's IDN tables and IDN Registration Rules) must be blocked from registration.



**SPECIFICATION 1**  
**CONSENSUS POLICIES AND TEMPORARY POLICIES SPECIFICATION**

1. **Consensus Policies.**

- 1.1. “*Consensus Policies*” are those policies established (1) pursuant to the procedure set forth in ICANN’s Bylaws and due process, and (2) covering those topics listed in Section 1.2 of this Specification. The Consensus Policy development process and procedure set forth in ICANN’s Bylaws may be revised from time to time in accordance with the process set forth therein.
- 1.2. Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following:
  - 1.2.1 issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or Domain Name System (“DNS”);
  - 1.2.2 functional and performance specifications for the provision of Registry Services;
  - 1.2.3 Security and Stability of the registry database for the TLD;
  - 1.2.4 registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars;
  - 1.2.5 resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names); or
  - 1.2.6 restrictions on cross-ownership of registry operators and registrars or registrar resellers and regulations and restrictions with respect to registry operations and the use of registry and registrar data in the event that a registry operator and a registrar or registrar reseller are affiliated.
- 1.3. Such categories of issues referred to in Section 1.2 of this Specification shall include, without limitation:
  - 1.3.1 principles for allocation of registered names in the TLD (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - 1.3.2 prohibitions on warehousing of or speculation in domain names by registries or registrars;

- 1.3.3 reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (i) avoidance of confusion among or misleading of users, (ii) intellectual property, or (iii) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration); and
    - 1.3.4 maintenance of and access to accurate and up-to-date information concerning domain name registrations; and procedures to avoid disruptions of domain name registrations due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination.
  - 1.4. In addition to the other limitations on Consensus Policies, they shall not:
    - 1.4.1 prescribe or limit the price of Registry Services;
    - 1.4.2 modify the terms or conditions for the renewal or termination of the Registry Agreement;
    - 1.4.3 modify the limitations on Temporary Policies (defined below) or Consensus Policies;
    - 1.4.4 modify the provisions in the registry agreement regarding fees paid by Registry Operator to ICANN; or
    - 1.4.5 modify ICANN's obligations to ensure equitable treatment of registry operators and act in an open and transparent manner.
2. **Temporary Policies.** Registry Operator shall comply with and implement all specifications or policies established by the Board on a temporary basis, if adopted by the Board by a vote of at least two-thirds of its members, so long as the Board reasonably determines that such modifications or amendments are justified and that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the stability or security of Registry Services or the DNS ("**Temporary Policies**").
  - 2.1. Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any Temporary Policy, the Board shall state the period of time for which the Temporary Policy is adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws.
    - 2.1.1 ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the Temporary Policy and why

the Board believes such Temporary Policy should receive the consensus support of Internet stakeholders.

2.1.2 If the period of time for which the Temporary Policy is adopted exceeds ninety (90) calendar days, the Board shall reaffirm its temporary adoption every ninety (90) calendar days for a total period not to exceed one (1) year, in order to maintain such Temporary Policy in effect until such time as it becomes a Consensus Policy. If the one (1) year period expires or, if during such one (1) year period, the Temporary Policy does not become a Consensus Policy and is not reaffirmed by the Board, Registry Operator shall no longer be required to comply with or implement such Temporary Policy.

3. **Notice and Conflicts.** Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Policy in which to comply with such policy or specification, taking into account any urgency involved. In the event of a conflict between Registry Services and Consensus Policies or any Temporary Policy, the Consensus Policies or Temporary Policy shall control, but only with respect to subject matter in conflict.



## SPECIFICATION 2

### DATA ESCROW REQUIREMENTS

Registry Operator will engage an independent entity to act as data escrow agent (“**Escrow Agent**”) for the provision of data escrow services related to the Registry Agreement. The following Technical Specifications set forth in Part A, and Legal Requirements set forth in Part B, will be included in any data escrow agreement between Registry Operator and the Escrow Agent, under which ICANN must be named a third-party beneficiary. In addition to the following requirements, the data escrow agreement may contain other provisions that are not contradictory or intended to subvert the required terms provided below.

#### PART A – TECHNICAL SPECIFICATIONS

1. **Deposits.** There will be two types of Deposits: Full and Differential. For both types, the universe of Registry objects to be considered for data escrow are those objects necessary in order to offer all of the approved Registry Services.
  - 1.1. “**Full Deposit**” will consist of data that reflects the state of the registry as of 00:00:00 UTC (Coordinated Universal Time) on the day that such Full Deposit is submitted to Escrow Agent.
  - 1.2. “**Differential Deposit**” means data that reflects all transactions that were not reflected in the last previous Full or Differential Deposit, as the case may be. Each Differential Deposit will contain all database transactions since the previous Deposit was completed as of 00:00:00 UTC of each day, but Sunday. Differential Deposits must include complete Escrow Records as specified below that were not included or changed since the most recent full or Differential Deposit (i.e., newly added or modified domain names).
2. **Schedule for Deposits.** Registry Operator will submit a set of escrow files on a daily basis as follows:
  - 2.1. Each Sunday, a Full Deposit must be submitted to the Escrow Agent by 23:59 UTC.
  - 2.2. The other six (6) days of the week, a Full Deposit or the corresponding Differential Deposit must be submitted to Escrow Agent by 23:59 UTC.
3. **Escrow Format Specification.**
  - 3.1. **Deposit’s Format.** Registry objects, such as domains, contacts, name servers, registrars, etc. will be compiled into a file constructed as described in draft-arias-noguchi-registry-data-escrow, see Part A, Section 9, reference 1 of this Specification and draft-arias-noguchi-dnrd-objects-mapping, see Part A, Section 9, reference 2 of this Specification (collectively, the “DNDE Specification”). The DNDE Specification describes some elements as

optional; Registry Operator will include those elements in the Deposits if they are available. If not already an RFC, Registry Operator will use the most recent draft version of the DNDE Specification available at the Effective Date. Registry Operator may at its election use newer versions of the DNDE Specification after the Effective Date. Once the DNDE Specification is published as an RFC, Registry Operator will implement that version of the DNDE Specification, no later than one hundred eighty (180) calendar days after. UTF-8 character encoding will be used.

- 3.2. **Extensions.** If a Registry Operator offers additional Registry Services that require submission of additional data, not included above, additional “extension schemas” shall be defined in a case by case basis to represent that data. These “extension schemas” will be specified as described in Part A, Section 9, reference 2 of this Specification. Data related to the “extensions schemas” will be included in the deposit file described in Part A, Section 3.1 of this Specification. ICANN and the respective Registry Operator shall work together to agree on such new objects’ data escrow specifications.
4. **Processing of Deposit files.** The use of compression is recommended in order to reduce electronic data transfer times, and storage capacity requirements. Data encryption will be used to ensure the privacy of registry escrow data. Files processed for compression and encryption will be in the binary OpenPGP format as per OpenPGP Message Format - RFC 4880, see Part A, Section 9, reference 3 of this Specification. Acceptable algorithms for Public-key cryptography, Symmetric-key cryptography, Hash and Compression are those enumerated in RFC 4880, not marked as deprecated in OpenPGP IANA Registry, see Part A, Section 9, reference 4 of this Specification, that are also royalty-free. The process to follow for the data file in original text format is:
  - (1) The XML file of the deposit as described in Part A, Section 9, reference 1 of this Specification must be named as the containing file as specified in Section 5 but with the extension xml.
  - (2) The data file(s) are aggregated in a tarball file named the same as (1) but with extension tar.
  - (3) A compressed and encrypted OpenPGP Message is created using the tarball file as sole input. The suggested algorithm for compression is ZIP as per RFC 4880. The compressed data will be encrypted using the escrow agent’s public key. The suggested algorithms for Public-key encryption are Elgamal and RSA as per RFC 4880. The suggested algorithms for Symmetric-key encryption are TripleDES, AES128 and CAST5 as per RFC 4880.
  - (4) The file may be split as necessary if, once compressed and encrypted, it is larger than the file size limit agreed with the escrow agent. Every part of a

split file, or the whole file if not split, will be called a processed file in this section.

- (5) A digital signature file will be generated for every processed file using the Registry Operator's private key. The digital signature file will be in binary OpenPGP format as per RFC 4880 Section 9, reference 3, and will not be compressed or encrypted. The suggested algorithms for Digital signatures are DSA and RSA as per RFC 4880. The suggested algorithm for Hashes in Digital signatures is SHA256.
- (6) The processed files and digital signature files will then be transferred to the Escrow Agent through secure electronic mechanisms, such as, SFTP, SCP, HTTPS file upload, etc. as agreed between the Escrow Agent and the Registry Operator. Non-electronic delivery through a physical medium such as CD-ROMs, DVD-ROMs, or USB storage devices may be used if authorized by ICANN.
- (7) The Escrow Agent will then validate every (processed) transferred data file using the procedure described in Part A, Section 8 of this Specification.

5. **File Naming Conventions.** Files will be named according to the following convention: {gTLD}\_{YYYY-MM-DD}\_{type}\_S{#}\_R{rev}.{ext} where:

- 5.1. {gTLD} is replaced with the gTLD name; in case of an IDN-TLD, the ASCII-compatible form (A-Label) must be used;
- 5.2. {YYYY-MM-DD} is replaced by the date corresponding to the time used as a timeline watermark for the transactions; i.e. for the Full Deposit corresponding to 2009-08-02T00:00Z, the string to be used would be "2009-08-02";
- 5.3. {type} is replaced by:
  - (1) "full", if the data represents a Full Deposit;
  - (2) "diff", if the data represents a Differential Deposit;
  - (3) "thin", if the data represents a Bulk Registration Data Access file, as specified in Section 3 of Specification 4;
- 5.4. {#} is replaced by the position of the file in a series of files, beginning with "1"; in case of a lone file, this must be replaced by "1".
- 5.5. {rev} is replaced by the number of revision (or resend) of the file beginning with "0":

- 5.6. {ext} is replaced by “sig” if it is a digital signature file of the quasi-homonymous file. Otherwise it is replaced by “ryde”.
6. **Distribution of Public Keys.** Each of Registry Operator and Escrow Agent will distribute its public key to the other party (Registry Operator or Escrow Agent, as the case may be) via email to an email address to be specified. Each party will confirm receipt of the other party’s public key with a reply email, and the distributing party will subsequently reconfirm the authenticity of the key transmitted via offline methods, like in person meeting, telephone, etc. In this way, public key transmission is authenticated to a user able to send and receive mail via a mail server operated by the distributing party. Escrow Agent, Registry Operator and ICANN will exchange public keys by the same procedure.
7. **Notification of Deposits.** Along with the delivery of each Deposit, Registry Operator will deliver to Escrow Agent and to ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification (the “Interface Specification”)) a written statement (which may be by authenticated e-mail) that includes a copy of the report generated upon creation of the Deposit and states that the Deposit has been inspected by Registry Operator and is complete and accurate. Registry Operator will include the Deposit’s “id” and “resend” attributes in its statement. The attributes are explained in Part A, Section 9, reference 1 of this Specification.

If not already an RFC, Registry Operator will use the most recent draft version of the Interface Specification at the Effective Date. Registry Operator may at its election use newer versions of the Interface Specification after the Effective Date. Once the Interface Specification is published as an RFC, Registry Operator will implement that version of the Interface Specification, no later than one hundred eighty (180) calendar days after such publishing.

8. **Verification Procedure.**
- (1) The signature file of each processed file is validated.
  - (2) If processed files are pieces of a bigger file, the latter is put together.
  - (3) Each file obtained in the previous step is then decrypted and uncompressed.
  - (4) Each data file contained in the previous step is then validated against the format defined in Part A, Section 9, reference 1 of this Specification.
  - (5) If Part A, Section 9, reference 1 of this Specification includes a verification process, that will be applied at this step.

If any discrepancy is found in any of the steps, the Deposit will be considered incomplete.

9. **References.**

- (1) Domain Name Data Escrow Specification (work in progress),  
<http://tools.ietf.org/html/draft-arias-noguchi-registry-data-escrow>
- (2) Domain Name Registration Data (DNRD) Objects Mapping,  
<http://tools.ietf.org/html/draft-arias-noguchi-dnrd-objects-mapping>
- (3) OpenPGP Message Format, <http://www.rfc-editor.org/rfc/rfc4880.txt>
- (4) OpenPGP parameters,  
<http://www.iana.org/assignments/pgp-parameters/pgp-parameters.xhtml>
- (5) ICANN interfaces for registries and data escrow agents,  
<http://tools.ietf.org/html/draft-lozano-icann-registry-interfaces>



## PART B – LEGAL REQUIREMENTS

1. **Escrow Agent.** Prior to entering into an escrow agreement, the Registry Operator must provide notice to ICANN as to the identity of the Escrow Agent, and provide ICANN with contact information and a copy of the relevant escrow agreement, and all amendments thereto. In addition, prior to entering into an escrow agreement, Registry Operator must obtain the consent of ICANN to (a) use the specified Escrow Agent, and (b) enter into the form of escrow agreement provided. ICANN must be expressly designated as a third-party beneficiary of the escrow agreement. ICANN reserves the right to withhold its consent to any Escrow Agent, escrow agreement, or any amendment thereto, all in its sole discretion.
2. **Fees.** Registry Operator must pay, or have paid on its behalf, fees to the Escrow Agent directly. If Registry Operator fails to pay any fee by the due date(s), the Escrow Agent will give ICANN written notice of such non-payment and ICANN may pay the past-due fee(s) within fifteen (15) calendar days after receipt of the written notice from Escrow Agent. Upon payment of the past-due fees by ICANN, ICANN shall have a claim for such amount against Registry Operator, which Registry Operator shall be required to submit to ICANN together with the next fee payment due under the Registry Agreement.
3. **Ownership.** Ownership of the Deposits during the effective term of the Registry Agreement shall remain with Registry Operator at all times. Thereafter, Registry Operator shall assign any such ownership rights (including intellectual property rights, as the case may be) in such Deposits to ICANN. In the event that during the term of the Registry Agreement any Deposit is released from escrow to ICANN, any intellectual property rights held by Registry Operator in the Deposits will automatically be licensed to ICANN or to a party designated in writing by ICANN on a non-exclusive, perpetual, irrevocable, royalty-free, paid-up basis, for any use related to the operation, maintenance or transition of the TLD.
4. **Integrity and Confidentiality.** Escrow Agent will be required to (i) hold and maintain the Deposits in a secure, locked, and environmentally safe facility, which is accessible only to authorized representatives of Escrow Agent, (ii) protect the integrity and confidentiality of the Deposits using commercially reasonable measures and (iii) keep and safeguard each Deposit for one (1) year. ICANN and Registry Operator will be provided the right to inspect Escrow Agent’s applicable records upon reasonable prior notice and during normal business hours. Registry Operator and ICANN will be provided with the right to designate a third-party auditor to audit Escrow Agent’s compliance with the technical specifications and maintenance requirements of this Specification 2 from time to time.

If Escrow Agent receives a subpoena or any other order from a court or other judicial tribunal pertaining to the disclosure or release of the Deposits, Escrow Agent will promptly notify the Registry Operator and ICANN unless prohibited by law. After notifying the Registry Operator and ICANN, Escrow Agent shall allow

sufficient time for Registry Operator or ICANN to challenge any such order, which shall be the responsibility of Registry Operator or ICANN; provided, however, that Escrow Agent does not waive its rights to present its position with respect to any such order. Escrow Agent will cooperate with the Registry Operator or ICANN to support efforts to quash or limit any subpoena, at such party's expense. Any party requesting additional assistance shall pay Escrow Agent's standard charges or as quoted upon submission of a detailed request.

5. **Copies.** Escrow Agent may be permitted to duplicate any Deposit, in order to comply with the terms and provisions of the escrow agreement.
6. **Release of Deposits.** Escrow Agent will make available for electronic download (unless otherwise requested) to ICANN or its designee, within twenty-four (24) hours, at the Registry Operator's expense, all Deposits in Escrow Agent's possession in the event that the Escrow Agent receives a request from Registry Operator to effect such delivery to ICANN, or receives one of the following written notices by ICANN stating that:
  - 6.1. the Registry Agreement has expired without renewal, or been terminated; or
  - 6.2. ICANN has not received a notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent within five (5) calendar days after the Deposit's scheduled delivery date; (a) ICANN gave notice to Escrow Agent and Registry Operator of that failure; and (b) ICANN has not, within seven (7) calendar days after such notice, received the notification from Escrow Agent; or
  - 6.3. ICANN has received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of failed verification of the latest escrow deposit for a specific date or a notification of a missing deposit, and the notification is for a deposit that should have been made on Sunday (i.e., a Full Deposit); (a) ICANN gave notice to Registry Operator of that receipt; and (b) ICANN has not, within seven (7) calendar days after such notice, received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of verification of a remediated version of such Full Deposit; or
  - 6.4. ICANN has received five notifications from Escrow Agent within the last thirty (30) calendar days notifying ICANN of either missing or failed escrow deposits that should have been made Monday through Saturday (i.e., a Differential Deposit), and (x) ICANN provided notice to Registry Operator of the receipt of such notifications; and (y) ICANN has not, within seven (7) calendar days after delivery of such notice to Registry Operator, received notification from Escrow Agent of verification of a remediated version of such Differential Deposit; or

- 6.5. Registry Operator has: (i) ceased to conduct its business in the ordinary course; or (ii) filed for bankruptcy, become insolvent or anything analogous to any of the foregoing under the laws of any jurisdiction anywhere in the world; or
- 6.6. Registry Operator has experienced a failure of critical registry functions and ICANN has asserted its rights pursuant to Section 2.13 of the Agreement; or
- 6.7. a competent court, arbitral, legislative, or government agency mandates the release of the Deposits to ICANN; or
- 6.8. pursuant to Contractual and Operational Compliance Audits as specified under Section 2.11 of the Agreement.

Unless Escrow Agent has previously released the Registry Operator's Deposits to ICANN or its designee, Escrow Agent will deliver all Deposits to ICANN upon expiration or termination of the Registry Agreement or the Escrow Agreement.

7. **Verification of Deposits.**

- 7.1. Within twenty-four (24) hours after receiving each Deposit or corrected Deposit, Escrow Agent must verify the format and completeness of each Deposit and deliver to ICANN a notification generated for each Deposit. Reports will be delivered electronically using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification.
- 7.2. If Escrow Agent discovers that any Deposit fails the verification procedures or if Escrow Agent does not receive any scheduled Deposit, Escrow Agent must notify Registry Operator either by email, fax or phone and ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification) of such nonconformity or non-receipt within twenty-four (24) hours after receiving the non-conformant Deposit or the deadline for such Deposit, as applicable. Upon notification of such verification or delivery failure, Registry Operator must begin developing modifications, updates, corrections, and other fixes of the Deposit necessary for the Deposit to be delivered and pass the verification procedures and deliver such fixes to Escrow Agent as promptly as possible.

8. **Amendments.** Escrow Agent and Registry Operator shall amend the terms of the Escrow Agreement to conform to this Specification 2 within ten (10) calendar days of any amendment or modification to this Specification 2. In the event of a conflict between this Specification 2 and the Escrow Agreement, this Specification 2 shall control.

9. **Indemnity.** Escrow Agent shall indemnify and hold harmless Registry Operator and ICANN, and each of their respective directors, officers, agents, employees, members,

and stockholders (“Indemnitees”) absolutely and forever from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys’ fees and costs, that may be asserted by a third party against any Indemnitee in connection with the misrepresentation, negligence or misconduct of Escrow Agent, its directors, officers, agents, employees and contractors.

## SPECIFICATION 3

### FORMAT AND CONTENT FOR REGISTRY OPERATOR MONTHLY REPORTING

Registry Operator shall provide one set of monthly reports per gTLD, using the API described in draft-lozano-icann-registry-interfaces, see Specification 2, Part A, Section 9, reference 5, with the following content.

ICANN may request in the future that the reports be delivered by other means and using other formats. ICANN will use reasonable commercial efforts to preserve the confidentiality of the information reported until three (3) months after the end of the month to which the reports relate. Unless set forth in this Specification 3, any reference to a specific time refers to Coordinated Universal Time (UTC). Monthly reports shall consist of data that reflects the state of the registry at the end of the month (UTC).

1. **Per-Registrar Transactions Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-transactions-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields per registrar:

Field #	Field name	Description
01	registrar-name	Registrar’s full corporate name as registered with IANA
02	iana-id	For cases where the registry operator acts as registrar (i.e., without the use of an ICANN accredited registrar) 9999 should be used, otherwise the sponsoring Registrar IANA id should be used as specified in <a href="http://www.iana.org/assignments/registrar-ids">http://www.iana.org/assignments/registrar-ids</a>
03	total-domains	total domain names under sponsorship in any EPP status but pendingCreate that have not been purged
04	total-nameservers	total name servers (either host objects or name server hosts as domain name attributes) associated with domain names registered for the TLD in any EPP status but pendingCreate that have not been purged
05	net-adds-1-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of one (1) year (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
06	net-adds-2-yr	number of domains successfully registered (i.e., not



		in EPP pendingCreate status) with an initial term of two(2) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
07	net-adds-3-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of three (3) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
08	net-adds-4-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of four (4) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
09	net-adds-5-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of five (5) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
10	net-adds-6-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of six (6) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
11	net-adds-7-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of seven (7) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
12	net-adds-8-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of eight (8) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
13	net-adds-9-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of nine (9) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
14	net-adds-10-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of ten (10) years (and not deleted within the add grace period). A transaction must be reported in the month

		the add grace period ends.
15	net-renews-1-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of one (1) year (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
16	net-renews-2-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of two (2) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
17	net-renews-3-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of three (3) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
18	net-renews-4-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of four (4) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
19	net-renews-5-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of five (5) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
20	net-renews-6-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of six (6) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.

21	net-renews-7-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of seven (7) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
22	net-renews-8-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of eight (8) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
23	net-renews-9-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of nine (9) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
24	net-renews-10-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of ten (10) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
25	transfer-gaining-successful	number of domain transfers initiated by this registrar that were successfully completed (either explicitly or automatically approved) and not deleted within the transfer grace period. A transaction must be reported in the month the transfer grace period ends.
26	transfer-gaining-nacked	number of domain transfers initiated by this registrar that were rejected (e.g., EPP transfer op="reject") by the other registrar
27	transfer-losing-successful	number of domain transfers initiated by another registrar that were successfully completed (either explicitly or automatically approved)
28	transfer-losing-nacked	number of domain transfers initiated by another registrar that this registrar rejected (e.g., EPP transfer op="reject")

29	transfer-disputed-won	number of transfer disputes in which this registrar prevailed (reported in the month where the determination happened)
30	transfer-disputed-lost	number of transfer disputes this registrar lost (reported in the month where the determination happened)
31	transfer-disputed-nodecision	number of transfer disputes involving this registrar with a split or no decision (reported in the month where the determination happened)
32	deleted-domains-grace	domains deleted within the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
33	deleted-domains-nograce	domains deleted outside the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
34	restored-domains	domain names restored from redemption period
35	restored-noreport	total number of restored names for which the registrar failed to submit a restore report
36	agp-exemption-requests	total number of AGP (add grace period) exemption requests
37	agp-exemptions-granted	total number of AGP (add grace period) exemption requests granted
38	agp-exempted-domains	total number of names affected by granted AGP (add grace period) exemption requests
39	attempted-adds	number of attempted (both successful and failed) domain name create commands

The first line shall include the field names exactly as described in the table above as a “header line” as described in section 2 of RFC 4180. The last line of each report shall include totals for each column across all registrars; the first field of this line shall read “Totals” while the second field shall be left empty in that line. No other lines besides the ones described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

2. **Registry Functions Activity Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-activity-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields:

Field #	Field Name	Description
01	operational-registrars	number of operational registrars at the end of the reporting period
02	ramp-up-registrars	number of registrars that have received a password for access to OT&E at the end of the reporting period
03	pre-ramp-up-registrars	number of registrars that have requested access, but have not yet entered the ramp-up period at the end of the reporting period
04	zfa-passwords	number of active zone file access passwords at the end of the reporting period
05	whois-43-queries	number of WHOIS (port-43) queries responded during the reporting period
06	web-whois-queries	number of Web-based Whois queries responded during the reporting period, not including searchable Whois
07	searchable-whois-queries	number of searchable Whois queries responded during the reporting period, if offered
08	dns-udp-queries-received	number of DNS queries received over UDP transport during the reporting period
09	dns-udp-queries-responded	number of DNS queries received over UDP transport that were responded during the reporting period
10	dns-tcp-queries-received	number of DNS queries received over TCP transport during the reporting period
11	dns-tcp-queries-responded	number of DNS queries received over TCP transport that were responded during the reporting period
12	srs-dom-check	number of SRS (EPP and any other interface) domain name "check" requests responded during the reporting period
13	srs-dom-create	number of SRS (EPP and any other interface) domain name "create" requests responded during the reporting period
14	srs-dom-delete	number of SRS (EPP and any other interface) domain name "delete" requests responded during the reporting period
15	srs-dom-info	number of SRS (EPP and any other interface) domain name "info" requests responded during the reporting period

Field #	Field Name	Description
16	srs-dom-renew	number of SRS (EPP and any other interface) domain name "renew" requests responded during the reporting period
17	srs-dom-rgp-restore-report	number of SRS (EPP and any other interface) domain name RGP "restore" requests delivering a restore report responded during the reporting period
18	srs-dom-rgp-restore-request	number of SRS (EPP and any other interface) domain name RGP "restore" requests responded during the reporting period
19	srs-dom-transfer-approve	number of SRS (EPP and any other interface) domain name "transfer" requests to approve transfers responded during the reporting period
20	srs-dom-transfer-cancel	number of SRS (EPP and any other interface) domain name "transfer" requests to cancel transfers responded during the reporting period
21	srs-dom-transfer-query	number of SRS (EPP and any other interface) domain name "transfer" requests to query about a transfer responded during the reporting period
22	srs-dom-transfer-reject	number of SRS (EPP and any other interface) domain name "transfer" requests to reject transfers responded during the reporting period
23	srs-dom-transfer-request	number of SRS (EPP and any other interface) domain name "transfer" requests to request transfers responded during the reporting period
24	srs-dom-update	number of SRS (EPP and any other interface) domain name "update" requests (not including RGP restore requests) responded during the reporting period
25	srs-host-check	number of SRS (EPP and any other interface) host "check" requests responded during the reporting period
26	srs-host-create	number of SRS (EPP and any other interface) host "create" requests responded during the reporting period
27	srs-host-delete	number of SRS (EPP and any other interface) host "delete" requests responded during the reporting period



Field #	Field Name	Description
28	srs-host-info	number of SRS (EPP and any other interface) host "info" requests responded during the reporting period
29	srs-host-update	number of SRS (EPP and any other interface) host "update" requests responded during the reporting period
30	srs-cont-check	number of SRS (EPP and any other interface) contact "check" requests responded during the reporting period
31	srs-cont-create	number of SRS (EPP and any other interface) contact "create" requests responded during the reporting period
32	srs-cont-delete	number of SRS (EPP and any other interface) contact "delete" requests responded during the reporting period
33	srs-cont-info	number of SRS (EPP and any other interface) contact "info" requests responded during the reporting period
34	srs-cont-transfer-approve	number of SRS (EPP and any other interface) contact "transfer" requests to approve transfers responded during the reporting period
35	srs-cont-transfer-cancel	number of SRS (EPP and any other interface) contact "transfer" requests to cancel transfers responded during the reporting period
36	srs-cont-transfer-query	number of SRS (EPP and any other interface) contact "transfer" requests to query about a transfer responded during the reporting period
37	srs-cont-transfer-reject	number of SRS (EPP and any other interface) contact "transfer" requests to reject transfers responded during the reporting period
38	srs-cont-transfer-request	number of SRS (EPP and any other interface) contact "transfer" requests to request transfers responded during the reporting period
39	srs-cont-update	number of SRS (EPP and any other interface) contact "update" requests responded during the reporting period

The first line shall include the field names exactly as described in the table above as a "header line" as described in section 2 of RFC 4180. No other lines besides the ones

described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

For gTLDs that are part of a single-instance Shared Registry System, the Registry Functions Activity Report may include the total contact or host transactions for all the gTLDs in the system.

## SPECIFICATION 4

### REGISTRATION DATA PUBLICATION SERVICES

1. **Registration Data Directory Services.** Until ICANN requires a different protocol, Registry Operator will operate a WHOIS service available via port 43 in accordance with RFC 3912, and a web-based Directory Service at <whois.nic.TLD> providing free public query-based access to at least the following elements in the following format. ICANN reserves the right to specify alternative formats and protocols, and upon such specification, the Registry Operator will implement such alternative specification as soon as reasonably practicable.

Registry Operator shall implement a new standard supporting access to domain name registration data (SAC 051) no later than one hundred thirty-five (135) days after it is requested by ICANN if: 1) the IETF produces a standard (i.e., it is published, at least, as a Proposed Standard RFC as specified in RFC 2026); and 2) its implementation is commercially reasonable in the context of the overall operation of the registry.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registry Operator, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and registrant information, together.
- 1.4. The fields specified below set forth the minimum output requirements. Registry Operator may output data fields in addition to those specified below, subject to approval by ICANN, which approval shall not be unreasonably withheld.
- 1.5. **Domain Name Data:**
  - 1.5.1 **Query format:** whois EXAMPLE.TLD
  - 1.5.2 **Response format:**

Domain Name: EXAMPLE.TLD  
Domain ID: D1234567-TLD

WHOIS Server: whois.example.tld  
Referral URL: http://www.example.tld  
Updated Date: 2009-05-29T20:13:00Z  
Creation Date: 2000-10-08T00:45:00Z  
Registry Expiry Date: 2010-10-08T00:44:59Z  
Sponsoring Registrar: EXAMPLE REGISTRAR LLC  
Sponsoring Registrar IANA ID: 5555555  
Domain Status: clientDeleteProhibited  
Domain Status: clientRenewProhibited  
Domain Status: clientTransferProhibited  
Domain Status: serverUpdateProhibited  
Registrant ID: 5372808-ERL  
Registrant Name: EXAMPLE REGISTRANT  
Registrant Organization: EXAMPLE ORGANIZATION  
Registrant Street: 123 EXAMPLE STREET  
Registrant City: ANYTOWN  
Registrant State/Province: AP  
Registrant Postal Code: A1A1A1  
Registrant Country: EX  
Registrant Phone: +1.5555551212  
Registrant Phone Ext: 1234  
Registrant Fax: +1.5555551213  
Registrant Fax Ext: 4321  
Registrant Email: EMAIL@EXAMPLE.TLD  
Admin ID: 5372809-ERL  
Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE  
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION  
Admin Street: 123 EXAMPLE STREET  
Admin City: ANYTOWN  
Admin State/Province: AP  
Admin Postal Code: A1A1A1  
Admin Country: EX  
Admin Phone: +1.5555551212  
Admin Phone Ext: 1234  
Admin Fax: +1.5555551213  
Admin Fax Ext:  
Admin Email: EMAIL@EXAMPLE.TLD  
Tech ID: 5372811-ERL  
Tech Name: EXAMPLE REGISTRAR TECHNICAL  
Tech Organization: EXAMPLE REGISTRAR LLC  
Tech Street: 123 EXAMPLE STREET  
Tech City: ANYTOWN  
Tech State/Province: AP  
Tech Postal Code: A1A1A1  
Tech Country: EX  
Tech Phone: +1.1235551234

Tech Phone Ext: 1234  
Tech Fax: +1.5555551213  
Tech Fax Ext: 93  
Tech Email: EMAIL@EXAMPLE.TLD  
Name Server: NS01.EXAMPLEREGISTRAR.TLD  
Name Server: NS02.EXAMPLEREGISTRAR.TLD  
DNSSEC: signedDelegation  
DNSSEC: unsigned  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.6. Registrar Data:

1.6.1 **Query format:** whois "registrar Example Registrar, Inc."

1.6.2 **Response format:**

Registrar Name: Example Registrar, Inc.  
Street: 1234 Admiralty Way  
City: Marina del Rey  
State/Province: CA  
Postal Code: 90292  
Country: US  
Phone Number: +1.3105551212  
Fax Number: +1.3105551213  
Email: registrar@example.tld  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
Admin Contact: Joe Registrar  
Phone Number: +1.3105551213  
Fax Number: +1.3105551213  
Email: joeregistrar@example-registrar.tld  
Admin Contact: Jane Registrar  
Phone Number: +1.3105551214  
Fax Number: +1.3105551213  
Email: janeregistrar@example-registrar.tld  
Technical Contact: John Geek  
Phone Number: +1.3105551215  
Fax Number: +1.3105551216  
Email: johngeek@example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.7. Nameserver Data:

1.7.1 **Query format:** whois "NS1.EXAMPLE.TLD", whois "nameserver (nameserver name)", or whois "nameserver (IP Address)"

### 1.7.2 Response format:

Server Name: NS1.EXAMPLE.TLD  
IP Address: 192.0.2.123  
IP Address: 2001:0DB8::1  
Registrar: Example Registrar, Inc.  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

- 1.8. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers (the extension will be provided as a separate field as shown above), email addresses, date and times should conform to the mappings specified in EPP RFCs 5730-5734 so that the display of this information (or values return in WHOIS responses) can be uniformly processed and understood.
- 1.9. In order to be compatible with ICANN's common interface for WHOIS (InterNIC), WHOIS output shall be in the format outline above.
- 1.10. **Searchability.** Offering searchability capabilities on the Directory Services is optional but if offered by the Registry Operator it shall comply with the specification described in this section.
  - 1.10.1 Registry Operator will offer searchability on the web-based Directory Service.
  - 1.10.2 Registry Operator will offer partial match capabilities, at least, on the following fields: domain name, contacts and registrant's name, and contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.).
  - 1.10.3 Registry Operator will offer exact-match capabilities, at least, on the following fields: registrar id, name server name, and name server's IP address (only applies to IP addresses stored by the registry, i.e., glue records).
  - 1.10.4 Registry Operator will offer Boolean search capabilities supporting, at least, the following logical operators to join a set of search criteria: AND, OR, NOT.
  - 1.10.5 Search results will include domain names matching the search criteria.
  - 1.10.6 Registry Operator will: 1) implement appropriate measures to avoid abuse of this feature (e.g., permitting access only to legitimate



authorized users); and 2) ensure the feature is in compliance with any applicable privacy laws or policies.

- 1.11. Registry Operator shall provide a link on the primary website for the TLD (i.e., the website provided to ICANN for publishing on the ICANN website) to a web page designated by ICANN containing WHOIS policy and educational materials.

## 2. Zone File Access

### 2.1. Third-Party Access

- 2.1.1 **Zone File Access Agreement.** Registry Operator will enter into an agreement with any Internet user, which will allow such user to access an Internet host server or servers designated by Registry Operator and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider, which may be ICANN or an ICANN designee (the "CZDA Provider"). Registry Operator (optionally through the CZDA Provider) will provide access to zone file data per Section 2.1.3 of this Specification and do so using the file format described in Section 2.1.4 of this Specification. Notwithstanding the foregoing, (a) the CZDA Provider may reject the request for access of any user that does not satisfy the credentialing requirements in Section 2.1.2 below; (b) Registry Operator may reject the request for access of any user that does not provide correct or legitimate credentials under Section 2.1.2 below or where Registry Operator reasonably believes will violate the terms of Section 2.1.5. below; and, (c) Registry Operator may revoke access of any user if Registry Operator has evidence to support that the user has violated the terms of Section 2.1.5 below.
- 2.1.2 **Credentialing Requirements.** Registry Operator, through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address and IP address.
- 2.1.3 **Grant of Access.** Each Registry Operator (optionally through the CZDA Provider) will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL (specifically, <TLD>.zda.icann.org where <TLD> is the TLD for which the registry is responsible) for the user to access the Registry's zone data archives. Registry Operator will grant the user a non-exclusive, nontransferable, limited right to access Registry Operator's (optionally CZDA Provider's) Zone File hosting server, and to transfer

a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN. For every zone file access server, the zone files are in the top-level directory called <zone>.zone.gz, with <zone>.zone.gz.md5 and <zone>.zone.gz.sig to verify downloads. If the Registry Operator (or the CZDA Provider) also provides historical data, it will use the naming pattern <zone>-yyyymmdd.zone.gz, etc.

2.1.4 **File Format Standard.** Registry Operator (optionally through the CZDA Provider) will provide zone files using a subformat of the standard Master File format as originally defined in RFC 1035, Section 5, including all the records present in the actual zone used in the public DNS. Sub-format is as follows:

1. Each record must include all fields in one line as: <domain-name> <TTL> <class> <type> <RDATA>.
2. Class and Type must use the standard mnemonics and must be in lower case.
3. TTL must be present as a decimal integer.
4. Use of /X and /DDD inside domain names is allowed.
5. All domain names must be in lower case.
6. Must use exactly one tab as separator of fields inside a record.
7. All domain names must be fully qualified.
8. No \$ORIGIN directives.
9. No use of "@" to denote current origin.
10. No use of "blank domain names" at the beginning of a record to continue the use of the domain name in the previous record.
11. No \$INCLUDE directives.
12. No \$TTL directives.
13. No use of parentheses, e.g., to continue the list of fields in a record across a line boundary.
14. No use of comments.
15. No blank lines.

16. The SOA record should be present at the top and (duplicated at) the end of the zone file.
17. With the exception of the SOA record, all the records in a file must be in alphabetical order.
18. One zone per file. If a TLD divides its DNS data into multiple zones, each goes into a separate file named as above, with all the files combined using tar into a file called <tld>.zone.tar.

2.1.5 **Use of Data by User.** Registry Operator will permit user to use the zone file for lawful purposes; provided that (a) user takes all reasonable steps to protect against unauthorized access to and use and disclosure of the data and (b) under no circumstances will Registry Operator be required or permitted to allow user to use the data to, (i) allow, enable, or otherwise support the transmission by email, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than user's own existing customers, or (ii) enable high volume, automated, electronic processes that send queries or data to the systems of Registry Operator or any ICANN-accredited registrar.

2.1.6 **Term of Use.** Registry Operator, through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. Registry Operator will allow users to renew their Grant of Access.

2.1.7 **No Fee for Access.** Registry Operator will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

## 2.2. **Co-operation**

2.2.1 **Assistance.** Registry Operator will co-operate and provide reasonable assistance to ICANN and the CZDA Provider to facilitate and maintain the efficient access of zone file data by permitted users as contemplated under this Schedule.

2.3. **ICANN Access.** Registry Operator shall provide bulk access to the zone files for the TLD to ICANN or its designee on a continuous basis in the manner ICANN may reasonably specify from time to time. Access will be provided at least daily. Zone files will include SRS data committed as close as possible to 00:00:00 UTC.

2.4. **Emergency Operator Access.** Registry Operator shall provide bulk access to the zone files for the TLD to the Emergency Operators designated by ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.

### 3. Bulk Registration Data Access to ICANN

- 3.1. **Periodic Access to Thin Registration Data.** In order to verify and ensure the operational stability of Registry Services as well as to facilitate compliance checks on accredited registrars, Registry Operator will provide ICANN on a weekly basis (the day to be designated by ICANN) with up-to-date Registration Data as specified below. Data will include data committed as of 00:00:00 UTC on the day previous to the one designated for retrieval by ICANN.
- 3.1.1 **Contents.** Registry Operator will provide, at least, the following data for all registered domain names: domain name, domain name repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars, at least, it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar.
- 3.1.2 **Format.** The data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the previous section, i.e., the file will only contain Domain and Registrar objects with the fields mentioned above. Registry Operator has the option to provide a full deposit file instead as specified in Specification 2.
- 3.1.3 **Access.** Registry Operator will have the file(s) ready for download as of 00:00:00 UTC on the day designated for retrieval by ICANN. The file(s) will be made available for download by SFTP, though ICANN may request other means in the future.
- 3.2. **Exceptional Access to Thick Registration Data.** In case of a registrar failure, deaccreditation, court order, etc. that prompts the temporary or definitive transfer of its domain names to another registrar, at the request of ICANN, Registry Operator will provide ICANN with up-to-date data for the domain names of the losing registrar. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. Registry Operator will provide the data as soon as commercially practicable, but in no event later than five (5) calendar days following ICANN's request. Unless otherwise agreed by Registry Operator and ICANN, the file will be made available for download by ICANN in the same manner as the data specified in Section 3.1 of this Specification.

## SPECIFICATION 5

### SCHEDULE OF RESERVED NAMES

Except to the extent that ICANN otherwise expressly authorizes in writing, and subject to the terms and conditions of this Specification, Registry Operator shall reserve the following labels from initial (i.e., other than renewal) registration within the TLD. If using self-allocation, the Registry Operator must show the registration in the RDDS. In the case of IDN names (as indicated below), IDN variants will be identified according to the registry operator IDN registration policy, where applicable.

1. **Example.** The ASCII label “EXAMPLE” shall be withheld from registration or allocated to Registry Operator at the second level and at all other levels within the TLD at which Registry Operator offers registrations (such second level and all other levels are collectively referred to herein as, “All Levels”). Such label may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, such withheld or allocated label shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such name without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
2. **Two-character labels.** All two-character ASCII labels shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Such labels may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator, provided that such two-character label strings may be released to the extent that Registry Operator reaches agreement with the related government and country-code manager of the string as specified in the ISO 3166-1 alpha-2 standard. The Registry Operator may also propose the release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes, subject to approval by ICANN. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, all such labels that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
3. **Reservations for Registry Operations.**
  - 3.1. The following ASCII labels must be withheld from registration or allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: WWW, RDDS and WHOIS. The following ASCII label must be allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: NIC. Registry Operator may activate WWW, RDDS and WHOIS in the DNS, but must activate NIC in the

DNS, as necessary for the operation of the TLD. None of WWW, RDDS, WHOIS or NIC may be released or registered to any person (other than Registry Operator) or third party. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD all such withheld or allocated names shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

- 3.2. Registry Operator may activate in the DNS at All Levels up to one hundred (100) names (plus their IDN variants, where applicable) necessary for the operation or the promotion of the TLD. Registry Operator must act as the Registered Name Holder of such names as that term is defined in the then-current ICANN Registrar Accreditation Agreement (RAA). These activations will be considered Transactions for purposes of Section 6.1 of the Agreement. Registry Operator must either (i) register such names through an ICANN-accredited registrar; or (ii) self-allocate such names and with respect to those names submit to and be responsible to ICANN for compliance with ICANN Consensus Policies and the obligations set forth in Subsections 3.7.7.1 through 3.7.7.12 of the then-current RAA (or any other replacement clause setting out the terms of the registration agreement between a registrar and a registered name holder). At Registry Operator's discretion and in compliance with all other terms of this Agreement, such names may be released for registration to another person or entity.
- 3.3. Registry Operator may withhold from registration or allocate to Registry Operator names (including their IDN variants, where applicable) at All Levels in accordance with Section 2.6 of the Agreement. Such names may not be activated in the DNS, but may be released for registration to another person or entity at Registry Operator's discretion. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Upon ICANN's request, Registry Operator shall provide a listing of all names withheld or allocated to Registry Operator pursuant to Section 2.6 of the Agreement. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
4. **Country and Territory Names.** The country and territory names (including their IDN variants, where applicable) contained in the following internationally recognized lists shall be withheld from registration or allocated to Registry Operator at All Levels:
  - 4.1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European



Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union

<[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)>;

- 4.2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- 4.3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names;

provided, that the reservation of specific country and territory names (including their IDN variants according to the registry operator IDN registration policy, where applicable) may be released to the extent that Registry Operator reaches agreement with the applicable government(s). Registry Operator must not activate such names in the DNS; provided, that Registry Operator may propose the release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

5. **International Olympic Committee; International Red Cross and Red Crescent Movement.** As instructed from time to time by ICANN, the names (including their IDN variants, where applicable) relating to the International Olympic Committee, International Red Cross and Red Crescent Movement listed at <http://www.icann.org/en/resources/registries/reserved> shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Additional International Olympic Committee, International Red Cross and Red Crescent Movement names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Such names may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
6. **Intergovernmental Organizations.** As instructed from time to time by ICANN, Registry Operator will implement the protections mechanism determined by the

ICANN Board of Directors relating to the protection of identifiers for Intergovernmental Organizations. A list of reserved names for this Section 6 is available at <http://www.icann.org/en/resources/registries/reserved>. Additional names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Any such protected identifiers for Intergovernmental Organizations may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such protected identifiers shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

## SPECIFICATION 6

### REGISTRY INTEROPERABILITY AND CONTINUITY SPECIFICATIONS

#### 1. Standards Compliance

- 1.1. **DNS.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF), including all successor standards, modifications or additions thereto relating to the DNS and name server operations including without limitation RFCs 1034, 1035, 1123, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, and 5966. DNS labels may only include hyphens in the third and fourth position if they represent valid IDNs (as specified above) in their ASCII encoding (e.g., “xn--ndk061n”).
- 1.2. **EPP.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF) including all successor standards, modifications or additions thereto relating to the provisioning and management of domain names using the Extensible Provisioning Protocol (EPP) in conformance with RFCs 5910, 5730, 5731, 5732 (if using host objects), 5733 and 5734. If Registry Operator implements Registry Grace Period (RGP), it will comply with RFC 3915 and its successors. If Registry Operator requires the use of functionality outside the base EPP RFCs, Registry Operator must document EPP extensions in Internet-Draft format following the guidelines described in RFC 3735. Registry Operator will provide and update the relevant documentation of all the EPP Objects and Extensions supported to ICANN prior to deployment.
- 1.3. **DNSSEC.** Registry Operator shall sign its TLD zone files implementing Domain Name System Security Extensions (“DNSSEC”). During the Term, Registry Operator shall comply with RFCs 4033, 4034, 4035, 4509 and their successors, and follow the best practices described in RFC 4641 and its successors. If Registry Operator implements Hashed Authenticated Denial of Existence for DNS Security Extensions, it shall comply with RFC 5155 and its successors. Registry Operator shall accept public-key material from child domain names in a secure manner according to industry best practices. Registry shall also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants’ public-key material. Registry Operator shall publish its DPS following the format described in RFC 6841.
- 1.4. **IDN.** If the Registry Operator offers Internationalized Domain Names (“IDNs”), it shall comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registry Operator shall comply with the ICANN IDN Guidelines at <<http://www.icann.org/en/topics/idn/implementation-guidelines.htm>>,

as they may be amended, modified, or superseded from time to time. Registry Operator shall publish and keep updated its IDN Tables and IDN Registration Rules in the IANA Repository of IDN Practices as specified in the ICANN IDN Guidelines.

- 1.5. **IPv6.** Registry Operator shall be able to accept IPv6 addresses as glue records in its Registry System and publish them in the DNS. Registry Operator shall offer public IPv6 transport for, at least, two of the Registry's name servers listed in the root zone with the corresponding IPv6 addresses registered with IANA. Registry Operator should follow "DNS IPv6 Transport Operational Guidelines" as described in BCP 91 and the recommendations and considerations described in RFC 4472. Registry Operator shall offer public IPv6 transport for its Registration Data Publication Services as defined in Specification 4 of this Agreement; e.g., Whois (RFC 3912), Web based Whois. Registry Operator shall offer public IPv6 transport for its Shared Registration System (SRS) to any Registrar, no later than six (6) months after receiving the first request in writing from a gTLD accredited Registrar willing to operate with the SRS over IPv6.

## 2. Registry Services

- 2.1. **Registry Services.** "Registry Services" are, for purposes of the Agreement, defined as the following: (a) those services that are operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry DNS servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy as defined in Specification 1; (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above.
- 2.2. **Wildcard Prohibition.** For domain names which are either not registered, or the registrant has not supplied valid records such as NS records for listing in the DNS zone file, or their status does not allow them to be published in the DNS, the use of DNS wildcard Resource Records as described in RFCs 1034 and 4592 or any other method or technology for synthesizing DNS Resources Records or using redirection within the DNS by the Registry is prohibited. When queried for such domain names the authoritative name servers must return a "Name Error" response (also known as NXDOMAIN), RCODE 3 as described in RFC 1035 and related RFCs. This provision applies for all DNS zone files at all levels in the DNS tree for which the Registry

Operator (or an affiliate engaged in providing Registration Services) maintains data, arranges for such maintenance, or derives revenue from such maintenance.

### 3. **Registry Continuity**

- 3.1. **High Availability.** Registry Operator will conduct its operations using network and geographically diverse, redundant servers (including network-level redundancy, end-node level redundancy and the implementation of a load balancing scheme where applicable) to ensure continued operation in the case of technical failure (widespread or local), or an extraordinary occurrence or circumstance beyond the control of the Registry Operator. Registry Operator's emergency operations department shall be available at all times to respond to extraordinary occurrences.
- 3.2. **Extraordinary Event.** Registry Operator will use commercially reasonable efforts to restore the critical functions of the registry within twenty-four (24) hours after the termination of an extraordinary event beyond the control of the Registry Operator and restore full system functionality within a maximum of forty-eight (48) hours following such event, depending on the type of critical function involved. Outages due to such an event will not be considered a lack of service availability.
- 3.3. **Business Continuity.** Registry Operator shall maintain a business continuity plan, which will provide for the maintenance of Registry Services in the event of an extraordinary event beyond the control of the Registry Operator or business failure of Registry Operator, and may include the designation of a Registry Services continuity provider. If such plan includes the designation of a Registry Services continuity provider, Registry Operator shall provide the name and contact information for such Registry Services continuity provider to ICANN. In the case of an extraordinary event beyond the control of the Registry Operator where the Registry Operator cannot be contacted, Registry Operator consents that ICANN may contact the designated Registry Services continuity provider, if one exists. Registry Operator shall conduct Registry Services Continuity testing at least once per year.

### 4. **Abuse Mitigation**

- 4.1. **Abuse Contact.** Registry Operator shall provide to ICANN and publish on its website its accurate contact details including a valid email and mailing address as well as a primary contact for handling inquiries related to malicious conduct in the TLD, and will provide ICANN with prompt notice of any changes to such contact details.
- 4.2. **Malicious Use of Orphan Glue Records.** Registry Operator shall take action to remove orphan glue records (as defined at <http://www.icann.org/en/committees/security/sac048.pdf>) when provided

with evidence in written form that such records are present in connection with malicious conduct.

## 5. **Supported Initial and Renewal Registration Periods**

- 5.1. **Initial Registration Periods.** Initial registrations of registered names may be made in the registry in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, initial registrations of registered names may not exceed ten (10) years.
- 5.2. **Renewal Periods.** Renewal of registered names may be made in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, renewal of registered names may not extend their registration period beyond ten (10) years from the time of the renewal.

## 6. **Name Collision Occurrence Management**

- 6.1. **No-Activation Period.** Registry Operator shall not activate any names in the DNS zone for the Registry TLD (except for "NIC") until at least 120 calendar days after the effective date of this agreement. Registry Operator may allocate names (subject to subsection 6.2 below) during this period only if Registry Operator causes registrants to be clearly informed of the inability to activate names until the No-Activation Period ends.

### 6.2. **Name Collision Occurrence Assessment**

- 6.2.1 Registry Operator shall not activate any names in the DNS zone for the Registry TLD except in compliance with a Name Collision Occurrence Assessment provided by ICANN regarding the Registry TLD. Registry Operator will either (A) implement the mitigation measures described in its Name Collision Occurrence Assessment before activating any second-level domain name, or (B) block those second-level domain names for which the mitigation measures as described in the Name Collision Occurrence Assessment have not been implemented and proceed with activating names that are not listed in the Assessment.
- 6.2.2 Notwithstanding subsection 6.2.1, Registry Operator may proceed with activation of names in the DNS zone without implementation of the measures set forth in Section 6.2.1 only if (A) ICANN determines that the Registry TLD is eligible for this alternative path to activation of names; and (B) Registry Operator blocks all second-level domain names identified by ICANN and set forth at <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-17nov13-en> as such list may be modified by ICANN from time to time. Registry Operator may activate names pursuant to this subsection and later activate names pursuant to subsection 6.2.1.



- 6.2.3 The sets of names subject to mitigation or blocking pursuant to Sections 6.2.1 and 6.2.2 will be based on ICANN analysis of DNS information including "Day in the Life of the Internet" data maintained by the DNS Operations, Analysis, and Research Center (DNS-OARC) <<https://www.dns-oarc.net/oarc/data/ditl>>.
- 6.2.4 Registry Operator may participate in the development by the ICANN community of a process for determining whether and how these blocked names may be released.
- 6.2.5 If ICANN determines that the TLD is ineligible for the alternative path to activation of names, ICANN may elect not to delegate the TLD pending completion of the final Name Collision Occurrence Assessment for the TLD, and Registry Operator's completion of all required mitigation measures. Registry Operator understands that the mitigation measures required by ICANN as a condition to activation of names in the DNS zone for the TLD may include, without limitation, mitigation measures such as those described in Section 3.2 of the New gTLD Name Collision Occurrence Management Plan approved by the ICANN Board New gTLD Program Committee (NGPC) on 7 October 2013 as found at <<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-07oct13-en.pdf>>.

### 6.3. **Name Collision Report Handling**

- 6.3.1 During the first two years after delegation of the TLD, Registry Operator's emergency operations department shall be available to receive reports, relayed by ICANN, alleging demonstrably severe harm from collisions with overlapping use of the names outside of the authoritative DNS.
- 6.3.2 Registry Operator shall develop an internal process for handling in an expedited manner reports received pursuant to subsection 6.3.1 under which Registry Operator may, to the extent necessary and appropriate, remove a recently activated name from the TLD zone for a period of up to two years in order to allow the affected party to make changes to its systems.

## SPECIFICATION 7

### MINIMUM REQUIREMENTS FOR RIGHTS PROTECTION MECHANISMS

1. **Rights Protection Mechanisms.** Registry Operator shall implement and adhere to the rights protection mechanisms (“RPMs”) specified in this Specification. In addition to such RPMs, Registry Operator may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party’s legal rights. Registry Operator will include all RPMs required by this Specification 7 and any additional RPMs developed and implemented by Registry Operator in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD. Registry Operator shall implement in accordance with requirements set forth therein each of the mandatory RPMs set forth in the Trademark Clearinghouse as of the date hereof, as posted at <http://www.icann.org/en/resources/registries/tmch-requirements> (the “Trademark Clearinghouse Requirements”), which may be revised in immaterial respects by ICANN from time to time. Registry Operator shall not mandate that any owner of applicable intellectual property rights use any other trademark information aggregation, notification, or validation service in addition to or instead of the ICANN-designated Trademark Clearinghouse. If there is a conflict between the terms and conditions of this Agreement and the Trademark Clearinghouse Requirements, the terms and conditions of this Agreement shall control.
2. **Dispute Resolution Mechanisms.** Registry Operator will comply with the following dispute resolution mechanisms as they may be revised from time to time:
  - a. the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) and the Registration Restriction Dispute Resolution Procedure (RRDRP) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/pddrp> and <http://www.icann.org/en/resources/registries/rrdrp>, respectively). Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PDDRP or RRDRP panel and to be bound by any such determination; and
  - b. the Uniform Rapid Suspension system (“URS”) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/urs>), including the implementation of determinations issued by URS examiners.

## SPECIFICATION 8

### CONTINUED OPERATIONS INSTRUMENT

1. The Continued Operations Instrument shall (a) provide for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6<sup>th</sup>) anniversary of the Effective Date, and (b) be in the form of either (i) an irrevocable standby letter of credit, or (ii) an irrevocable cash escrow deposit, each meeting the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof (which is hereby incorporated by reference into this Specification 8). Registry Operator shall use its best efforts to take all actions necessary or advisable to maintain in effect the Continued Operations Instrument for a period of six (6) years from the Effective Date, and to maintain ICANN as a third party beneficiary thereof. If Registry Operator elects to obtain an irrevocable standby letter of credit but the term required above is unobtainable, Registry Operator may obtain a letter of credit with a one-year term and an “evergreen provision,” providing for annual extensions, without amendment, for an indefinite number of additional periods until the issuing bank informs ICANN of its final expiration or until ICANN releases the letter of credit as evidenced in writing, if the letter of credit otherwise meets the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof; provided, however, that if the issuing bank informs ICANN of the expiration of such letter of credit prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, such letter of credit must provide that ICANN is entitled to draw the funds secured by the letter of credit prior to such expiration. The letter of credit must require the issuing bank to give ICANN at least thirty (30) calendar days’ notice of any such expiration or non-renewal. If the letter of credit expires or is terminated at any time prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, Registry Operator will be required to obtain a replacement Continued Operations Instrument. ICANN may draw the funds under the original letter of credit, if the replacement Continued Operations Instrument is not in place prior to the expiration of the original letter of credit. Registry Operator shall provide to ICANN copies of all final documents relating to the Continued Operations Instrument and shall keep ICANN reasonably informed of material developments relating to the Continued Operations Instrument. Registry Operator shall not agree to, or permit, any amendment of, or waiver under, the Continued Operations Instrument or other documentation relating thereto without the prior written consent of ICANN (such consent not to be unreasonably withheld).

2. If, notwithstanding the use of best efforts by Registry Operator to satisfy its obligations under the preceding paragraph, the Continued Operations Instrument expires or is terminated by another party thereto, in whole or in part, for any reason, prior to the sixth anniversary of the Effective Date, Registry Operator shall promptly (i) notify ICANN of such expiration or termination and the reasons therefor and (ii) arrange for an alternative instrument that provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date (an "Alternative Instrument"). Any such Alternative Instrument shall be on terms no less favorable to ICANN than the Continued Operations Instrument and shall otherwise be in form and substance reasonably acceptable to ICANN.
3. Notwithstanding anything to the contrary contained in this Specification 8, at any time, Registry Operator may replace the Continued Operations Instrument with an Alternative Instrument that (i) provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date, and (ii) contains terms no less favorable to ICANN than the Continued Operations Instrument and is otherwise in form and substance reasonably acceptable to ICANN. In the event Registry Operator replaces the Continued Operations Instrument either pursuant to paragraph 2 or this paragraph 3, the terms of this Specification 8 shall no longer apply with respect to the original Continuing Operations Instrument, but shall thereafter apply with respect to such Alternative Instrument(s), and such instrument shall thereafter be considered the Continued Operations Instrument for purposes of this Agreement.

## SPECIFICATION 9

### REGISTRY OPERATOR CODE OF CONDUCT

1. In connection with the operation of the registry for the TLD, Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity, to the extent such party is engaged in the provision of Registry Services with respect to the TLD (each, a “Registry Related Party”), to:
  - a. directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services, unless comparable opportunities to qualify for such preferences or considerations are made available to all registrars on substantially similar terms and subject to substantially similar conditions;
  - b. register domain names in its own right, except for names registered through an ICANN accredited registrar; provided, however, that Registry Operator may (a) reserve names from registration pursuant to Section 2.6 of the Agreement and (b) may withhold from registration or allocate to Registry Operator up to one hundred (100) names pursuant to Section 3.2 of Specification 5;
  - c. register names in the TLD or sub-domains of the TLD based upon proprietary access to information about searches or resolution requests by consumers for domain names not yet registered (commonly known as, “front-running”);  
or
  - d. allow any Affiliated registrar to disclose Personal Data about registrants to Registry Operator or any Registry Related Party, except as reasonably necessary for the management and operations of the TLD, unless all unrelated third parties (including other registry operators) are given equivalent access to such user data on substantially similar terms and subject to substantially similar conditions.
2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will, or will cause such Registry Related Party to, ensure that such services are offered through a legal entity separate from Registry Operator, and maintain separate books of accounts with respect to its registrar or registrar-reseller operations.
3. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to

Registry Operator's compliance with this Code of Conduct, via email to an address to be provided by ICANN. (ICANN may specify in the future the form and contents of such reports or that the reports be delivered by other reasonable means.) Registry Operator agrees that ICANN may publicly post such results and certification; provided, however, ICANN shall not disclose Confidential Information contained in such results except in accordance with Section 7.15 of the Agreement.

4. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.
5. Nothing set forth herein shall limit the ability of Registry Operator or any Registry Related Party, to enter into arms-length transactions in the ordinary course of business with a registrar or reseller with respect to products and services unrelated in all respects to the TLD.
6. Registry Operator may request an exemption to this Code of Conduct, and such exemption may be granted by ICANN in ICANN's reasonable discretion, if Registry Operator demonstrates to ICANN's reasonable satisfaction that (i) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator for the exclusive use of Registry Operator or its Affiliates, (ii) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (iii) application of this Code of Conduct to the TLD is not necessary to protect the public interest.



## SPECIFICATION 10

### REGISTRY PERFORMANCE SPECIFICATIONS

#### 1. Definitions

- 1.1. **DNS.** Refers to the Domain Name System as specified in RFCs 1034, 1035, and related RFCs.
- 1.2. **DNSSEC proper resolution.** There is a valid DNSSEC chain of trust from the root trust anchor to a particular domain name, e.g., a TLD, a domain name registered under a TLD, etc.
- 1.3. **EPP.** Refers to the Extensible Provisioning Protocol as specified in RFC 5730 and related RFCs.
- 1.4. **IP address.** Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- 1.5. **Probes.** Network hosts used to perform (DNS, EPP, etc.) tests (see below) that are located at various global locations.
- 1.6. **RDDS.** Registration Data Directory Services refers to the collective of WHOIS and Web-based WHOIS services as defined in Specification 4 of this Agreement.
- 1.7. **RTT.** Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- 1.8. **SLR.** Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

#### 2. Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
<b>DNS</b>	DNS service availability	0 min downtime = 100% availability
	DNS name server availability	≤ 432 min of downtime (≈ 99%)
	TCP DNS resolution RTT	≤ 1500 ms, for at least 95% of the queries
	UDP DNS resolution RTT	≤ 500 ms, for at least 95% of the queries
	DNS update time	≤ 60 min, for at least 95% of the probes
<b>RDDS</b>	RDDS availability	≤ 864 min of downtime (≈ 98%)

	RDDS query RTT	≤ 2000 ms, for at least 95% of the queries
	RDDS update time	≤ 60 min, for at least 95% of the probes
<b>EPP</b>	EPP service availability	≤ 864 min of downtime (≈ 98%)
	EPP session-command RTT	≤ 4000 ms, for at least 90% of the commands
	EPP query-command RTT	≤ 2000 ms, for at least 90% of the commands
	EPP transform-command RTT	≤ 4000 ms, for at least 90% of the commands

Registry Operator is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. However, note that there is no provision for planned outages or similar periods of unavailable or slow service; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

### 3. DNS

- 3.1. **DNS service availability.** Refers to the ability of the group of listed-as-authoritative name servers of a particular domain name (e.g., a TLD), to answer DNS queries from DNS probes. For the service to be considered available at a particular moment, at least, two of the delegated name servers registered in the DNS must have successful results from “**DNS tests**” to each of their public-DNS registered “**IP addresses**” to which the name server resolves. If 51% or more of the DNS testing probes see the service as unavailable during a given time, the DNS service will be considered unavailable.
- 3.2. **DNS name server availability.** Refers to the ability of a public-DNS registered “**IP address**” of a particular name server listed as authoritative for a domain name, to answer DNS queries from an Internet user. All the public DNS-registered “**IP address**” of all name servers of the domain name being monitored shall be tested individually. If 51% or more of the DNS testing probes get undefined/unanswered results from “**DNS tests**” to a name server “**IP address**” during a given time, the name server “**IP address**” will be considered unavailable.
- 3.3. **UDP DNS resolution RTT.** Refers to the **RTT** of the sequence of two packets, the UDP DNS query and the corresponding UDP DNS response. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.4. **TCP DNS resolution RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the DNS response for only one DNS query. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.5. **DNS resolution RTT.** Refers to either “**UDP DNS resolution RTT**” or “**TCP DNS resolution RTT**”.

- 3.6. **DNS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, until the name servers of the parent domain name answer “**DNS queries**” with data consistent with the change made. This only applies for changes to DNS information.
- 3.7. **DNS test.** Means one non-recursive DNS query sent to a particular “**IP address**” (via UDP or TCP). If DNSSEC is offered in the queried DNS zone, for a query to be considered answered, the signatures must be positively verified against a corresponding DS record published in the parent zone or, if the parent is not signed, against a statically configured Trust Anchor. The answer to the query must contain the corresponding information from the Registry System, otherwise the query will be considered unanswered. A query with a “**DNS resolution RTT**” 5 times higher than the corresponding SLR, will be considered unanswered. The possible results to a DNS test are: a number in milliseconds corresponding to the “**DNS resolution RTT**” or, undefined/unanswered.
- 3.8. **Measuring DNS parameters.** Every minute, every DNS probe will make an UDP or TCP “**DNS test**” to each of the public-DNS registered “**IP addresses**” of the name servers of the domain name being monitored. If a “**DNS test**” result is undefined/unanswered, the tested IP will be considered unavailable from that probe until it is time to make a new test.
- 3.9. **Collating the results from DNS probes.** The minimum number of active testing probes to consider a measurement valid is 20 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 3.10. **Distribution of UDP and TCP queries.** DNS probes will send UDP or TCP “**DNS test**” approximating the distribution of these queries.
- 3.11. **Placement of DNS probes.** Probes for measuring DNS parameters shall be placed as near as possible to the DNS resolvers on the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

#### 4. **RDDS**

- 4.1. **RDDS availability.** Refers to the ability of all the RDDS services for the TLD, to respond to queries from an Internet user with appropriate data from the relevant Registry System. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.

- 4.2. **WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.3. **Web-based-WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registry Operator implements a multiple-step process to get to the information, only the last step shall be measured. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.4. **RDDS query RTT.** Refers to the collective of “**WHOIS query RTT**” and “**Web-based- WHOIS query RTT**”.
- 4.5. **RDDS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 4.6. **RDDS test.** Means one query sent to a particular “**IP address**” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the Registry System and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an **RTT** 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the **RTT** or undefined/unanswered.
- 4.7. **Measuring RDDS parameters.** Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “**IP addresses**” of the servers for each RDDS service of the TLD being monitored and make an “**RDDS test**” to each one. If an “**RDDS test**” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 4.8. **Collating the results from RDDS probes.** The minimum number of active testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 4.9. **Placement of RDDS probes.** Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 5. EPP

- 5.1. **EPP service availability.** Refers to the ability of the TLD EPP servers as a group, to respond to commands from the Registry accredited Registrars, who already have credentials to the servers. The response shall include appropriate data from the Registry System. An EPP command with “**EPP command RTT**” 5 times higher than the corresponding SLR will be considered as unanswered. If 51% or more of the EPP testing probes see the EPP service as unavailable during a given time, the EPP service will be considered unavailable.
- 5.2. **EPP session-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a session command plus the reception of the EPP response for only one EPP session command. For the login command it will include packets needed for starting the TCP session. For the logout command it will include packets needed for closing the TCP session. EPP session commands are those described in section 2.9.1 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.3. **EPP query-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a query command plus the reception of the EPP response for only one EPP query command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP query commands are those described in section 2.9.2 of EPP RFC 5730. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.4. **EPP transform-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a transform command plus the reception of the EPP response for only one EPP transform command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP transform commands are those described in section 2.9.3 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.5. **EPP command RTT.** Refers to “**EPP session-command RTT**”, “**EPP query-command RTT**” or “**EPP transform-command RTT**”.
- 5.6. **EPP test.** Means one EPP command sent to a particular “**IP address**” for one of the EPP servers. Query and transform commands, with the exception of “create”, shall be about existing objects in the Registry System. The response shall include appropriate data from the Registry System. The possible results to an EPP test are: a number in milliseconds corresponding to the “**EPP command RTT**” or undefined/unanswered.

- 5.7. **Measuring EPP parameters.** Every 5 minutes, EPP probes will select one “IP address” of the EPP servers of the TLD being monitored and make an “EPP test”; every time they should alternate between the 3 different types of commands and between the commands inside each category. If an “EPP test” result is undefined/unanswered, the EPP service will be considered as unavailable from that probe until it is time to make a new test.
- 5.8. **Collating the results from EPP probes.** The minimum number of active testing probes to consider a measurement valid is 5 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 5.9. **Placement of EPP probes.** Probes for measuring EPP parameters shall be placed inside or close to Registrars points of access to the Internet across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 6. Emergency Thresholds

The following matrix presents the emergency thresholds that, if reached by any of the services mentioned above for a TLD, would cause the emergency transition of the Registry for the TLD as specified in Section 2.13 of this Agreement.

Critical Function	Emergency Threshold
DNS Service (all servers)	4-hour total downtime / week
DNSSEC proper resolution	4-hour total downtime / week
EPP	24-hour total downtime / week
RDDS (WHOIS/Web-based WHOIS)	24-hour total downtime / week
Data Escrow	Breach of the Registry Agreement as described in Specification 2, Part B, Section 6.

## 7. Emergency Escalation

Escalation is strictly for purposes of notifying and investigating possible or potential issues in relation to monitored services. The initiation of any escalation and the subsequent cooperative investigations do not in themselves imply that a monitored service has failed its performance requirements.

Escalations shall be carried out between ICANN and Registry Operators, Registrars and Registry Operator, and Registrars and ICANN. Registry Operators and ICANN must provide said emergency operations departments. Current contacts must be maintained between



ICANN and Registry Operators and published to Registrars, where relevant to their role in escalations, prior to any processing of an Emergency Escalation by all related parties, and kept current at all times.

#### 7.1. **Emergency Escalation initiated by ICANN**

Upon reaching 10% of the Emergency thresholds as described in Section 6 of this Specification, ICANN's emergency operations will initiate an Emergency Escalation with the relevant Registry Operator. An Emergency Escalation consists of the following minimum elements: electronic (i.e., email or SMS) and/or voice contact notification to the Registry Operator's emergency operations department with detailed information concerning the issue being escalated, including evidence of monitoring failures, cooperative troubleshooting of the monitoring failure between ICANN staff and the Registry Operator, and the commitment to begin the process of rectifying issues with either the monitoring service or the service being monitoring.

#### 7.2. **Emergency Escalation initiated by Registrars**

Registry Operator will maintain an emergency operations department prepared to handle emergency requests from registrars. In the event that a registrar is unable to conduct EPP transactions with the registry for the TLD because of a fault with the Registry Service and is unable to either contact (through ICANN mandated methods of communication) the Registry Operator, or the Registry Operator is unable or unwilling to address the fault, the registrar may initiate an emergency escalation to the emergency operations department of ICANN. ICANN then may initiate an emergency escalation with the Registry Operator as explained above.

#### 7.3. **Notifications of Outages and Maintenance**

In the event that a Registry Operator plans maintenance, it will provide notice to the ICANN emergency operations department, at least, twenty-four (24) hours ahead of that maintenance. ICANN's emergency operations department will note planned maintenance times, and suspend Emergency Escalation services for the monitored services during the expected maintenance outage period.

If Registry Operator declares an outage, as per its contractual obligations with ICANN, on services under a service level agreement and performance requirements, it will notify the ICANN emergency operations department. During that declared outage, ICANN's emergency operations department will note and suspend emergency escalation services for the monitored services involved.

### 8. **Covenants of Performance Measurement**

8.1. **No interference.** Registry Operator shall not interfere with measurement **Probes**, including any form of preferential treatment of the requests for the monitored services. Registry Operator shall respond to the measurement

tests described in this Specification as it would to any other request from an Internet user (for DNS and RDDS) or registrar (for EPP).

- 8.2. **ICANN testing registrar.** Registry Operator agrees that ICANN will have a testing registrar used for purposes of measuring the **SLRs** described above. Registry Operator agrees to not provide any differentiated treatment for the testing registrar other than no billing of the transactions. ICANN shall not use the registrar for registering domain names (or other registry objects) for itself or others, except for the purposes of verifying contractual compliance with the conditions described in this Agreement.

## SPECIFICATION 11

### PUBLIC INTEREST COMMITMENTS

1. Registry Operator will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on 27 June 2013 in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. (Intentionally omitted. Registry Operator has not included commitments, statements of intent or business plans provided for in its application to ICANN for the TLD.)
3. Registry Operator agrees to perform the following specific public interest commitments, which commitments shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at <http://www.icann.org/en/resources/registries/picdrp>), which may be revised in immaterial respects by ICANN from time to time (the "PICDRP"). Registry Operator shall comply with the PICDRP. Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PICDRP panel and to be bound by any such determination.
  - a. Registry Operator will include a provision in its Registry-Registrar Agreement that requires Registrars to include in their Registration Agreements a provision prohibiting Registered Name Holders from distributing malware, abusively operating botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity contrary to applicable law, and providing (consistent with applicable law and any related procedures) consequences for such activities including suspension of the domain name.
  - b. Registry Operator will periodically conduct a technical analysis to assess whether domains in the TLD are being used to perpetrate security threats, such as pharming, phishing, malware, and botnets. Registry Operator will maintain statistical reports on the number of security threats identified and the actions taken as a result of the periodic security checks. Registry Operator will maintain these reports for the term of the Agreement unless a shorter period is required by law or approved by ICANN, and will provide them to ICANN upon request.
  - c. Registry Operator will operate the TLD in a transparent manner consistent with general principles of openness and non-discrimination by establishing, publishing and adhering to clear registration policies.

- d. Registry Operator of a “Generic String” TLD may not impose eligibility criteria for registering names in the TLD that limit registrations exclusively to a single person or entity and/or that person’s or entity’s “Affiliates” (as defined in Section 2.9(c) of the Registry Agreement). “Generic String” means a string consisting of a word or term that denominates or describes a general class of goods, services, groups, organizations or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others.

# **EXHIBIT AC-2**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

### .BLOG Registry Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT of the .BLOG Registry Agreement ("Assignment and Assumption Agreement") is entered into as of 29 April, 2016 (the "Effective Date") by and between Primer Nivel S.A. a Republic of Panama Société Anonyme with its principal place of business at Global Plaza, 50th street 21st floor Panama, Panama - 00000 PA ("Assignor") and Knock Knock WHOIS There, LLC, a Delaware limited liability company with its principal place of business at 132 Hawthorne Street, San Francisco, CA 94107 ("Assignee"). The parties to this Agreement shall be referred to individually as a "Party" and collectively as the "Parties."

#### RECITALS

- A. Assignor is a party to that certain Registry Agreement entered into 14 May, 2015 by and between Assignor and the Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN") for the .BLOG top-level domain (the "Registry Agreement").
- B. Pursuant to Section 7.5 of the Registry Agreement, in its letter dated 23 February, 2016, Assignor requested ICANN's prior written consent of an assignment of the Registry Agreement from Assignor to Assignee.
- C. On 27 April, 2016, ICANN granted its conditional written consent ("ICANN's Consent") to Assignor for assignment of the Registry Agreement to Assignee.
- D. Having received ICANN's Consent as aforementioned, and both Parties having represented herein below its fulfillment of all conditions of ICANN's Consent, Assignor hereby desires to assign its rights and obligations under the Registry Agreement to Assignee, and Assignee hereby desires to assume Assignor's rights and obligations under the Registry Agreement via assignment, pursuant to the terms and conditions of this Agreement.

#### AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's rights and obligations under the Registry Agreement.
2. Assignee hereby accepts the assignment of the Registry Agreement and assumes all liabilities of Assignor relating thereto, whether contingent or accrued, and further agrees to assume and perform all of the covenants, obligations and agreements of Assignor under the Registry Agreement.



3. The Parties hereby agree that Assignee shall be substituted for Assignor for all purposes of the Registry Agreement.
4. Notwithstanding the foregoing, Assignor shall continue to be bound by the covenants, obligations and agreements set forth in the Registry Agreement.
5. The Parties hereby represent that all conditions set forth in ICANN's Consent have been fulfilled as of the Effective Date of this Assignment and Assumption Agreement.
6. The Parties hereby acknowledge that ICANN's Consent to Assignor' assignment of the Registry Agreement does not waive any rights ICANN may have to take action with respect to any breaches of the Registry Agreement by Assignor occurring prior to the Effective Date.
7. Each Party shall, upon the reasonable request of the other Party, make, execute, acknowledge, and deliver any and all further documents and instruments, and do and cause done all such further acts, to evidence and/or in any manner perfect Assignor' assignment of the Registry Agreement to Assignee pursuant to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Assignment and Assumption Agreement to be executed and delivered as of the Effective Date first stated above.

**PRIMER NIVEL S.A.**

By: \_\_\_\_\_

Name: Gerardo Aristizábal

Title: Managing Director

**KNOCK KNOCK WHOIS THERE, LLC**

DocuSigned by:  
By: \_\_\_\_\_

Name: Paul Sieminski

Title: President

# **EXHIBIT AC-3**

# .meet Registry Agreement

16 Jan 2014

On 16 January 2014, [ICANN \(Internet Corporation for Assigned Names and Numbers\)](#) and Afilias Limited entered into a Registry Agreement under which Afilias Limited operated the .meet top-level domain. Effective 06 February 2015, the Registry Agreement was assigned by Afilias Limited to Charleston Road Registry Inc. d/b/a Google Registry, which now operates the .meet top-level domain. The agreement may be viewed by following the links below:

## Registry Agreement

- [DOCX \(/sites/default/files/tlds/meet/meet\\_agmt\\_docx\\_16jan14\\_en.docx\)](#) | [Redline \(/sites/default/files/tlds/meet/meet-agmt-docx-redline-16jan14-en.docx\)](#)
- [PDF \(/sites/default/files/tlds/meet/meet-agmt-pdf-16jan14-en.pdf\)](#) | [Redline \(/sites/default/files/tlds/meet/meet-agmt-pdf-redline-16jan14-en.pdf\)](#)
- [HTML \(/sites/default/files/tlds/meet/meet-agmt-html-16jan14-en.htm\)](#) | [Redline \(/sites/default/files/tlds/meet/meet\\_agmt\\_html\\_redline\\_16jan14-en.htm\)](#)

## 2017 Global Amendment to the base Registry Agreement

The 2017 Global Amendment to the base [New gTLD \(generic Top Level Domain\) Registry Agreement](#) is effective as of 31 July 2017. For additional information, please visit the [Global Amendment webpage \(/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en\)](#).

- [DOCX \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx\)](#) | [PDF \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf\)](#) | [HTML \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html\)](#)

## Assignment and Assumption Agreement(s)

Afilias Limited to Charleston Road Registry Inc. d/b/a Google Registry (06 February 2015)

- [PDF \(/sites/default/files/tlds/meet/meet-assign-pdf-06feb15-en.pdf\)](/sites/default/files/tlds/meet/meet-assign-pdf-06feb15-en.pdf)

## Authorization(s) for Release of Reserved Names

- [All Digit/Digit, Letter/Digit, and Digit/Letter Two-Character ASCII Labels at the Second Level \(/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf\)](/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf) (01 December 2014)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/meet/meet-auth-ltr-ltr-13jul15-en.pdf\)](/sites/default/files/tlds/meet/meet-auth-ltr-ltr-13jul15-en.pdf) (13 July 2015)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/meet/meet-auth-ltr-ltr-29jul16-en.pdf\)](/sites/default/files/tlds/meet/meet-auth-ltr-ltr-29jul16-en.pdf) (29 July 2016)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/meet/meet-auth-ltr-ltr-01sep16-en.pdf\)](/sites/default/files/tlds/meet/meet-auth-ltr-ltr-01sep16-en.pdf) (01 September 2016)
- [Authorization for Release of Letter/Letter Two-Character ASCII Labels at the Second Level \(/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf\)](/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf) (13 December 2016)

## Notice of Exemption (29 January 2019)

Specification 9 - Registry Operator Code of Conduct

- [PDF \(/sites/default/files/tlds/meet/meet-spec9-09jan19-en.pdf\)](/sites/default/files/tlds/meet/meet-spec9-09jan19-en.pdf)

## Updates to General Notices Contact

- [PDF \(/sites/default/files/tlds/meet/meet-contacts-26jul16-en.pdf\)](/sites/default/files/tlds/meet/meet-contacts-26jul16-en.pdf) (26 July 2016)
- [PDF \(/sites/default/files/tlds/meet/meet-contacts-25aug15-en.pdf\)](/sites/default/files/tlds/meet/meet-contacts-25aug15-en.pdf) (25 August 2015)

- [PDF \(/sites/default/files/tlds/meet/meet-contacts-14may14-en.pdf\)](/sites/default/files/tlds/meet/meet-contacts-14may14-en.pdf) (14 May 2014)

## Amendments

- [Amendment No.2 \(/sites/default/files/tlds/charleston-amend-list-1-pdf-22oct19-en.pdf\)](/sites/default/files/tlds/charleston-amend-list-1-pdf-22oct19-en.pdf) (22 October 2019)
- [Amendment No.1 \(/sites/default/files/tlds/meet/meet-amend-1-pdf-26feb16-en.pdf\)](/sites/default/files/tlds/meet/meet-amend-1-pdf-26feb16-en.pdf) (26 February 2016))

Note: The official version is the Word version above. This HTML version is machine generated and may not display correctly

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## Name Collision Occurrence Management Documents

- [Alternate Path to Delegation Report \(/en/about/agreements/registries/meet/meet-apd-report-12nov13-en.htm\)](/en/about/agreements/registries/meet/meet-apd-report-12nov13-en.htm)
  - [List of SLDs to Block \(/sites/default/files/tlds/meet/meet-apd-list-12nov13-en.csv\)](/sites/default/files/tlds/meet/meet-apd-list-12nov13-en.csv)
  - [Name Collision Occurrence Assessment \(/resources/pages/registries-2012-02-25-en#name-collision-assessment\)](/resources/pages/registries-2012-02-25-en#name-collision-assessment)
- 

## Registry Agreement Archive

### Authorization(s) for Release of Reserved Names

- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/meet/meet-auth-ltr-ltr-14mar16-en.pdf\)](/sites/default/files/tlds/meet/meet-auth-ltr-ltr-14mar16-en.pdf) (14 March 2016)

# **EXHIBIT AC-4**



## REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this “Agreement”) is entered into as of \_\_\_\_\_ (the “Effective Date”) between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation (“ICANN”), and Afilias Limited, a company formed under the laws of the Republic of Ireland (“Registry Operator”).

### ARTICLE 1.

#### DELEGATION AND OPERATION OF TOP-LEVEL DOMAIN; REPRESENTATIONS AND WARRANTIES

**1.1 Domain and Designation.** The Top-Level Domain to which this Agreement applies is **.meet** (the “TLD”). Upon the Effective Date and until the earlier of the expiration of the Term (as defined in Section 4.1) or the termination of this Agreement pursuant to Article 4, ICANN designates Registry Operator as the registry operator for the TLD, subject to the requirements and necessary approvals for delegation of the TLD and entry into the root-zone.

**1.2 Technical Feasibility of String.** While ICANN has encouraged and will continue to encourage universal acceptance of all top-level domain strings across the Internet, certain top-level domain strings may encounter difficulty in acceptance by ISPs and webhosters and/or validation by web applications. Registry Operator shall be responsible for ensuring to its satisfaction the technical feasibility of the TLD string prior to entering into this Agreement.

#### **1.3 Representations and Warranties.**

- (a) Registry Operator represents and warrants to ICANN as follows:
- (i) all material information provided and statements made in the registry TLD application, and statements made in writing during the negotiation of this Agreement, were true and correct in all material respects at the time made, and such information or statements continue to be true and correct in all material respects as of the Effective Date except as otherwise previously disclosed in writing by Registry Operator to ICANN;
  - (ii) Registry Operator is duly organized, validly existing and in good standing under the laws of the jurisdiction set forth in the preamble hereto, and Registry Operator has all requisite power and authority and has obtained all necessary approvals to enter into and duly execute and deliver this Agreement; and
  - (iii) Registry Operator has delivered to ICANN a duly executed instrument that secures the funds required to perform registry functions for the TLD in the event of the termination or expiration of this Agreement (the “Continued Operations Instrument”), and such instrument is a binding

obligation of the parties thereto, enforceable against the parties thereto in accordance with its terms.

(b) ICANN represents and warrants to Registry Operator that ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America. ICANN has all requisite power and authority and has obtained all necessary corporate approvals to enter into and duly execute and deliver this Agreement.

## ARTICLE 2.

### COVENANTS OF REGISTRY OPERATOR

Registry Operator covenants and agrees with ICANN as follows:

**2.1 Approved Services; Additional Services.** Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in the Specification 6 attached hereto ("Specification 6") and such other Registry Services set forth on Exhibit A (collectively, the "Approved Services"). If Registry Operator desires to provide any Registry Service that is not an Approved Service or is a material modification to an Approved Service (each, an "Additional Service"), Registry Operator shall submit a request for approval of such Additional Service pursuant to the Registry Services Evaluation Policy at <http://www.icann.org/en/registries/rsep/rsep.html>, as such policy may be amended from time to time in accordance with the bylaws of ICANN (as amended from time to time, the "ICANN Bylaws") applicable to Consensus Policies (the "RSEP"). Registry Operator may offer Additional Services only with the written approval of ICANN, and, upon any such approval, such Additional Services shall be deemed Registry Services under this Agreement. In its reasonable discretion, ICANN may require an amendment to this Agreement reflecting the provision of any Additional Service which is approved pursuant to the RSEP, which amendment shall be in a form reasonably acceptable to the parties.

**2.2 Compliance with Consensus Policies and Temporary Policies.** Registry Operator shall comply with and implement all Consensus Policies and Temporary Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with the ICANN Bylaws, provided such future Consensus Policies and Temporary Policies are adopted in accordance with the procedure and relate to those topics and subject to those limitations set forth in Specification 1 attached hereto ("Specification 1").

**2.3 Data Escrow.** Registry Operator shall comply with the registry data escrow procedures set forth in Specification 2 attached hereto ("Specification 2").

**2.4 Monthly Reporting.** Within twenty (20) calendar days following the end of each calendar month, Registry Operator shall deliver to ICANN reports in the format set forth in Specification 3 attached hereto ("Specification 3").

**2.5 Publication of Registration Data.** Registry Operator shall provide public access to registration data in accordance with Specification 4 attached hereto (“Specification 4”).

**2.6 Reserved Names.** Except to the extent that ICANN otherwise expressly authorizes in writing, Registry Operator shall comply with the requirements set forth in Specification 5 attached hereto (“Specification 5”). Registry Operator may at any time establish or modify policies concerning Registry Operator’s ability to reserve (i.e., withhold from registration or allocate to Registry Operator, but not register to third parties, delegate, use, activate in the DNS or otherwise make available) or block additional character strings within the TLD at its discretion. Except as specified in Specification 5, if Registry Operator is the registrant for any domain names in the registry TLD, such registrations must be through an ICANN accredited registrar, and will be considered Transactions (as defined in Section 6.1) for purposes of calculating the Registry-level transaction fee to be paid to ICANN by Registry Operator pursuant to Section 6.1.

**2.7 Registry Interoperability and Continuity.** Registry Operator shall comply with the Registry Interoperability and Continuity Specifications as set forth in Specification 6 attached hereto (“Specification 6”).

**2.8 Protection of Legal Rights of Third Parties.** Registry Operator must specify, and comply with, the processes and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties as set forth Specification 7 attached hereto (“Specification 7”). Registry Operator may, at its election, implement additional protections of the legal rights of third parties. Any changes or modifications to the process and procedures required by Specification 7 following the Effective Date must be approved in advance by ICANN in writing. Registry Operator must comply with all remedies imposed by ICANN pursuant to Section 2 of Specification 7, subject to Registry Operator’s right to challenge such remedies as set forth in the applicable procedure described therein. Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.

**2.9 Registrars.**

(a) All domain name registrations in the TLD must be registered through an ICANN accredited registrar; provided, that Registry Operator need not use a registrar if it registers names in its own name in order to withhold such names from delegation or use in accordance with Section 2.6. Subject to the requirements of Specification 11, Registry Operator must provide non-discriminatory access to Registry Services to all ICANN accredited registrars that enter into and are in compliance with the registry-registrar agreement for the TLD; provided that Registry Operator may establish non-discriminatory criteria for qualification to register names in the TLD that are reasonably related to the proper functioning of the TLD. Registry Operator must use a uniform non-discriminatory

agreement with all registrars authorized to register names in the TLD (the “Registry-Registrar Agreement”). Registry Operator may amend the Registry-Registrar Agreement from time to time; provided, however, that any material revisions thereto must be approved by ICANN before any such revisions become effective and binding on any registrar. Registry Operator will provide ICANN and all registrars authorized to register names in the TLD at least fifteen (15) calendar days written notice of any revisions to the Registry-Registrar Agreement before any such revisions become effective and binding on any registrar. During such period, ICANN will determine whether such proposed revisions are immaterial, potentially material or material in nature. If ICANN has not provided Registry Operator with notice of its determination within such fifteen (15) calendar-day period, ICANN shall be deemed to have determined that such proposed revisions are immaterial in nature. If ICANN determines, or is deemed to have determined under this Section 2.9(a), that such revisions are immaterial, then Registry Operator may adopt and implement such revisions. If ICANN determines such revisions are either material or potentially material, ICANN will thereafter follow its procedure regarding review and approval of changes to Registry-Registrar Agreements at <http://www.icann.org/en/resources/registries/rra-amendment-procedure>, and such revisions may not be adopted and implemented until approved by ICANN.

(b) If Registry Operator (i) becomes an Affiliate or reseller of an ICANN accredited registrar, or (ii) subcontracts the provision of any Registry Services to an ICANN accredited registrar, registrar reseller or any of their respective Affiliates, then, in either such case of (i) or (ii) above, Registry Operator will give ICANN prompt notice of the contract, transaction or other arrangement that resulted in such affiliation, reseller relationship or subcontract, as applicable, including, if requested by ICANN, copies of any contract relating thereto; provided, that ICANN will treat such contract or related documents that are appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15 (except that ICANN may disclose such contract and related documents to relevant competition authorities). ICANN reserves the right, but not the obligation, to refer any such contract, related documents, transaction or other arrangement to relevant competition authorities in the event that ICANN determines that such contract, related documents, transaction or other arrangement might raise significant competition issues under applicable law. If feasible and appropriate under the circumstances, ICANN will give Registry Operator advance notice prior to making any such referral to a competition authority.

(c) For the purposes of this Agreement: (i) “Affiliate” means a person or entity that, directly or indirectly, through one or more intermediaries, or in combination with one or more other persons or entities, controls, is controlled by, or is under common control with, the person or entity specified, and (ii) “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.

## **2.10 Pricing for Registry Services.**

(a) With respect to initial domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying or other programs which had the effect of reducing the price charged to registrars, unless such refunds, rebates, discounts, product tying or other programs are of a limited duration that is clearly and conspicuously disclosed to the registrar when offered) of no less than thirty (30) calendar days. Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(b) With respect to renewal of domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying, Qualified Marketing Programs or other programs which had the effect of reducing the price charged to registrars) of no less than one hundred eighty (180) calendar days. Notwithstanding the foregoing sentence, with respect to renewal of domain name registrations: (i) Registry Operator need only provide thirty (30) calendar days notice of any price increase if the resulting price is less than or equal to (A) for the period beginning on the Effective Date and ending twelve (12) months following the Effective Date, the initial price charged for registrations in the TLD, or (B) for subsequent periods, a price for which Registry Operator provided a notice pursuant to the first sentence of this Section 2.10(b) within the twelve (12) month period preceding the effective date of the proposed price increase; and (ii) Registry Operator need not provide notice of any price increase for the imposition of the Variable Registry-Level Fee set forth in Section 6.3. Registry Operator shall offer registrars the option to obtain domain name registration renewals at the current price (i.e., the price in place prior to any noticed increase) for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(c) In addition, Registry Operator must have uniform pricing for renewals of domain name registrations ("Renewal Pricing"). For the purposes of determining Renewal Pricing, the price for each domain registration renewal must be identical to the price of all other domain name registration renewals in place at the time of such renewal, and such price must take into account universal application of any refunds, rebates, discounts, product tying or other programs in place at the time of renewal. The foregoing requirements of this Section 2.10(c) shall not apply for (i) purposes of determining Renewal Pricing if the registrar has provided Registry Operator with documentation that demonstrates that the applicable registrant expressly agreed in its registration agreement with registrar to higher Renewal Pricing at the time of the initial registration of the domain name following clear and conspicuous disclosure of such Renewal Pricing to such registrant, and (ii) discounted Renewal Pricing pursuant to a Qualified Marketing Program (as defined below). The parties acknowledge that the purpose of this Section 2.10(c) is to prohibit abusive and/or discriminatory Renewal Pricing practices imposed by Registry

Operator without the written consent of the applicable registrant at the time of the initial registration of the domain and this Section 2.10(c) will be interpreted broadly to prohibit such practices. For purposes of this Section 2.10(c), a “Qualified Marketing Program” is a marketing program pursuant to which Registry Operator offers discounted Renewal Pricing, provided that each of the following criteria is satisfied: (i) the program and related discounts are offered for a period of time not to exceed one hundred eighty (180) calendar days (with consecutive substantially similar programs aggregated for purposes of determining the number of calendar days of the program), (ii) all ICANN accredited registrars are provided the same opportunity to qualify for such discounted Renewal Pricing; and (iii) the intent or effect of the program is not to exclude any particular class(es) of registrations (e.g., registrations held by large corporations) or increase the renewal price of any particular class(es) of registrations. Nothing in this Section 2.10(c) shall limit Registry Operator’s obligations pursuant to Section 2.10(b).

(d) Registry Operator shall provide public query-based DNS lookup service for the TLD (that is, operate the Registry TLD zone servers) at its sole expense.

## **2.11 Contractual and Operational Compliance Audits.**

(a) ICANN may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct, contractual compliance audits to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. Such audits shall be tailored to achieve the purpose of assessing compliance, and ICANN will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by ICANN, and (b) use commercially reasonable efforts to conduct such audit during regular business hours and in such a manner as to not unreasonably disrupt the operations of Registry Operator. As part of such audit and upon request by ICANN, Registry Operator shall timely provide all responsive documents, data and any other information reasonably necessary to demonstrate Registry Operator’s compliance with this Agreement. Upon no less than ten (10) calendar days notice (unless otherwise agreed to by Registry Operator), ICANN may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. ICANN will treat any information obtained in connection with such audits that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15.

(b) Any audit conducted pursuant to Section 2.11(a) will be at ICANN’s expense, unless (i) Registry Operator (A) controls, is controlled by, is under common control or is otherwise Affiliated with, any ICANN accredited registrar or registrar reseller or any of their respective Affiliates, or (B) has subcontracted the provision of Registry Services to an ICANN accredited registrar or registrar reseller or any of their respective Affiliates, and, in either case of (A) or (B) above, the audit relates to Registry Operator’s compliance with Section 2.14, in which case Registry Operator shall reimburse ICANN for

all reasonable costs and expenses associated with the portion of the audit related to Registry Operator's compliance with Section 2.14, or (ii) the audit is related to a discrepancy in the fees paid by Registry Operator hereunder in excess of 5% in a given quarter to ICANN's detriment, in which case Registry Operator shall reimburse ICANN for all reasonable costs and expenses associated with the entirety of such audit. In either such case of (i) or (ii) above, such reimbursement will be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(c) Notwithstanding Section 2.11(a), if Registry Operator is found not to be in compliance with its representations and warranties contained in Article 1 of this Agreement or its covenants contained in Article 2 of this Agreement in two consecutive audits conducted pursuant to this Section 2.11, ICANN may increase the number of such audits to one per calendar quarter.

(d) Registry Operator will give ICANN immediate notice of Registry Operator's knowledge of the commencement of any of the proceedings referenced in Section 4.3(d) or the occurrence of any of the matters specified in Section 4.3(f).

**2.12 Continued Operations Instrument.** Registry Operator shall comply with the terms and conditions relating to the Continued Operations Instrument set forth in Specification 8 attached hereto ("Specification 8").

**2.13 Emergency Transition.** Registry Operator agrees that, in the event that any of the emergency thresholds for registry functions set forth in Section 6 of Specification 10 is reached, ICANN may designate an emergency interim registry operator of the registry for the TLD (an "Emergency Operator") in accordance with ICANN's registry transition process (available at <<http://www.icann.org/en/resources/registries/transition-processes>>) (as the same may be amended from time to time, the "Registry Transition Process") until such time as Registry Operator has demonstrated to ICANN's reasonable satisfaction that it can resume operation of the registry for the TLD without the reoccurrence of such failure. Following such demonstration, Registry Operator may transition back into operation of the registry for the TLD pursuant to the procedures set out in the Registry Transition Process, provided that Registry Operator pays all reasonable costs incurred (i) by ICANN as a result of the designation of the Emergency Operator and (ii) by the Emergency Operator in connection with the operation of the registry for the TLD, which costs shall be documented in reasonable detail in records that shall be made available to Registry Operator. In the event ICANN designates an Emergency Operator pursuant to this Section 2.13 and the Registry Transition Process, Registry Operator shall provide ICANN or any such Emergency Operator with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such Emergency Operator. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event that an Emergency Operator is designated pursuant to this Section 2.13. In addition, in the



event of such failure, ICANN shall retain and may enforce its rights under the Continued Operations Instrument.

**2.14 Registry Code of Conduct.** In connection with the operation of the registry for the TLD, Registry Operator shall comply with the Registry Code of Conduct as set forth in Specification 9 attached hereto (“Specification 9”).

**2.15 Cooperation with Economic Studies.** If ICANN initiates or commissions an economic study on the impact or functioning of new generic top-level domains on the Internet, the DNS or related matters, Registry Operator shall reasonably cooperate with such study, including by delivering to ICANN or its designee conducting such study all data related to the operation of the TLD reasonably necessary for the purposes of such study requested by ICANN or its designee, provided, that Registry Operator may withhold (a) any internal analyses or evaluations prepared by Registry Operator with respect to such data and (b) any data to the extent that the delivery of such data would be in violation of applicable law. Any data delivered to ICANN or its designee pursuant to this Section 2.15 that is appropriately marked as confidential (as required by Section 7.15) shall be treated as Confidential Information of Registry Operator in accordance with Section 7.15, provided that, if ICANN aggregates and makes anonymous such data, ICANN or its designee may disclose such data to any third party. Following completion of an economic study for which Registry Operator has provided data, ICANN will destroy all data provided by Registry Operator that has not been aggregated and made anonymous.

**2.16 Registry Performance Specifications.** Registry Performance Specifications for operation of the TLD will be as set forth in Specification 10 attached hereto (“Specification 10”). Registry Operator shall comply with such Performance Specifications and, for a period of at least one (1) year, shall keep technical and operational records sufficient to evidence compliance with such specifications for each calendar year during the Term.

**2.17 Additional Public Interest Commitments.** Registry Operator shall comply with the public interest commitments set forth in Specification 11 attached hereto (“Specification 11”).

**2.18 Personal Data.** Registry Operator shall (i) notify each ICANN-accredited registrar that is a party to the registry-registrar agreement for the TLD of the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to Registry Operator by such registrar is collected and used under this Agreement or otherwise and the intended recipients (or categories of recipients) of such Personal Data, and (ii) require such registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. Registry Operator shall take reasonable steps to protect Personal Data collected from such registrar from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

## ARTICLE 3.

### COVENANTS OF ICANN

ICANN covenants and agrees with Registry Operator as follows:

**3.1 Open and Transparent.** Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

**3.2 Equitable Treatment.** ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

**3.3 TLD Nameservers.** ICANN will use commercially reasonable efforts to ensure that any changes to the TLD nameserver designations submitted to ICANN by Registry Operator (in a format and with required technical elements specified by ICANN at <http://www.iana.org/domains/root/> will be implemented by ICANN within seven (7) calendar days or as promptly as feasible following technical verifications.

**3.4 Root-zone Information Publication.** ICANN's publication of root-zone contact information for the TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN at <http://www.iana.org/domains/root/>.

**3.5 Authoritative Root Database.** To the extent that ICANN is authorized to set policy with regard to an authoritative root server system (the "Authoritative Root Server System"), ICANN shall use commercially reasonable efforts to (a) ensure that the authoritative root will point to the top-level domain nameservers designated by Registry Operator for the TLD, (b) maintain a stable, secure, and authoritative publicly available database of relevant information about the TLD, in accordance with ICANN publicly available policies and procedures, and (c) coordinate the Authoritative Root Server System so that it is operated and maintained in a stable and secure manner; provided, that ICANN shall not be in breach of this Agreement and ICANN shall have no liability in the event that any third party (including any governmental entity or internet service provider) blocks or restricts access to the TLD in any jurisdiction.

## ARTICLE 4.

### TERM AND TERMINATION

**4.1 Term.** The term of this Agreement will be ten (10) years from the Effective Date (as such term may be extended pursuant to Section 4.2, the "Term").

## **4.2 Renewal.**

(a) This Agreement will be renewed for successive periods of ten (10) years upon the expiration of the initial Term set forth in Section 4.1 and each successive Term, unless:

(i) Following notice by ICANN to Registry Operator of a fundamental and material breach of Registry Operator's covenants set forth in Article 2 or breach of its payment obligations under Article 6 of this Agreement, which notice shall include with specificity the details of the alleged breach, and such breach has not been cured within thirty (30) calendar days of such notice, (A) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator has been in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (B) Registry Operator has failed to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction; or

(ii) During the then current Term, Registry Operator shall have been found by an arbitrator (pursuant to Section 5.2 of this Agreement) or a court of competent jurisdiction on at least three (3) separate occasions to have been in (A) fundamental and material breach (whether or not cured) of Registry Operator's covenants set forth in Article 2 or (B) breach of its payment obligations under Article 6 of this Agreement.

(b) Upon the occurrence of the events set forth in Section 4.2(a) (i) or (ii), the Agreement shall terminate at the expiration of the then-current Term.

## **4.3 Termination by ICANN.**

(a) ICANN may, upon notice to Registry Operator, terminate this Agreement if: (i) Registry Operator fails to cure (A) any fundamental and material breach of Registry Operator's representations and warranties set forth in Article 1 or covenants set forth in Article 2, or (B) any breach of Registry Operator's payment obligations set forth in Article 6 of this Agreement, each within thirty (30) calendar days after ICANN gives Registry Operator notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (iii) Registry Operator fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) ICANN may, upon notice to Registry Operator, terminate this Agreement if Registry Operator fails to complete all testing and procedures (identified by ICANN in writing to Registry Operator prior to the date hereof) for delegation of the TLD

into the root zone within twelve (12) months of the Effective Date. Registry Operator may request an extension for up to additional twelve (12) months for delegation if it can demonstrate, to ICANN's reasonable satisfaction, that Registry Operator is working diligently and in good faith toward successfully completing the steps necessary for delegation of the TLD. Any fees paid by Registry Operator to ICANN prior to such termination date shall be retained by ICANN in full.

(c) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator fails to cure a material breach of Registry Operator's obligations set forth in Section 2.12 of this Agreement within thirty (30) calendar days of delivery of notice of such breach by ICANN, or if the Continued Operations Instrument is not in effect for greater than sixty (60) consecutive calendar days at any time following the Effective Date, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in material breach of such covenant, and (iii) Registry Operator fails to cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(d) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator makes an assignment for the benefit of creditors or similar act, (ii) attachment, garnishment or similar proceedings are commenced against Registry Operator, which proceedings are a material threat to Registry Operator's ability to operate the registry for the TLD, and are not dismissed within sixty (60) calendar days of their commencement, (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registry Operator or maintains control over any of Registry Operator's property, (iv) execution is levied upon any material property of Registry Operator, (v) proceedings are instituted by or against Registry Operator under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within sixty (60) calendar days of their commencement, or (vi) Registry Operator files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations or the operation of the TLD.

(e) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to Section 2 of Specification 7 or Sections 2 and 3 of Specification 11, subject to Registry Operator's right to challenge such termination as set forth in the applicable procedure described therein.

(f) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator knowingly employs any officer who is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) calendar days of Registry Operator's knowledge of the foregoing, or (ii) any member of Registry Operator's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of

competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registry Operator's board of directors or similar governing body within thirty (30) calendar days of Registry Operator's knowledge of the foregoing.

(g) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement as specified in Section 7.5.

#### **4.4 Termination by Registry Operator.**

(a) Registry Operator may terminate this Agreement upon notice to ICANN if (i) ICANN fails to cure any fundamental and material breach of ICANN's covenants set forth in Article 3, within thirty (30) calendar days after Registry Operator gives ICANN notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that ICANN is in fundamental and material breach of such covenants, and (iii) ICANN fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) Registry Operator may terminate this Agreement for any reason upon one hundred eighty (180) calendar day advance notice to ICANN.

**4.5 Transition of Registry upon Termination of Agreement.** Upon expiration of the Term pursuant to Section 4.1 or Section 4.2 or any termination of this Agreement pursuant to Section 4.3 or Section 4.4, Registry Operator shall provide ICANN or any successor registry operator that may be designated by ICANN for the TLD in accordance with this Section 4.5 with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such successor registry operator. After consultation with Registry Operator, ICANN shall determine whether or not to transition operation of the TLD to a successor registry operator in its sole discretion and in conformance with the Registry Transition Process; provided, however, that (i) ICANN will take into consideration any intellectual property rights of Registry Operator (as communicated to ICANN by Registry Operator) in determining whether to transition operation of the TLD to a successor registry operator and (ii) if Registry Operator demonstrates to ICANN's reasonable satisfaction that (A) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator or its Affiliates for their exclusive use, (B) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (C) transitioning operation of the TLD is not necessary to protect the public interest, then ICANN may not transition operation of the TLD to a successor registry operator upon the expiration or termination of this Agreement without the consent of Registry Operator (which shall not be unreasonably withheld, conditioned or delayed). For the avoidance of doubt, the foregoing sentence shall not prohibit ICANN from delegating the TLD pursuant

to a future application process for the delegation of top-level domains, subject to any processes and objection procedures instituted by ICANN in connection with such application process intended to protect the rights of third parties. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event of a transition of the TLD pursuant to this Section 4.5. In addition, ICANN or its designee shall retain and may enforce its rights under the Continued Operations Instrument for the maintenance and operation of the TLD, regardless of the reason for termination or expiration of this Agreement.

**4.6 Effect of Termination.** Upon any expiration of the Term or termination of this Agreement, the obligations and rights of the parties hereto shall cease, provided that such expiration or termination of this Agreement shall not relieve the parties of any obligation or breach of this Agreement accruing prior to such expiration or termination, including, without limitation, all accrued payment obligations arising under Article 6. In addition, Article 5, Article 7, Section 2.12, Section 4.5, and this Section 4.6 shall survive the expiration or termination of this Agreement. For the avoidance of doubt, the rights of Registry Operator to operate the registry for the TLD shall immediately cease upon any expiration of the Term or termination of this Agreement.

## **ARTICLE 5.**

### **DISPUTE RESOLUTION**

**5.1 Mediation.** In the event of any dispute arising under or in connection with this Agreement, before either party may initiate arbitration pursuant to Section 5.2 below, ICANN and Registry Operator must attempt to resolve the dispute through mediation in accordance with the following terms and conditions:

(a) A party shall submit a dispute to mediation by written notice to the other party. The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days of delivery of written notice pursuant to this Section 5.1, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 5.1(a).

(b) The mediator shall conduct the mediation in accordance with the rules and procedures that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated

as a settlement discussion and shall therefore be confidential and may not be used against either party in any later proceeding relating to the dispute, including any arbitration pursuant to Section 5.2. The mediator may not testify for either party in any later proceeding relating to the dispute.

(c) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. Each party shall treat information received from the other party pursuant to the mediation that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of such other party in accordance with Section 7.15.

(d) If the parties have engaged in good faith participation in the mediation but have not resolved the dispute for any reason, either party or the mediator may terminate the mediation at any time and the dispute can then proceed to arbitration pursuant to Section 5.2 below. If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following the date of the notice delivered pursuant to Section 5.1(a), the mediation shall automatically terminate (unless extended by agreement of the parties) and the dispute can then proceed to arbitration pursuant to Section 5.2 below.

**5.2 Arbitration.** Disputes arising under or in connection with this Agreement that are not resolved pursuant to Section 5.1, including requests for specific performance, will be resolved through binding arbitration conducted pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. The arbitration will be conducted in the English language and will occur in Los Angeles County, California. Any arbitration will be in front of a single arbitrator, unless (i) ICANN is seeking punitive or exemplary damages, or operational sanctions, (ii) the parties agree in writing to a greater number of arbitrators, or (iii) the dispute arises under Section 7.6 or 7.7. In the case of clauses (i), (ii) or (iii) in the preceding sentence, the arbitration will be in front of three arbitrators with each party selecting one arbitrator and the two selected arbitrators selecting the third arbitrator. In order to expedite the arbitration and limit its cost, the arbitrator(s) shall establish page limits for the parties' filings in conjunction with the arbitration, and should the arbitrator(s) determine that a hearing is necessary, the hearing shall be limited to one (1) calendar day, provided that in any arbitration in which ICANN is seeking punitive or exemplary damages, or operational sanctions, the hearing may be extended for one (1) additional calendar day if agreed upon by the parties or ordered by the arbitrator(s) based on the arbitrator(s) independent determination or the reasonable request of one of the parties thereto. The prevailing party in the arbitration will have the right to recover its costs and reasonable attorneys' fees, which the arbitrator(s) shall include in the awards. In the event the arbitrators determine that Registry Operator has been repeatedly and willfully in fundamental and material breach of its obligations set forth in Article 2, Article 6 or Section 5.4 of this Agreement, ICANN may request the arbitrators award punitive or exemplary damages, or operational sanctions (including without limitation an order temporarily restricting Registry Operator's right to sell new registrations). Each party shall treat information received from the other party pursuant to the arbitration that is appropriately marked as confidential (as required by Section 7.15) as



Confidential Information of such other party in accordance with Section 7.15. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles County, California; however, the parties will also have the right to enforce a judgment of such a court in any court of competent jurisdiction.

**5.3 Limitation of Liability.** ICANN's aggregate monetary liability for violations of this Agreement will not exceed an amount equal to the Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to this Agreement (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any). Registry Operator's aggregate monetary liability to ICANN for breaches of this Agreement will be limited to an amount equal to the fees paid to ICANN during the preceding twelve-month period (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any), and punitive and exemplary damages, if any, awarded in accordance with Section 5.2, except with respect to Registry Operator's indemnification obligations pursuant to Section 7.1 and Section 7.2. In no event shall either party be liable for special, punitive, exemplary or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided in Section 5.2. Except as otherwise provided in this Agreement, neither party makes any warranty, express or implied, with respect to the services rendered by itself, its servants or agents, or the results obtained from their work, including, without limitation, any implied warranty of merchantability, non-infringement or fitness for a particular purpose.

**5.4 Specific Performance.** Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrator or court of competent jurisdiction specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

## ARTICLE 6.

### FEES

#### 6.1 Registry-Level Fees.

(a) Registry Operator shall pay ICANN a registry-level fee equal to (i) the registry fixed fee of US\$6,250 per calendar quarter and (ii) the registry-level transaction fee (collectively, the "Registry-Level Fees"). The registry-level transaction fee will be equal to the number of annual increments of an initial or renewal domain name registration (at one or more levels, and including renewals associated with transfers from one ICANN-accredited registrar to another, each a "Transaction"), during the applicable calendar quarter multiplied by US\$0.25; provided, however that the registry-level transaction fee shall not apply until and unless more than 50,000 Transactions have occurred in the TLD during any calendar quarter or any consecutive four calendar quarter period in the

aggregate (the “Transaction Threshold”) and shall apply to each Transaction that occurred during each quarter in which the Transaction Threshold has been met, but shall not apply to each quarter in which the Transaction Threshold has not been met. Registry Operator’s obligation to pay the quarterly registry-level fixed fee will begin on the date on which the TLD is delegated in the DNS to Registry Operator. The first quarterly payment of the registry-level fixed fee will be prorated based on the number of calendar days between the delegation date and the end of the calendar quarter in which the delegation date falls.

(b) Subject to Section 6.1(a), Registry Operator shall pay the Registry-Level Fees on a quarterly basis to an account designated by ICANN within thirty (30) calendar days following the date of the invoice provided by ICANN.

**6.2 Cost Recovery for RSTEP.** Requests by Registry Operator for the approval of Additional Services pursuant to Section 2.1 may be referred by ICANN to the Registry Services Technical Evaluation Panel (“RSTEP”) pursuant to that process at <http://www.icann.org/en/registries/rsep/>. In the event that such requests are referred to RSTEP, Registry Operator shall remit to ICANN the invoiced cost of the RSTEP review within fourteen (14) calendar days of receipt of a copy of the RSTEP invoice from ICANN, unless ICANN determines, in its sole and absolute discretion, to pay all or any portion of the invoiced cost of such RSTEP review.

### **6.3 Variable Registry-Level Fee.**

(a) If the ICANN accredited registrars (accounting, in the aggregate, for payment of two-thirds of all registrar-level fees (or such portion of ICANN accredited registrars necessary to approve variable accreditation fees under the then-current registrar accreditation agreement), do not approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for any ICANN fiscal year, upon delivery of notice from ICANN, Registry Operator shall pay to ICANN a variable registry-level fee, which shall be paid on a fiscal quarter basis, and shall accrue as of the beginning of the first fiscal quarter of such ICANN fiscal year (the “Variable Registry-Level Fee”). The fee will be calculated and invoiced by ICANN on a quarterly basis, and shall be paid by Registry Operator within sixty (60) calendar days with respect to the first quarter of such ICANN fiscal year and within twenty (20) calendar days with respect to each remaining quarter of such ICANN fiscal year, of receipt of the invoiced amount by ICANN. The Registry Operator may invoice and collect the Variable Registry-Level Fees from the registrars that are party to a registry-registrar agreement with Registry Operator (which agreement may specifically provide for the reimbursement of Variable Registry-Level Fees paid by Registry Operator pursuant to this Section 6.3); provided, that the fees shall be invoiced to all ICANN accredited registrars if invoiced to any. The Variable Registry-Level Fee, if collectible by ICANN, shall be an obligation of Registry Operator and shall be due and payable as provided in this Section 6.3 irrespective of Registry Operator’s ability to seek and obtain reimbursement of such fee from registrars. In the event ICANN later collects variable accreditation fees for which Registry Operator has paid ICANN a Variable Registry-Level Fee, ICANN shall reimburse the Registry Operator an appropriate amount of the Variable Registry-Level Fee, as reasonably

determined by ICANN. If the ICANN accredited registrars (as a group) do approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for a fiscal year, ICANN shall not be entitled to a Variable-Level Fee hereunder for such fiscal year, irrespective of whether the ICANN accredited registrars comply with their payment obligations to ICANN during such fiscal year.

(b) The amount of the Variable Registry-Level Fee will be specified for each registrar, and may include both a per-registrar component and a transactional component. The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year. The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year but shall not exceed US\$0.25 per domain name registration (including renewals associated with transfers from one ICANN accredited registrar to another) per year.

**6.4 Pass Through Fees.** Registry Operator shall pay to ICANN (i) a one-time fee equal to US\$5,000 for access to and use of the Trademark Clearinghouse as described in Specification 7 (the “RPM Access Fee”) and (ii) an amount specified by ICANN not to exceed US\$0.25 per Sunrise Registration and Claims Registration (as such terms are used in Trademark Clearinghouse RPMs incorporated herein pursuant to Specification 7) (the “RPM Registration Fee”). The RPM Access Fee will be invoiced as of the Effective Date of this Agreement, and Registry Operator shall pay such fee to an account specified by ICANN within thirty (30) calendar days following the date of the invoice. ICANN will invoice Registry Operator quarterly for the RPM Registration Fee, which shall be due in accordance with the invoicing and payment procedure specified in Section 6.1.

**6.5 Adjustments to Fees.** Notwithstanding any of the fee limitations set forth in this Article 6, commencing upon the expiration of the first year of this Agreement, and upon the expiration of each year thereafter during the Term, the then-current fees set forth in Section 6.1 and Section 6.3 may be adjusted, at ICANN’s discretion, by a percentage equal to the percentage change, if any, in (i) the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index (the “CPI”) for the month which is one (1) month prior to the commencement of the applicable year, over (ii) the CPI published for the month which is one (1) month prior to the commencement of the immediately prior year. In the event of any such increase, ICANN shall provide notice to Registry Operator specifying the amount of such adjustment. Any fee adjustment under this Section 6.5 shall be effective as of the first day of the first calendar quarter following at least thirty (30) days after ICANN’s delivery to Registry Operator of such fee adjustment notice.

**6.6 Additional Fee on Late Payments.** For any payments thirty (30) calendar days or more overdue under this Agreement, Registry Operator shall pay an additional fee on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.

## ARTICLE 7.

### MISCELLANEOUS

#### 7.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify and defend ICANN and its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or relating to intellectual property ownership rights with respect to the TLD, the delegation of the TLD to Registry Operator, Registry Operator's operation of the registry for the TLD or Registry Operator's provision of Registry Services, provided that Registry Operator shall not be obligated to indemnify or defend any Indemnitee to the extent the claim, damage, liability, cost or expense arose: (i) due to the actions or omissions of ICANN, its subcontractors, panelists or evaluators specifically related to and occurring during the registry TLD application process (other than actions or omissions requested by or for the benefit of Registry Operator), or (ii) due to a breach by ICANN of any obligation contained in this Agreement or any willful misconduct by ICANN. This Section shall not be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for costs associated with the negotiation or execution of this Agreement, or with monitoring or management of the parties' respective obligations hereunder. Further, this Section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties, which shall be governed by Article 5 or otherwise awarded by a court of competent jurisdiction or arbitrator.

(b) For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the same actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Article 6 hereof for any applicable quarter) by the total number of domain names under registration within all top level domains for which the registry operators thereof are engaging in the same acts or omissions giving rise to such claim. For the purposes of reducing Registry Operator's liability under Section 7.1(a) pursuant to this Section 7.1(b), Registry Operator shall have the burden of identifying the other registry operators that are engaged in the same actions or omissions that gave rise to the claim, and demonstrating, to ICANN's reasonable satisfaction, such other registry operators' culpability for such actions or omissions. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in Section 7.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

**7.2 Indemnification Procedures.** If any third-party claim is commenced that is indemnified under Section 7.1 above, ICANN shall provide notice thereof to Registry

Operator as promptly as practicable. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to ICANN to handle and defend the same, at Registry Operator's sole cost and expense, provided that in all events ICANN will be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN's policies, Bylaws or conduct. ICANN shall cooperate, at Registry Operator's cost and expense, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom, and may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is fully indemnified by Registry Operator will be entered into without the consent of ICANN. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section 7.2, ICANN will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Registry Operator and Registry Operator shall cooperate in such defense.

**7.3 Defined Terms.** For purposes of this Agreement, unless such definitions are amended pursuant to a Consensus Policy at a future date, in which case the following definitions shall be deemed amended and restated in their entirety as set forth in such Consensus Policy, Security and Stability shall be defined as follows:

(a) For the purposes of this Agreement, an effect on "Security" shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of registry data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

(b) For purposes of this Agreement, an effect on "Stability" shall refer to (1) lack of compliance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice Requests for Comments ("RFCs") sponsored by the Internet Engineering Task Force; or (2) the creation of a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems operating in accordance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice RFCs, and relying on Registry Operator's delegated information or provisioning of services.

**7.4 No Offset.** All payments due under this Agreement will be made in a timely manner throughout the Term and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

**7.5 Change of Control; Assignment and Subcontracting.** Except as set forth in this Section 7.5, neither party may assign any of its rights and obligations under this Agreement without the prior written approval of the other party, which approval will not

be unreasonably withheld. For purposes of this Section 7.5, a direct or indirect change of control of Registry Operator or any subcontracting arrangement that relates to any Critical Function (as identified in Section 6 of Specification 10) for the TLD (a “Material Subcontracting Arrangement”) shall be deemed an assignment.

(a) Registry Operator must provide no less than thirty (30) calendar days advance notice to ICANN of any assignment or Material Subcontracting Arrangement, and any agreement to assign or subcontract any portion of the operations of the TLD (whether or not a Material Subcontracting Arrangement) must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder, and Registry Operator shall continue to be bound by such covenants, obligations and agreements. Registry Operator must also provide no less than thirty (30) calendar days advance notice to ICANN prior to the consummation of any transaction anticipated to result in a direct or indirect change of control of Registry Operator.

(b) Within thirty (30) calendar days of either such notification pursuant to Section 7.5(a), ICANN may request additional information from Registry Operator establishing (i) compliance with this Agreement and (ii) that the party acquiring such control or entering into such assignment or Material Subcontracting Arrangement (in any case, the “Contracting Party”) and the ultimate parent entity of the Contracting Party meets the ICANN-adopted specification or policy on registry operator criteria then in effect (including with respect to financial resources and operational and technical capabilities), in which case Registry Operator must supply the requested information within fifteen (15) calendar days.

(c) Registry Operator agrees that ICANN’s consent to any assignment, change of control or Material Subcontracting Arrangement will also be subject to background checks on any proposed Contracting Party (and such Contracting Party’s Affiliates).

(d) If ICANN fails to expressly provide or withhold its consent to any assignment, direct or indirect change of control of Registry Operator or any Material Subcontracting Arrangement within thirty (30) calendar days of ICANN’s receipt of notice of such transaction (or, if ICANN has requested additional information from Registry Operator as set forth above, thirty (30) calendar days of the receipt of all requested written information regarding such transaction) from Registry Operator, ICANN shall be deemed to have consented to such transaction.

(e) In connection with any such assignment, change of control or Material Subcontracting Arrangement, Registry Operator shall comply with the Registry Transition Process.

(f) Notwithstanding the foregoing, (i) any consummated change of control shall not be voidable by ICANN; provided, however, that, if ICANN reasonably determines to withhold its consent to such transaction, ICANN may terminate this Agreement pursuant to Section 4.3(g), (ii) ICANN may assign this Agreement without the

consent of Registry Operator upon approval of the ICANN Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of ICANN upon such assignee's express assumption of the terms and conditions of this Agreement, (iii) Registry Operator may assign this Agreement without the consent of ICANN directly to a wholly-owned subsidiary of Registry Operator, or, if Registry Operator is a wholly-owned subsidiary, to its direct parent or to another wholly-owned subsidiary of its direct parent, upon such subsidiary's or parent's, as applicable, express assumption of the terms and conditions of this Agreement, and (iv) ICANN shall be deemed to have consented to any assignment, Material Subcontracting Arrangement or change of control transaction in which the Contracting Party is an existing operator of a generic top-level domain pursuant to a registry agreement between such Contracting Party and ICANN (provided that such Contracting Party is then in compliance with the terms and conditions of such registry agreement in all material respects), unless ICANN provides to Registry Operator a written objection to such transaction within ten (10) calendar days of ICANN's receipt of notice of such transaction pursuant to this Section 7.5. Notwithstanding Section 7.5(a), in the event an assignment is made pursuant to clauses (ii) or (iii) of this Section 7.5(f), the assigning party will provide the other party with prompt notice following any such assignment.

#### **7.6 Amendments and Waivers.**

(a) If the ICANN Board of Directors determines that an amendment to this Agreement (including to the Specifications referred to herein) and all other registry agreements between ICANN and the Applicable Registry Operators (the "Applicable Registry Agreements") is desirable (each, a "Special Amendment"), ICANN may adopt a Special Amendment pursuant to the requirements of and process set forth in this Section 7.6; provided that a Special Amendment may not be a Restricted Amendment.

(b) Prior to submitting a Special Amendment for Registry Operator Approval, ICANN shall first consult in good faith with the Working Group regarding the form and substance of such Special Amendment. The duration of such consultation shall be reasonably determined by ICANN based on the substance of the Special Amendment. Following such consultation, ICANN may propose the adoption of a Special Amendment by publicly posting such amendment on its website for no less than thirty (30) calendar days (the "Posting Period") and providing notice of such proposed amendment to the Applicable Registry Operators in accordance with Section 7.9. ICANN will consider the public comments submitted on a Special Amendment during the Posting Period (including comments submitted by the Applicable Registry Operators).

(c) If, within one hundred eighty (180) calendar days following the expiration of the Posting Period (the "Approval Period"), the ICANN Board of Directors approves a Special Amendment (which may be in a form different than submitted for public comment, but must address the subject matter of the Special Amendment posted for public comment, as modified to reflect and/or address input from the Working Group and public comments), ICANN shall provide notice of, and submit, such Special Amendment for approval or disapproval by the Applicable Registry Operators. If, during the sixty (60) calendar day period following the date ICANN provides such notice to the Applicable



Registry Operators, such Special Amendment receives Registry Operator Approval, such Special Amendment shall be deemed approved (an "Approved Amendment") by the Applicable Registry Operators, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Approved Amendment to Registry Operator (the "Amendment Effective Date"). In the event that a Special Amendment does not receive Registry Operator Approval, the Special Amendment shall be deemed not approved by the Applicable Registry Operators (a "Rejected Amendment"). A Rejected Amendment will have no effect on the terms and conditions of this Agreement, except as set forth below.

(d) If the ICANN Board of Directors reasonably determines that a Rejected Amendment falls within the subject matter categories set forth in Section 1.2 of Specification 1, the ICANN Board of Directors may adopt a resolution (the date such resolution is adopted is referred to herein as the "Resolution Adoption Date") requesting an Issue Report (as such term is defined in ICANN's Bylaws) by the Generic Names Supporting Organization (the "GNSO") regarding the substance of such Rejected Amendment. The policy development process undertaken by the GNSO pursuant to such requested Issue Report is referred to herein as a "PDP." If such PDP results in a Final Report supported by a GNSO Supermajority (as defined in ICANN's Bylaws) that either (i) recommends adoption of the Rejected Amendment as Consensus Policy or (ii) recommends against adoption of the Rejected Amendment as Consensus Policy, and, in the case of (i) above, the Board adopts such Consensus Policy, Registry Operator shall comply with its obligations pursuant to Section 2.2 of this Agreement. In either case, ICANN will abandon the Rejected Amendment and it will have no effect on the terms and conditions of this Agreement. Notwithstanding the foregoing provisions of this Section 7.6(d), the ICANN Board of Directors shall not be required to initiate a PDP with respect to a Rejected Amendment if, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject matter of such Rejected Amendment was the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation.

(e) If (a) a Rejected Amendment does not fall within the subject matter categories set forth in Section 1.2 of Specification 1, (b) the subject matter of a Rejected Amendment was, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation, or (c) a PDP does not result in a Final Report supported by a GNSO Supermajority that either (A) recommends adoption of the Rejected Amendment as Consensus Policy or (B) recommends against adoption of the Rejected Amendment as Consensus Policy (or such PDP has otherwise been abandoned or terminated for any reason), then, in any such case, such Rejected Amendment may still be adopted and become effective in the manner described below. In order for the Rejected Amendment to be adopted, the following requirements must be satisfied:

(i) the subject matter of the Rejected Amendment must be within the scope of ICANN's mission and consistent with a balanced application of its core values (as described in ICANN's Bylaws);

(ii) the Rejected Amendment must be justified by a Substantial and Compelling Reason in the Public Interest, must be likely to promote such interest, taking into account competing public and private interests that are likely to be affected by the Rejected Amendment, and must be narrowly tailored and no broader than reasonably necessary to address such Substantial and Compelling Reason in the Public Interest;

(iii) to the extent the Rejected Amendment prohibits or requires conduct or activities, imposes material costs on the Applicable Registry Operators, and/or materially reduces public access to domain name services, the Rejected Amendment must be the least restrictive means reasonably available to address the Substantial and Compelling Reason in the Public Interest;

(iv) the ICANN Board of Directors must submit the Rejected Amendment, along with a written explanation of the reasoning related to its determination that the Rejected Amendment meets the requirements set out in subclauses (i) through (iii) above, for public comment for a period of no less than thirty (30) calendar days; and

(v) following such public comment period, the ICANN Board of Directors must (a) engage in consultation (or direct ICANN management to engage in consultation) with the Working Group, subject matter experts, members of the GNSO, relevant advisory committees and other interested stakeholders with respect to such Rejected Amendment for a period of no less than sixty (60) calendar days; and (b) following such consultation, reapprove the Rejected Amendment (which may be in a form different than submitted for Registry Operator Approval, but must address the subject matter of the Rejected Amendment, as modified to reflect and/or address input from the Working Group and public comments) by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN's Conflict of Interest Policy (a "Board Amendment").

Such Board Amendment shall, subject to Section 7.6(f), be deemed an Approved Amendment, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Board Amendment to Registry Operator (which effective date shall be deemed the Amendment Effective Date hereunder). Notwithstanding the foregoing, a Board Amendment may not amend the registry fees charged by ICANN hereunder, or amend this Section 7.6.

(f) Notwithstanding the provisions of Section 7.6(e), a Board Amendment shall not be deemed an Approved Amendment if, during the thirty (30) calendar day period following the approval by the ICANN Board of Directors of the Board Amendment, the Working Group, on the behalf of the Applicable Registry Operators, submits to the ICANN Board of Directors an alternative to the Board Amendment (an “Alternative Amendment”) that meets the following requirements:

(i) sets forth the precise text proposed by the Working Group to amend this Agreement in lieu of the Board Amendment;

(ii) addresses the Substantial and Compelling Reason in the Public Interest identified by the ICANN Board of Directors as the justification for the Board Amendment; and

(iii) compared to the Board Amendment is: (a) more narrowly tailored to address such Substantial and Compelling Reason in the Public Interest, and (b) to the extent the Alternative Amendment prohibits or requires conduct or activities, imposes material costs on Affected Registry Operators, or materially reduces access to domain name services, is a less restrictive means to address the Substantial and Compelling Reason in the Public Interest.

Any proposed amendment that does not meet the requirements of subclauses (i) through (iii) in the immediately preceding sentence shall not be considered an Alternative Amendment hereunder and therefore shall not supersede or delay the effectiveness of the Board Amendment. If, following the submission of the Alternative Amendment to the ICANN Board of Directors, the Alternative Amendment receives Registry Operator Approval, the Alternative Amendment shall supersede the Board Amendment and shall be deemed an Approved Amendment hereunder (and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Alternative Amendment to Registry Operator, which effective date shall be deemed the Amendment Effective Date hereunder), unless, within a period of sixty (60) calendar days following the date that the Working Group notifies the ICANN Board of Directors of Registry Operator Approval of such Alternative Amendment (during which time ICANN shall engage with the Working Group with respect to the Alternative Amendment), the ICANN Board of Directors by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN’s Conflict of Interest Policy, rejects the Alternative Amendment. If (A) the Alternative Amendment does not receive Registry Operator Approval within thirty (30) calendar days of submission of such Alternative Amendment to the Applicable Registry Operators (and the Working Group shall notify ICANN of the date of such submission), or (B) the ICANN Board of Directors rejects the Alternative Amendment by such two-thirds vote, the Board Amendment (and not the Alternative Amendment) shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice to Registry Operator (which

effective date shall be deemed the Amendment Effective Date hereunder). If the ICANN Board of Directors rejects an Alternative Amendment, the board shall publish a written rationale setting forth its analysis of the criteria set forth in Sections 7.6(f)(i) through 7.6(f)(iii). The ability of the ICANN Board of Directors to reject an Alternative Amendment hereunder does not relieve the Board of the obligation to ensure that any Board Amendment meets the criteria set forth in Section 7.6(e)(i) through 7.6(e)(v).

(g) In the event that Registry Operator believes an Approved Amendment does not meet the substantive requirements set out in this Section 7.6 or has been adopted in contravention of any of the procedural provisions of this Section 7.6, Registry Operator may challenge the adoption of such Special Amendment pursuant to the dispute resolution provisions set forth in Article 5, except that such arbitration shall be conducted by a three-person arbitration panel. Any such challenge must be brought within sixty (60) calendar days following the date ICANN provided notice to Registry Operator of the Approved Amendment, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. The Approved Amendment will be deemed not to have amended this Agreement during the pendency of the dispute resolution process.

(h) Registry Operator may apply in writing to ICANN for an exemption from the Approved Amendment (each such request submitted by Registry Operator hereunder, an "Exemption Request") during the thirty (30) calendar day period following the date ICANN provided notice to Registry Operator of such Approved Amendment. Each Exemption Request will set forth the basis for such request and provide detailed support for an exemption from the Approved Amendment. An Exemption Request may also include a detailed description and support for any alternatives to, or a variation of, the Approved Amendment proposed by such Registry Operator. An Exemption Request may only be granted upon a clear and convincing showing by Registry Operator that compliance with the Approved Amendment conflicts with applicable laws or would have a material adverse effect on the long-term financial condition or results of operations of Registry Operator. No Exemption Request will be granted if ICANN determines, in its reasonable discretion, that granting such Exemption Request would be materially harmful to registrants or result in the denial of a direct benefit to registrants. Within ninety (90) calendar days of ICANN's receipt of an Exemption Request, ICANN shall either approve (which approval may be conditioned or consist of alternatives to or a variation of the Approved Amendment) or deny the Exemption Request in writing, during which time the Approved Amendment will not amend this Agreement. If the Exemption Request is approved by ICANN, the Approved Amendment will not amend this Agreement; provided, that any conditions, alternatives or variations of the Approved Amendment required by ICANN shall be effective and, to the extent applicable, will amend this Agreement as of the Amendment Effective Date. If such Exemption Request is denied by ICANN, the Approved Amendment will amend this Agreement as of the Amendment Effective Date (or, if such date has passed, such Approved Amendment shall be deemed effective immediately on the date of such denial), provided that Registry Operator may, within thirty (30) calendar days following receipt of ICANN's determination, appeal ICANN's decision to deny the Exemption Request pursuant to the dispute resolution procedures set forth in Article 5. The Approved Amendment will be

deemed not to have amended this Agreement during the pendency of the dispute resolution process. For avoidance of doubt, only Exemption Requests submitted by Registry Operator that are approved by ICANN pursuant to this Section 7.6(j), agreed to by ICANN following mediation pursuant to Section 5.1 or through an arbitration decision pursuant to Section 5.2 shall exempt Registry Operator from any Approved Amendment, and no Exemption Request granted to any other Applicable Registry Operator (whether by ICANN or through arbitration) shall have any effect under this Agreement or exempt Registry Operator from any Approved Amendment.

(i) Except as set forth in this Section 7.6, Section 7.7 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 7.6 or Section 7.7 shall restrict ICANN and Registry Operator from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Sections 7.6 or 7.7 shall be deemed to limit Registry Operator's obligation to comply with Section 2.2.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "Applicable Registry Operators" means, collectively, the registry operators of top-level domains party to a registry agreement that contains a provision similar to this Section 7.6, including Registry Operator.

(ii) "Registry Operator Approval" means the receipt of each of the following: (A) the affirmative approval of the Applicable Registry Operators whose payments to ICANN accounted for two-thirds of the total amount of fees (converted to U.S. dollars, if applicable, at the prevailing exchange rate published the prior day in the U.S. Edition of the Wall Street Journal for the date such calculation is made by ICANN) paid to ICANN by all the Applicable Registry Operators during the immediately previous calendar year pursuant to the Applicable Registry Agreements, and (B) the affirmative approval of a majority of the Applicable Registry Operators at the time such approval is obtained. For the avoidance of doubt, with respect to clause (B), each Applicable Registry Operator shall have one vote for each top-level domain operated by such Registry Operator pursuant to an Applicable Registry Agreement.

(iii) "Restricted Amendment" means the following: (A) an amendment of Specification 1, (B) except to the extent addressed in Section

2.10 hereof, an amendment that specifies the price charged by Registry Operator to registrars for domain name registrations, (C) an amendment to the definition of Registry Services as set forth in the first paragraph of Section 2.1 of Specification 6, or (D) an amendment to the length of the Term.

(iv) “Substantial and Compelling Reason in the Public Interest” means a reason that is justified by an important, specific, and articulated public interest goal that is within ICANN's mission and consistent with a balanced application of ICANN's core values as defined in ICANN's Bylaws.

(v) “Working Group” means representatives of the Applicable Registry Operators and other members of the community that the Registry Stakeholders Group appoints, from time to time, to serve as a working group to consult on amendments to the Applicable Registry Agreements (excluding bilateral amendments pursuant to Section 7.6(i)).

(k) Notwithstanding anything in this Section 7.6 to the contrary, (i) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for Approved Amendment to become effective with respect to Registry Operator, and (ii) no Approved Amendment adopted pursuant to Section 7.6 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

## **7.7 Negotiation Process.**

(a) If either the Chief Executive Officer of ICANN (“CEO”) or the Chairperson of the Registry Stakeholder Group (“Chair”) desires to discuss any revision(s) to this Agreement, the CEO or Chair, as applicable, shall provide written notice to the other person, which shall set forth in reasonable detail the proposed revisions to this Agreement (a “Negotiation Notice”). Notwithstanding the foregoing, neither the CEO nor the Chair may (i) propose revisions to this Agreement that modify any Consensus Policy then existing, (ii) propose revisions to this Agreement pursuant to this Section 7.7 on or before June 30, 2014, or (iii) propose revisions or submit a Negotiation Notice more than once during any twelve (12) month period beginning on July 1, 2014.

(b) Following receipt of the Negotiation Notice by either the CEO or the Chair, ICANN and the Working Group (as defined in Section 7.6) shall consult in good faith negotiations regarding the form and substance of the proposed revisions to this Agreement, which shall be in the form of a proposed amendment to this Agreement (the “Proposed Revisions”), for a period of at least ninety (90) calendar days (unless a resolution is earlier reached) and attempt to reach a mutually acceptable agreement relating to the Proposed Revisions (the “Discussion Period”).

(c) If, following the conclusion of the Discussion Period, an agreement is reached on the Proposed Revisions, ICANN shall post the mutually agreed Proposed

Revisions on its website for public comment for no less than thirty (30) calendar days (the "Posting Period") and provide notice of such revisions to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval (as defined in Section 7.6) and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(d) If, following the conclusion of the Discussion Period, an agreement is not reached between ICANN and the Working Group on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (the "Mediation Notice") requiring each party to attempt to resolve the disagreements related to the Proposed Revisions through impartial, facilitative (non-evaluative) mediation in accordance with the terms and conditions set forth below. In the event that a Mediation Notice is provided, ICANN and the Working Group shall, within fifteen (15) calendar days thereof, simultaneously post the text of their desired version of the Proposed Revisions and a position paper with respect thereto on ICANN's website.

(i) The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, who has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or an Applicable Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 7.7(d)(i).

(ii) The mediator shall conduct the mediation in accordance with the rules and procedures for facilitative mediation that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute.

(iii) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.



(iv) If an agreement is reached during the mediation, ICANN shall post the mutually agreed Proposed Revisions on its website for the Posting Period and provide notice to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the agreed Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(v) If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the mediation shall automatically terminate (unless extended by agreement of the parties). The mediator shall deliver to the parties a definition of the issues that could be considered in future arbitration, if invoked. Those issues are subject to the limitations set forth in Section 7.7(e)(ii) below.

(e) If, following mediation, ICANN and the Working Group have not reached an agreement on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (an "Arbitration Notice") requiring ICANN and the Applicable Registry Operators to resolve the dispute through binding arbitration in accordance with the arbitration provisions of Section 5.2, subject to the requirements and limitations of this Section 7.7(e).

(i) If an Arbitration Notice is sent, the mediator's definition of issues, along with the Proposed Revisions (be those from ICANN, the Working Group or both) shall be posted for public comment on ICANN's website for a period of no less than thirty (30) calendar days. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators), and information regarding such comments and consideration shall be provided to a three (3) person arbitrator panel. Each party may modify its Proposed Revisions before and after the Posting Period. The arbitration proceeding may not commence prior to the closing of such public comment period, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. Except as set forth in this Section 7.7, the arbitration shall be conducted pursuant to Section 5.2.

(ii) No dispute regarding the Proposed Revisions may be submitted for arbitration to the extent the subject matter of the Proposed

Revisions (i) relates to Consensus Policy, (ii) falls within the subject matter categories set forth in Section 1.2 of Specification 1, or (iii) seeks to amend any of the following provisions or Specifications of this Agreement: Articles 1, 3 and 6; Sections 2.1, 2.2, 2.5, 2.7, 2.9, 2.10, 2.16, 2.17, 2.19, 4.1, 4.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16; Section 2.8 and Specification 7 (but only to the extent such Proposed Revisions seek to implement an RPM not contemplated by Sections 2.8 and Specification 7); Exhibit A; and Specifications 1, 4, 6, 10 and 11.

(iii) The mediator will brief the arbitrator panel regarding ICANN and the Working Group's respective proposals relating to the Proposed Revisions.

(iv) No amendment to this Agreement relating to the Proposed Revisions may be submitted for arbitration by either the Working Group or ICANN, unless, in the case of the Working Group, the proposed amendment has received Registry Operator Approval and, in the case of ICANN, the proposed amendment has been approved by the ICANN Board of Directors.

(v) In order for the arbitrator panel to approve either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions, the arbitrator panel must conclude that such proposed amendment is consistent with a balanced application of ICANN's core values (as described in ICANN's Bylaws) and reasonable in light of the balancing of the costs and benefits to the business interests of the Applicable Registry Operators and ICANN (as applicable), and the public benefit sought to be achieved by the Proposed Revisions as set forth in such amendment. If the arbitrator panel concludes that either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions meets the foregoing standard, such amendment shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator and deemed an Approved Amendment hereunder.

(f) With respect to an Approved Amendment relating to an amendment proposed by ICANN, Registry may apply in writing to ICANN for an exemption from such amendment pursuant to the provisions of Section 7.6.

(g) Notwithstanding anything in this Section 7.7 to the contrary, (a) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for the Approved Amendment to become effective with respect to Registry Operator, and (b) no Approved Amendment adopted pursuant to Section 7.7 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

**7.8 No Third-Party Beneficiaries.** This Agreement will not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

**7.9 General Notices.** Except for notices pursuant to Sections 7.6 and 7.7, all notices to be given under or in relation to this Agreement will be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this Agreement. All notices under Sections 7.6 and 7.7 shall be given by both posting of the applicable information on ICANN's web site and transmission of such information to Registry Operator by electronic mail. Any change in the contact information for notice below will be given by the party within thirty (30) calendar days of such change. Other than notices under Sections 7.6 or 7.7, any notice required by this Agreement will be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within three (3) calendar days. Any notice required by Sections 7.6 or 7.7 will be deemed to have been given when electronically posted on ICANN's website and upon confirmation of receipt by the email server. In the event other means of notice become practically achievable, such as notice via a secure website, the parties will work together to implement such notice means under this Agreement.

If to ICANN, addressed to:  
Internet Corporation for Assigned Names and Numbers  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536  
USA  
Telephone: +1-310-301-5800  
Facsimile: +1-310-823-8649  
Attention: President and CEO

With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:  
Afilias Limited  
300 Welsh Road, Building 3, Suite 105  
Horsham, PA 19044  
USA  
Telephone: +1-215-706-5700  
Facsimile: +1-215-706-5701  
Attention: Scott Hemphill, VP, General Counsel  
Email: shemphill@afilias.info

**7.10 Entire Agreement.** This Agreement (including those specifications and documents incorporated by reference to URL locations which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.

**7.11 English Language Controls.** Notwithstanding any translated version of this Agreement and/or specifications that may be provided to Registry Operator, the English language version of this Agreement and all referenced specifications are the official versions that bind the parties hereto. In the event of any conflict or discrepancy between any translated version of this Agreement and the English language version, the English language version controls. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

**7.12 Ownership Rights.** Nothing contained in this Agreement shall be construed as (a) establishing or granting to Registry Operator any property ownership rights or interests of Registry Operator in the TLD or the letters, words, symbols or other characters making up the TLD string, or (b) affecting any existing intellectual property or ownership rights of Registry Operator.

**7.13 Severability; Conflicts with Laws.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the balance of this Agreement or of any other term hereof, which shall remain in full force and effect. If any of the provisions hereof are determined to be invalid or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible. ICANN and the Working Group will mutually cooperate to develop an ICANN procedure for ICANN's review and consideration of alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement. Until such procedure is developed and implemented by ICANN, ICANN will review and consider alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement in a manner similar to ICANN's Procedure For Handling WHOIS Conflicts with Privacy Law.

**7.14 Court Orders.** ICANN will respect any order from a court of competent jurisdiction, including any orders from any jurisdiction where the consent or non-objection of the government was a requirement for the delegation of the TLD. Notwithstanding any other provision of this Agreement, ICANN's implementation of any such order will not be a breach of this Agreement

#### **7.15 Confidentiality**

(a) Subject to Section 7.15(c), during the Term and for a period of three (3) years thereafter, each party shall, and shall cause its and its Affiliates' officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to any third party, directly or indirectly, any information that is, and the disclosing party has marked as, or has otherwise designated in writing to the receiving party as, "confidential

trade secret,” “confidential commercial information” or “confidential financial information” (collectively, “Confidential Information”), except to the extent such disclosure is permitted by the terms of this Agreement.

(b) The confidentiality obligations under Section 7.15(a) shall not apply to any Confidential Information that (i) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no fault of the receiving party in breach of this Agreement, (ii) can be demonstrated by documentation or other competent proof to have been in the receiving party’s possession prior to disclosure by the disclosing party without any obligation of confidentiality with respect to such information, (iii) is subsequently received by the receiving party from a third party who is not bound by any obligation of confidentiality with respect to such information, (iv) has been published by a third party or otherwise enters the public domain through no fault of the receiving party, or (v) can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving party without reference to the disclosing party’s Confidential Information.

(c) Each party shall have the right to disclose Confidential Information to the extent that such disclosure is (i) made in response to a valid order of a court of competent jurisdiction or, if in the reasonable opinion of the receiving party’s legal counsel, such disclosure is otherwise required by applicable law; provided, however, that the receiving party shall first have given notice to the disclosing party and given the disclosing party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment order requiring that the Confidential Information that is the subject of such order or other applicable law be held in confidence by such court or other third party recipient, unless the receiving party is not permitted to provide such notice under such order or applicable law, or (ii) made by the receiving party or any of its Affiliates to its or their attorneys, auditors, advisors, consultants, contractors or other third parties for use by such person or entity as may be necessary or useful in connection with the performance of the activities under this Agreement, provided that such third party is bound by confidentiality obligations at least as stringent as those set forth herein, either by written agreement or through professional responsibility standards.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
Akram Atallah  
President, Global Domains Division

**AFILIAS LIMITED**

By: \_\_\_\_\_  
Thomas Wade  
CEO

## **EXHIBIT A**

### **Approved Services**

The ICANN gTLD Applicant Guidebook (located at <http://newgtlds.icann.org/en/applicants/agb>) and the RSEP specify processes for consideration of proposed registry services. Registry Operator may provide any service that is required by the terms of this Agreement. In addition, the following services (if any) are specifically identified as having been approved by ICANN prior to the effective date of the Agreement, and Registry Operator may provide such services:

#### **1. DNS Service – TLD Zone Contents**

Notwithstanding anything else in this Agreement, as indicated in section 2.2.3.3 of the gTLD Applicant Guidebook, permissible contents for the TLD's zone are:

- 1.1.** Apex SOA record
- 1.2.** Apex NS records and in-bailiwick glue for the TLD's DNS servers
- 1.3.** NS records and in-bailiwick glue for DNS servers of registered names in the TLD
- 1.4.** DS records for registered names in the TLD
- 1.5.** Records associated with signing the TLD zone (i.e., RRSIG, DNSKEY, NSEC, and NSEC3)

(Note: The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g., apex A, AAAA, MX records) in the TLD zone.)

If Registry Operator wishes to place any DNS resource record type into its TLD DNS zone (other than those listed in Sections 1.1 through 1.5 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS. Registry Operator recognizes and acknowledges that a service based on the use of less-common DNS resource records in the TLD zone, even if approved, might not work as intended for all users due to lack of software support.

#### **2. Anti-Abuse**

Registry Operator may suspend, delete or otherwise make changes to domain names in compliance with its anti-abuse policy.

#### **3. Searchable Whois**

Notwithstanding anything else in this Agreement, Registry Operator must offer a searchable Whois service compliant with the requirements described in Section 1.10 of Specification 4 of this Agreement. Registry Operator must make available the services only to authenticated users after they logged in by supplying proper credentials (e.g., user name and password).



Registry Operator must issue such credentials exclusively to eligible users and institutions that supply sufficient proof of their legitimate interest in this feature (e.g., law enforcement agencies). Registry Operator shall use rate-limiting to prevent abuse of the searchable Whois service.

## SPECIFICATION 1

### CONSENSUS POLICIES AND TEMPORARY POLICIES SPECIFICATION

#### 1. Consensus Policies.

- 1.1. “*Consensus Policies*” are those policies established (1) pursuant to the procedure set forth in ICANN’s Bylaws and due process, and (2) covering those topics listed in Section 1.2 of this Specification. The Consensus Policy development process and procedure set forth in ICANN’s Bylaws may be revised from time to time in accordance with the process set forth therein.
- 1.2. Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following:
  - 1.2.1 issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or Domain Name System (“DNS”);
  - 1.2.2 functional and performance specifications for the provision of Registry Services;
  - 1.2.3 Security and Stability of the registry database for the TLD;
  - 1.2.4 registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars;
  - 1.2.5 resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names); or
  - 1.2.6 restrictions on cross-ownership of registry operators and registrars or registrar resellers and regulations and restrictions with respect to registry operations and the use of registry and registrar data in the event that a registry operator and a registrar or registrar reseller are affiliated.
- 1.3. Such categories of issues referred to in Section 1.2 of this Specification shall include, without limitation:
  - 1.3.1 principles for allocation of registered names in the TLD (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - 1.3.2 prohibitions on warehousing of or speculation in domain names by registries or registrars;

- 1.3.3 reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (i) avoidance of confusion among or misleading of users, (ii) intellectual property, or (iii) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration); and
  - 1.3.4 maintenance of and access to accurate and up-to-date information concerning domain name registrations; and procedures to avoid disruptions of domain name registrations due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination.
- 1.4. In addition to the other limitations on Consensus Policies, they shall not:
- 1.4.1 prescribe or limit the price of Registry Services;
  - 1.4.2 modify the terms or conditions for the renewal or termination of the Registry Agreement;
  - 1.4.3 modify the limitations on Temporary Policies (defined below) or Consensus Policies;
  - 1.4.4 modify the provisions in the registry agreement regarding fees paid by Registry Operator to ICANN; or
  - 1.4.5 modify ICANN's obligations to ensure equitable treatment of registry operators and act in an open and transparent manner.
2. **Temporary Policies.** Registry Operator shall comply with and implement all specifications or policies established by the Board on a temporary basis, if adopted by the Board by a vote of at least two-thirds of its members, so long as the Board reasonably determines that such modifications or amendments are justified and that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the stability or security of Registry Services or the DNS ("**Temporary Policies**").
- 2.1. Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any Temporary Policy, the Board shall state the period of time for which the Temporary Policy is adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws.
    - 2.1.1 ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the Temporary Policy and why

the Board believes such Temporary Policy should receive the consensus support of Internet stakeholders.

2.1.2 If the period of time for which the Temporary Policy is adopted exceeds ninety (90) calendar days, the Board shall reaffirm its temporary adoption every ninety (90) calendar days for a total period not to exceed one (1) year, in order to maintain such Temporary Policy in effect until such time as it becomes a Consensus Policy. If the one (1) year period expires or, if during such one (1) year period, the Temporary Policy does not become a Consensus Policy and is not reaffirmed by the Board, Registry Operator shall no longer be required to comply with or implement such Temporary Policy.

3. **Notice and Conflicts.** Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Policy in which to comply with such policy or specification, taking into account any urgency involved. In the event of a conflict between Registry Services and Consensus Policies or any Temporary Policy, the Consensus Policies or Temporary Policy shall control, but only with respect to subject matter in conflict.

## SPECIFICATION 2

### DATA ESCROW REQUIREMENTS

Registry Operator will engage an independent entity to act as data escrow agent (“**Escrow Agent**”) for the provision of data escrow services related to the Registry Agreement. The following Technical Specifications set forth in Part A, and Legal Requirements set forth in Part B, will be included in any data escrow agreement between Registry Operator and the Escrow Agent, under which ICANN must be named a third-party beneficiary. In addition to the following requirements, the data escrow agreement may contain other provisions that are not contradictory or intended to subvert the required terms provided below.

#### PART A – TECHNICAL SPECIFICATIONS

1. **Deposits.** There will be two types of Deposits: Full and Differential. For both types, the universe of Registry objects to be considered for data escrow are those objects necessary in order to offer all of the approved Registry Services.
  - 1.1. “**Full Deposit**” will consist of data that reflects the state of the registry as of 00:00:00 UTC (Coordinated Universal Time) on the day that such Full Deposit is submitted to Escrow Agent.
  - 1.2. “**Differential Deposit**” means data that reflects all transactions that were not reflected in the last previous Full or Differential Deposit, as the case may be. Each Differential Deposit will contain all database transactions since the previous Deposit was completed as of 00:00:00 UTC of each day, but Sunday. Differential Deposits must include complete Escrow Records as specified below that were not included or changed since the most recent full or Differential Deposit (i.e., newly added or modified domain names).
2. **Schedule for Deposits.** Registry Operator will submit a set of escrow files on a daily basis as follows:
  - 2.1. Each Sunday, a Full Deposit must be submitted to the Escrow Agent by 23:59 UTC.
  - 2.2. The other six (6) days of the week, a Full Deposit or the corresponding Differential Deposit must be submitted to Escrow Agent by 23:59 UTC.
3. **Escrow Format Specification.**
  - 3.1. **Deposit’s Format.** Registry objects, such as domains, contacts, name servers, registrars, etc. will be compiled into a file constructed as described in draft-arias-noguchi-registry-data-escrow, see Part A, Section 9, reference 1 of this Specification and draft-arias-noguchi-dnrd-objects-mapping, see Part A, Section 9, reference 2 of this Specification (collectively, the “DNDE Specification”). The DNDE Specification describes some elements as

optional; Registry Operator will include those elements in the Deposits if they are available. If not already an RFC, Registry Operator will use the most recent draft version of the DNDE Specification available at the Effective Date. Registry Operator may at its election use newer versions of the DNDE Specification after the Effective Date. Once the DNDE Specification is published as an RFC, Registry Operator will implement that version of the DNDE Specification, no later than one hundred eighty (180) calendar days after. UTF-8 character encoding will be used.

- 3.2. **Extensions.** If a Registry Operator offers additional Registry Services that require submission of additional data, not included above, additional “extension schemas” shall be defined in a case by case basis to represent that data. These “extension schemas” will be specified as described in Part A, Section 9, reference 2 of this Specification. Data related to the “extensions schemas” will be included in the deposit file described in Part A, Section 3.1 of this Specification. ICANN and the respective Registry Operator shall work together to agree on such new objects’ data escrow specifications.
4. **Processing of Deposit files.** The use of compression is recommended in order to reduce electronic data transfer times, and storage capacity requirements. Data encryption will be used to ensure the privacy of registry escrow data. Files processed for compression and encryption will be in the binary OpenPGP format as per OpenPGP Message Format - RFC 4880, see Part A, Section 9, reference 3 of this Specification. Acceptable algorithms for Public-key cryptography, Symmetric-key cryptography, Hash and Compression are those enumerated in RFC 4880, not marked as deprecated in OpenPGP IANA Registry, see Part A, Section 9, reference 4 of this Specification, that are also royalty-free. The process to follow for the data file in original text format is:
  - (1) The XML file of the deposit as described in Part A, Section 9, reference 1 of this Specification must be named as the containing file as specified in Section 5 but with the extension xml.
  - (2) The data file(s) are aggregated in a tarball file named the same as (1) but with extension tar.
  - (3) A compressed and encrypted OpenPGP Message is created using the tarball file as sole input. The suggested algorithm for compression is ZIP as per RFC 4880. The compressed data will be encrypted using the escrow agent’s public key. The suggested algorithms for Public-key encryption are Elgamal and RSA as per RFC 4880. The suggested algorithms for Symmetric-key encryption are TripleDES, AES128 and CAST5 as per RFC 4880.
  - (4) The file may be split as necessary if, once compressed and encrypted, it is larger than the file size limit agreed with the escrow agent. Every part of a

split file, or the whole file if not split, will be called a processed file in this section.

- (5) A digital signature file will be generated for every processed file using the Registry Operator's private key. The digital signature file will be in binary OpenPGP format as per RFC 4880 Section 9, reference 3, and will not be compressed or encrypted. The suggested algorithms for Digital signatures are DSA and RSA as per RFC 4880. The suggested algorithm for Hashes in Digital signatures is SHA256.
- (6) The processed files and digital signature files will then be transferred to the Escrow Agent through secure electronic mechanisms, such as, SFTP, SCP, HTTPS file upload, etc. as agreed between the Escrow Agent and the Registry Operator. Non-electronic delivery through a physical medium such as CD-ROMs, DVD-ROMs, or USB storage devices may be used if authorized by ICANN.
- (7) The Escrow Agent will then validate every (processed) transferred data file using the procedure described in Part A, Section 8 of this Specification.

5. **File Naming Conventions.** Files will be named according to the following convention: {gTLD}\_{YYYY-MM-DD}\_{type}\_S{#}\_R{rev}.{ext} where:

- 5.1. {gTLD} is replaced with the gTLD name; in case of an IDN-TLD, the ASCII-compatible form (A-Label) must be used;
- 5.2. {YYYY-MM-DD} is replaced by the date corresponding to the time used as a timeline watermark for the transactions; i.e. for the Full Deposit corresponding to 2009-08-02T00:00Z, the string to be used would be "2009-08-02";
- 5.3. {type} is replaced by:
  - (1) "full", if the data represents a Full Deposit;
  - (2) "diff", if the data represents a Differential Deposit;
  - (3) "thin", if the data represents a Bulk Registration Data Access file, as specified in Section 3 of Specification 4;
- 5.4. {#} is replaced by the position of the file in a series of files, beginning with "1"; in case of a lone file, this must be replaced by "1".
- 5.5. {rev} is replaced by the number of revision (or resend) of the file beginning with "0":

- 5.6. {ext} is replaced by “sig” if it is a digital signature file of the quasi-homonymous file. Otherwise it is replaced by “ryde”.
6. **Distribution of Public Keys.** Each of Registry Operator and Escrow Agent will distribute its public key to the other party (Registry Operator or Escrow Agent, as the case may be) via email to an email address to be specified. Each party will confirm receipt of the other party’s public key with a reply email, and the distributing party will subsequently reconfirm the authenticity of the key transmitted via offline methods, like in person meeting, telephone, etc. In this way, public key transmission is authenticated to a user able to send and receive mail via a mail server operated by the distributing party. Escrow Agent, Registry Operator and ICANN will exchange public keys by the same procedure.
7. **Notification of Deposits.** Along with the delivery of each Deposit, Registry Operator will deliver to Escrow Agent and to ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification (the “Interface Specification”)) a written statement (which may be by authenticated e-mail) that includes a copy of the report generated upon creation of the Deposit and states that the Deposit has been inspected by Registry Operator and is complete and accurate. Registry Operator will include the Deposit’s “id” and “resend” attributes in its statement. The attributes are explained in Part A, Section 9, reference 1 of this Specification.

If not already an RFC, Registry Operator will use the most recent draft version of the Interface Specification at the Effective Date. Registry Operator may at its election use newer versions of the Interface Specification after the Effective Date. Once the Interface Specification is published as an RFC, Registry Operator will implement that version of the Interface Specification, no later than one hundred eighty (180) calendar days after such publishing.

8. **Verification Procedure.**
- (1) The signature file of each processed file is validated.
  - (2) If processed files are pieces of a bigger file, the latter is put together.
  - (3) Each file obtained in the previous step is then decrypted and uncompressed.
  - (4) Each data file contained in the previous step is then validated against the format defined in Part A, Section 9, reference 1 of this Specification.
  - (5) If Part A, Section 9, reference 1 of this Specification includes a verification process, that will be applied at this step.

If any discrepancy is found in any of the steps, the Deposit will be considered incomplete.



9. **References.**

- (1) Domain Name Data Escrow Specification (work in progress),  
<http://tools.ietf.org/html/draft-arias-noguchi-registry-data-escrow>
- (2) Domain Name Registration Data (DNRD) Objects Mapping,  
<http://tools.ietf.org/html/draft-arias-noguchi-dnrd-objects-mapping>
- (3) OpenPGP Message Format, <http://www.rfc-editor.org/rfc/rfc4880.txt>
- (4) OpenPGP parameters,  
<http://www.iana.org/assignments/pgp-parameters/pgp-parameters.xhtml>
- (5) ICANN interfaces for registries and data escrow agents,  
<http://tools.ietf.org/html/draft-lozano-icann-registry-interfaces>

## PART B – LEGAL REQUIREMENTS

1. **Escrow Agent.** Prior to entering into an escrow agreement, the Registry Operator must provide notice to ICANN as to the identity of the Escrow Agent, and provide ICANN with contact information and a copy of the relevant escrow agreement, and all amendments thereto. In addition, prior to entering into an escrow agreement, Registry Operator must obtain the consent of ICANN to (a) use the specified Escrow Agent, and (b) enter into the form of escrow agreement provided. ICANN must be expressly designated as a third-party beneficiary of the escrow agreement. ICANN reserves the right to withhold its consent to any Escrow Agent, escrow agreement, or any amendment thereto, all in its sole discretion.
2. **Fees.** Registry Operator must pay, or have paid on its behalf, fees to the Escrow Agent directly. If Registry Operator fails to pay any fee by the due date(s), the Escrow Agent will give ICANN written notice of such non-payment and ICANN may pay the past-due fee(s) within fifteen (15) calendar days after receipt of the written notice from Escrow Agent. Upon payment of the past-due fees by ICANN, ICANN shall have a claim for such amount against Registry Operator, which Registry Operator shall be required to submit to ICANN together with the next fee payment due under the Registry Agreement.
3. **Ownership.** Ownership of the Deposits during the effective term of the Registry Agreement shall remain with Registry Operator at all times. Thereafter, Registry Operator shall assign any such ownership rights (including intellectual property rights, as the case may be) in such Deposits to ICANN. In the event that during the term of the Registry Agreement any Deposit is released from escrow to ICANN, any intellectual property rights held by Registry Operator in the Deposits will automatically be licensed to ICANN or to a party designated in writing by ICANN on a non-exclusive, perpetual, irrevocable, royalty-free, paid-up basis, for any use related to the operation, maintenance or transition of the TLD.
4. **Integrity and Confidentiality.** Escrow Agent will be required to (i) hold and maintain the Deposits in a secure, locked, and environmentally safe facility, which is accessible only to authorized representatives of Escrow Agent, (ii) protect the integrity and confidentiality of the Deposits using commercially reasonable measures and (iii) keep and safeguard each Deposit for one (1) year. ICANN and Registry Operator will be provided the right to inspect Escrow Agent’s applicable records upon reasonable prior notice and during normal business hours. Registry Operator and ICANN will be provided with the right to designate a third-party auditor to audit Escrow Agent’s compliance with the technical specifications and maintenance requirements of this Specification 2 from time to time.

If Escrow Agent receives a subpoena or any other order from a court or other judicial tribunal pertaining to the disclosure or release of the Deposits, Escrow Agent will promptly notify the Registry Operator and ICANN unless prohibited by law. After notifying the Registry Operator and ICANN, Escrow Agent shall allow

sufficient time for Registry Operator or ICANN to challenge any such order, which shall be the responsibility of Registry Operator or ICANN; provided, however, that Escrow Agent does not waive its rights to present its position with respect to any such order. Escrow Agent will cooperate with the Registry Operator or ICANN to support efforts to quash or limit any subpoena, at such party's expense. Any party requesting additional assistance shall pay Escrow Agent's standard charges or as quoted upon submission of a detailed request.

5. **Copies.** Escrow Agent may be permitted to duplicate any Deposit, in order to comply with the terms and provisions of the escrow agreement.
6. **Release of Deposits.** Escrow Agent will make available for electronic download (unless otherwise requested) to ICANN or its designee, within twenty-four (24) hours, at the Registry Operator's expense, all Deposits in Escrow Agent's possession in the event that the Escrow Agent receives a request from Registry Operator to effect such delivery to ICANN, or receives one of the following written notices by ICANN stating that:
  - 6.1. the Registry Agreement has expired without renewal, or been terminated; or
  - 6.2. ICANN has not received a notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent within five (5) calendar days after the Deposit's scheduled delivery date; (a) ICANN gave notice to Escrow Agent and Registry Operator of that failure; and (b) ICANN has not, within seven (7) calendar days after such notice, received the notification from Escrow Agent; or
  - 6.3. ICANN has received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of failed verification of the latest escrow deposit for a specific date or a notification of a missing deposit, and the notification is for a deposit that should have been made on Sunday (i.e., a Full Deposit); (a) ICANN gave notice to Registry Operator of that receipt; and (b) ICANN has not, within seven (7) calendar days after such notice, received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of verification of a remediated version of such Full Deposit; or
  - 6.4. ICANN has received five notifications from Escrow Agent within the last thirty (30) calendar days notifying ICANN of either missing or failed escrow deposits that should have been made Monday through Saturday (i.e., a Differential Deposit), and (x) ICANN provided notice to Registry Operator of the receipt of such notifications; and (y) ICANN has not, within seven (7) calendar days after delivery of such notice to Registry Operator, received notification from Escrow Agent of verification of a remediated version of such Differential Deposit; or

- 6.5. Registry Operator has: (i) ceased to conduct its business in the ordinary course; or (ii) filed for bankruptcy, become insolvent or anything analogous to any of the foregoing under the laws of any jurisdiction anywhere in the world; or
- 6.6. Registry Operator has experienced a failure of critical registry functions and ICANN has asserted its rights pursuant to Section 2.13 of the Agreement; or
- 6.7. a competent court, arbitral, legislative, or government agency mandates the release of the Deposits to ICANN; or
- 6.8. pursuant to Contractual and Operational Compliance Audits as specified under Section 2.11 of the Agreement.

Unless Escrow Agent has previously released the Registry Operator's Deposits to ICANN or its designee, Escrow Agent will deliver all Deposits to ICANN upon expiration or termination of the Registry Agreement or the Escrow Agreement.

7. **Verification of Deposits.**

- 7.1. Within twenty-four (24) hours after receiving each Deposit or corrected Deposit, Escrow Agent must verify the format and completeness of each Deposit and deliver to ICANN a notification generated for each Deposit. Reports will be delivered electronically using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification.
- 7.2. If Escrow Agent discovers that any Deposit fails the verification procedures or if Escrow Agent does not receive any scheduled Deposit, Escrow Agent must notify Registry Operator either by email, fax or phone and ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification) of such nonconformity or non-receipt within twenty-four (24) hours after receiving the non-conformant Deposit or the deadline for such Deposit, as applicable. Upon notification of such verification or delivery failure, Registry Operator must begin developing modifications, updates, corrections, and other fixes of the Deposit necessary for the Deposit to be delivered and pass the verification procedures and deliver such fixes to Escrow Agent as promptly as possible.

8. **Amendments.** Escrow Agent and Registry Operator shall amend the terms of the Escrow Agreement to conform to this Specification 2 within ten (10) calendar days of any amendment or modification to this Specification 2. In the event of a conflict between this Specification 2 and the Escrow Agreement, this Specification 2 shall control.

9. **Indemnity.** Escrow Agent shall indemnify and hold harmless Registry Operator and ICANN, and each of their respective directors, officers, agents, employees, members,

and stockholders (“Indemnitees”) absolutely and forever from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys’ fees and costs, that may be asserted by a third party against any Indemnitee in connection with the misrepresentation, negligence or misconduct of Escrow Agent, its directors, officers, agents, employees and contractors.

## SPECIFICATION 3

### FORMAT AND CONTENT FOR REGISTRY OPERATOR MONTHLY REPORTING

Registry Operator shall provide one set of monthly reports per gTLD, using the API described in draft-lozano-icann-registry-interfaces, see Specification 2, Part A, Section 9, reference 5, with the following content.

ICANN may request in the future that the reports be delivered by other means and using other formats. ICANN will use reasonable commercial efforts to preserve the confidentiality of the information reported until three (3) months after the end of the month to which the reports relate. Unless set forth in this Specification 3, any reference to a specific time refers to Coordinated Universal Time (UTC). Monthly reports shall consist of data that reflects the state of the registry at the end of the month (UTC).

1. **Per-Registrar Transactions Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-transactions-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields per registrar:

Field #	Field name	Description
01	registrar-name	Registrar’s full corporate name as registered with IANA
02	iana-id	For cases where the registry operator acts as registrar (i.e., without the use of an ICANN accredited registrar) 9999 should be used, otherwise the sponsoring Registrar IANA id should be used as specified in <a href="http://www.iana.org/assignments/registrar-ids">http://www.iana.org/assignments/registrar-ids</a>
03	total-domains	total domain names under sponsorship in any EPP status but pendingCreate that have not been purged
04	total-nameservers	total name servers (either host objects or name server hosts as domain name attributes) associated with domain names registered for the TLD in any EPP status but pendingCreate that have not been purged
05	net-adds-1-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of one (1) year (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
06	net-adds-2-yr	number of domains successfully registered (i.e., not

		in EPP pendingCreate status) with an initial term of two(2) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
07	net-adds-3-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of three (3) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
08	net-adds-4-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of four (4) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
09	net-adds-5-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of five (5) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
10	net-adds-6-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of six (6) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
11	net-adds-7-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of seven (7) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
12	net-adds-8-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of eight (8) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
13	net-adds-9-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of nine (9) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
14	net-adds-10-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of ten (10) years (and not deleted within the add grace period). A transaction must be reported in the month

		the add grace period ends.
15	net-renews-1-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of one (1) year (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
16	net-renews-2-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of two (2) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
17	net-renews-3-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of three (3) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
18	net-renews-4-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of four (4) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
19	net-renews-5-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of five (5) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
20	net-renews-6-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of six (6) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.



21	net-renews-7-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of seven (7) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
22	net-renews-8-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of eight (8) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
23	net-renews-9-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of nine (9) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
24	net-renews-10-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of ten (10) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
25	transfer-gaining-successful	number of domain transfers initiated by this registrar that were successfully completed (either explicitly or automatically approved) and not deleted within the transfer grace period. A transaction must be reported in the month the transfer grace period ends.
26	transfer-gaining-nacked	number of domain transfers initiated by this registrar that were rejected (e.g., EPP transfer op="reject") by the other registrar
27	transfer-losing-successfully	number of domain transfers initiated by another registrar that were successfully completed (either explicitly or automatically approved)
28	transfer-losing-nacked	number of domain transfers initiated by another registrar that this registrar rejected (e.g., EPP transfer op="reject")

29	transfer-disputed-won	number of transfer disputes in which this registrar prevailed (reported in the month where the determination happened)
30	transfer-disputed-lost	number of transfer disputes this registrar lost (reported in the month where the determination happened)
31	transfer-disputed-nodecision	number of transfer disputes involving this registrar with a split or no decision (reported in the month where the determination happened)
32	deleted-domains-grace	domains deleted within the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
33	deleted-domains-nograce	domains deleted outside the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
34	restored-domains	domain names restored from redemption period
35	restored-noreport	total number of restored names for which the registrar failed to submit a restore report
36	agp-exemption-requests	total number of AGP (add grace period) exemption requests
37	agp-exemptions-granted	total number of AGP (add grace period) exemption requests granted
38	agp-exempted-domains	total number of names affected by granted AGP (add grace period) exemption requests
39	attempted-adds	number of attempted (both successful and failed) domain name create commands

The first line shall include the field names exactly as described in the table above as a “header line” as described in section 2 of RFC 4180. The last line of each report shall include totals for each column across all registrars; the first field of this line shall read “Totals” while the second field shall be left empty in that line. No other lines besides the ones described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

2. **Registry Functions Activity Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-activity-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields:

Field #	Field Name	Description
01	operational-registrars	number of operational registrars at the end of the reporting period
02	ramp-up-registrars	number of registrars that have received a password for access to OT&E at the end of the reporting period
03	pre-ramp-up-registrars	number of registrars that have requested access, but have not yet entered the ramp-up period at the end of the reporting period
04	zfa-passwords	number of active zone file access passwords at the end of the reporting period
05	whois-43-queries	number of WHOIS (port-43) queries responded during the reporting period
06	web-whois-queries	number of Web-based Whois queries responded during the reporting period, not including searchable Whois
07	searchable-whois-queries	number of searchable Whois queries responded during the reporting period, if offered
08	dns-udp-queries-received	number of DNS queries received over UDP transport during the reporting period
09	dns-udp-queries-responded	number of DNS queries received over UDP transport that were responded during the reporting period
10	dns-tcp-queries-received	number of DNS queries received over TCP transport during the reporting period
11	dns-tcp-queries-responded	number of DNS queries received over TCP transport that were responded during the reporting period
12	srs-dom-check	number of SRS (EPP and any other interface) domain name "check" requests responded during the reporting period
13	srs-dom-create	number of SRS (EPP and any other interface) domain name "create" requests responded during the reporting period
14	srs-dom-delete	number of SRS (EPP and any other interface) domain name "delete" requests responded during the reporting period
15	srs-dom-info	number of SRS (EPP and any other interface) domain name "info" requests responded during the reporting period

Field #	Field Name	Description
16	srs-dom-renew	number of SRS (EPP and any other interface) domain name "renew" requests responded during the reporting period
17	srs-dom-rgp-restore-report	number of SRS (EPP and any other interface) domain name RGP "restore" requests delivering a restore report responded during the reporting period
18	srs-dom-rgp-restore-request	number of SRS (EPP and any other interface) domain name RGP "restore" requests responded during the reporting period
19	srs-dom-transfer-approve	number of SRS (EPP and any other interface) domain name "transfer" requests to approve transfers responded during the reporting period
20	srs-dom-transfer-cancel	number of SRS (EPP and any other interface) domain name "transfer" requests to cancel transfers responded during the reporting period
21	srs-dom-transfer-query	number of SRS (EPP and any other interface) domain name "transfer" requests to query about a transfer responded during the reporting period
22	srs-dom-transfer-reject	number of SRS (EPP and any other interface) domain name "transfer" requests to reject transfers responded during the reporting period
23	srs-dom-transfer-request	number of SRS (EPP and any other interface) domain name "transfer" requests to request transfers responded during the reporting period
24	srs-dom-update	number of SRS (EPP and any other interface) domain name "update" requests (not including RGP restore requests) responded during the reporting period
25	srs-host-check	number of SRS (EPP and any other interface) host "check" requests responded during the reporting period
26	srs-host-create	number of SRS (EPP and any other interface) host "create" requests responded during the reporting period
27	srs-host-delete	number of SRS (EPP and any other interface) host "delete" requests responded during the reporting period

Field #	Field Name	Description
28	srs-host-info	number of SRS (EPP and any other interface) host "info" requests responded during the reporting period
29	srs-host-update	number of SRS (EPP and any other interface) host "update" requests responded during the reporting period
30	srs-cont-check	number of SRS (EPP and any other interface) contact "check" requests responded during the reporting period
31	srs-cont-create	number of SRS (EPP and any other interface) contact "create" requests responded during the reporting period
32	srs-cont-delete	number of SRS (EPP and any other interface) contact "delete" requests responded during the reporting period
33	srs-cont-info	number of SRS (EPP and any other interface) contact "info" requests responded during the reporting period
34	srs-cont-transfer-approve	number of SRS (EPP and any other interface) contact "transfer" requests to approve transfers responded during the reporting period
35	srs-cont-transfer-cancel	number of SRS (EPP and any other interface) contact "transfer" requests to cancel transfers responded during the reporting period
36	srs-cont-transfer-query	number of SRS (EPP and any other interface) contact "transfer" requests to query about a transfer responded during the reporting period
37	srs-cont-transfer-reject	number of SRS (EPP and any other interface) contact "transfer" requests to reject transfers responded during the reporting period
38	srs-cont-transfer-request	number of SRS (EPP and any other interface) contact "transfer" requests to request transfers responded during the reporting period
39	srs-cont-update	number of SRS (EPP and any other interface) contact "update" requests responded during the reporting period

The first line shall include the field names exactly as described in the table above as a "header line" as described in section 2 of RFC 4180. No other lines besides the ones

described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

For gTLDs that are part of a single-instance Shared Registry System, the Registry Functions Activity Report may include the total contact or host transactions for all the gTLDs in the system.

## SPECIFICATION 4

### REGISTRATION DATA PUBLICATION SERVICES

1. **Registration Data Directory Services.** Until ICANN requires a different protocol, Registry Operator will operate a WHOIS service available via port 43 in accordance with RFC 3912, and a web-based Directory Service at <whois.nic.TLD> providing free public query-based access to at least the following elements in the following format. ICANN reserves the right to specify alternative formats and protocols, and upon such specification, the Registry Operator will implement such alternative specification as soon as reasonably practicable.

Registry Operator shall implement a new standard supporting access to domain name registration data (SAC 051) no later than one hundred thirty-five (135) days after it is requested by ICANN if: 1) the IETF produces a standard (i.e., it is published, at least, as a Proposed Standard RFC as specified in RFC 2026); and 2) its implementation is commercially reasonable in the context of the overall operation of the registry.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registry Operator, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and registrant information, together.
- 1.4. The fields specified below set forth the minimum output requirements. Registry Operator may output data fields in addition to those specified below, subject to approval by ICANN, which approval shall not be unreasonably withheld.
- 1.5. **Domain Name Data:**
  - 1.5.1 **Query format:** whois EXAMPLE.TLD
  - 1.5.2 **Response format:**

Domain Name: EXAMPLE.TLD  
Domain ID: D1234567-TLD

WHOIS Server: whois.example.tld  
Referral URL: http://www.example.tld  
Updated Date: 2009-05-29T20:13:00Z  
Creation Date: 2000-10-08T00:45:00Z  
Registry Expiry Date: 2010-10-08T00:44:59Z  
Sponsoring Registrar: EXAMPLE REGISTRAR LLC  
Sponsoring Registrar IANA ID: 5555555  
Domain Status: clientDeleteProhibited  
Domain Status: clientRenewProhibited  
Domain Status: clientTransferProhibited  
Domain Status: serverUpdateProhibited  
Registrant ID: 5372808-ERL  
Registrant Name: EXAMPLE REGISTRANT  
Registrant Organization: EXAMPLE ORGANIZATION  
Registrant Street: 123 EXAMPLE STREET  
Registrant City: ANYTOWN  
Registrant State/Province: AP  
Registrant Postal Code: A1A1A1  
Registrant Country: EX  
Registrant Phone: +1.5555551212  
Registrant Phone Ext: 1234  
Registrant Fax: +1.5555551213  
Registrant Fax Ext: 4321  
Registrant Email: EMAIL@EXAMPLE.TLD  
Admin ID: 5372809-ERL  
Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE  
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION  
Admin Street: 123 EXAMPLE STREET  
Admin City: ANYTOWN  
Admin State/Province: AP  
Admin Postal Code: A1A1A1  
Admin Country: EX  
Admin Phone: +1.5555551212  
Admin Phone Ext: 1234  
Admin Fax: +1.5555551213  
Admin Fax Ext:  
Admin Email: EMAIL@EXAMPLE.TLD  
Tech ID: 5372811-ERL  
Tech Name: EXAMPLE REGISTRAR TECHNICAL  
Tech Organization: EXAMPLE REGISTRAR LLC  
Tech Street: 123 EXAMPLE STREET  
Tech City: ANYTOWN  
Tech State/Province: AP  
Tech Postal Code: A1A1A1  
Tech Country: EX  
Tech Phone: +1.1235551234



Tech Phone Ext: 1234  
Tech Fax: +1.5555551213  
Tech Fax Ext: 93  
Tech Email: EMAIL@EXAMPLE.TLD  
Name Server: NS01.EXAMPLEREGISTRAR.TLD  
Name Server: NS02.EXAMPLEREGISTRAR.TLD  
DNSSEC: signedDelegation  
DNSSEC: unsigned  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

**1.6. Registrar Data:**

**1.6.1 Query format:** whois "registrar Example Registrar, Inc."

**1.6.2 Response format:**

Registrar Name: Example Registrar, Inc.  
Street: 1234 Admiralty Way  
City: Marina del Rey  
State/Province: CA  
Postal Code: 90292  
Country: US  
Phone Number: +1.3105551212  
Fax Number: +1.3105551213  
Email: registrar@example.tld  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
Admin Contact: Joe Registrar  
Phone Number: +1.3105551213  
Fax Number: +1.3105551213  
Email: joeregistrar@example-registrar.tld  
Admin Contact: Jane Registrar  
Phone Number: +1.3105551214  
Fax Number: +1.3105551213  
Email: janeregistrar@example-registrar.tld  
Technical Contact: John Geek  
Phone Number: +1.3105551215  
Fax Number: +1.3105551216  
Email: johngeek@example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

**1.7. Nameserver Data:**

**1.7.1 Query format:** whois "NS1.EXAMPLE.TLD", whois "nameserver (nameserver name)", or whois "nameserver (IP Address)"

**1.7.2 Response format:**

Server Name: NS1.EXAMPLE.TLD  
IP Address: 192.0.2.123  
IP Address: 2001:0DB8::1  
Registrar: Example Registrar, Inc.  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

- 1.8. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers (the extension will be provided as a separate field as shown above), email addresses, date and times should conform to the mappings specified in EPP RFCs 5730-5734 so that the display of this information (or values return in WHOIS responses) can be uniformly processed and understood.
- 1.9. In order to be compatible with ICANN's common interface for WHOIS (InterNIC), WHOIS output shall be in the format outline above.
- 1.10. **Searchability.** Offering searchability capabilities on the Directory Services is optional but if offered by the Registry Operator it shall comply with the specification described in this section.
  - 1.10.1 Registry Operator will offer searchability on the web-based Directory Service.
  - 1.10.2 Registry Operator will offer partial match capabilities, at least, on the following fields: domain name, contacts and registrant's name, and contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.).
  - 1.10.3 Registry Operator will offer exact-match capabilities, at least, on the following fields: registrar id, name server name, and name server's IP address (only applies to IP addresses stored by the registry, i.e., glue records).
  - 1.10.4 Registry Operator will offer Boolean search capabilities supporting, at least, the following logical operators to join a set of search criteria: AND, OR, NOT.
  - 1.10.5 Search results will include domain names matching the search criteria.
  - 1.10.6 Registry Operator will: 1) implement appropriate measures to avoid abuse of this feature (e.g., permitting access only to legitimate authorized users); and 2) ensure the feature is in compliance with any applicable privacy laws or policies.

- 1.11. Registry Operator shall provide a link on the primary website for the TLD (i.e., the website provided to ICANN for publishing on the ICANN website) to a web page designated by ICANN containing WHOIS policy and educational materials.

## 2. **Zone File Access**

### 2.1. **Third-Party Access**

- 2.1.1 **Zone File Access Agreement.** Registry Operator will enter into an agreement with any Internet user, which will allow such user to access an Internet host server or servers designated by Registry Operator and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider, which may be ICANN or an ICANN designee (the "CZDA Provider"). Registry Operator (optionally through the CZDA Provider) will provide access to zone file data per Section 2.1.3 of this Specification and do so using the file format described in Section 2.1.4 of this Specification. Notwithstanding the foregoing, (a) the CZDA Provider may reject the request for access of any user that does not satisfy the credentialing requirements in Section 2.1.2 below; (b) Registry Operator may reject the request for access of any user that does not provide correct or legitimate credentials under Section 2.1.2 below or where Registry Operator reasonably believes will violate the terms of Section 2.1.5. below; and, (c) Registry Operator may revoke access of any user if Registry Operator has evidence to support that the user has violated the terms of Section 2.1.5 below.
- 2.1.2 **Credentialing Requirements.** Registry Operator, through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address and IP address.
- 2.1.3 **Grant of Access.** Each Registry Operator (optionally through the CZDA Provider) will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL (specifically, <TLD>.zda.icann.org where <TLD> is the TLD for which the registry is responsible) for the user to access the Registry's zone data archives. Registry Operator will grant the user a non-exclusive, nontransferable, limited right to access Registry Operator's (optionally CZDA Provider's) Zone File hosting server, and to transfer a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be

prescribed by ICANN. For every zone file access server, the zone files are in the top-level directory called <zone>.zone.gz, with <zone>.zone.gz.md5 and <zone>.zone.gz.sig to verify downloads. If the Registry Operator (or the CZDA Provider) also provides historical data, it will use the naming pattern <zone>-yyyymmdd.zone.gz, etc.

**2.1.4 File Format Standard.** Registry Operator (optionally through the CZDA Provider) will provide zone files using a subformat of the standard Master File format as originally defined in RFC 1035, Section 5, including all the records present in the actual zone used in the public DNS. Sub-format is as follows:

1. Each record must include all fields in one line as: <domain-name> <TTL> <class> <type> <RDATA>.
2. Class and Type must use the standard mnemonics and must be in lower case.
3. TTL must be present as a decimal integer.
4. Use of /X and /DDD inside domain names is allowed.
5. All domain names must be in lower case.
6. Must use exactly one tab as separator of fields inside a record.
7. All domain names must be fully qualified.
8. No \$ORIGIN directives.
9. No use of "@" to denote current origin.
10. No use of "blank domain names" at the beginning of a record to continue the use of the domain name in the previous record.
11. No \$INCLUDE directives.
12. No \$TTL directives.
13. No use of parentheses, e.g., to continue the list of fields in a record across a line boundary.
14. No use of comments.
15. No blank lines.
16. The SOA record should be present at the top and (duplicated at) the end of the zone file.

17. With the exception of the SOA record, all the records in a file must be in alphabetical order.
18. One zone per file. If a TLD divides its DNS data into multiple zones, each goes into a separate file named as above, with all the files combined using tar into a file called <tld>.zone.tar.
  - 2.1.5 **Use of Data by User.** Registry Operator will permit user to use the zone file for lawful purposes; provided that (a) user takes all reasonable steps to protect against unauthorized access to and use and disclosure of the data and (b) under no circumstances will Registry Operator be required or permitted to allow user to use the data to, (i) allow, enable, or otherwise support the transmission by email, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than user's own existing customers, or (ii) enable high volume, automated, electronic processes that send queries or data to the systems of Registry Operator or any ICANN-accredited registrar.
  - 2.1.6 **Term of Use.** Registry Operator, through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. Registry Operator will allow users to renew their Grant of Access.
  - 2.1.7 **No Fee for Access.** Registry Operator will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.
- 2.2. **Co-operation**
  - 2.2.1 **Assistance.** Registry Operator will co-operate and provide reasonable assistance to ICANN and the CZDA Provider to facilitate and maintain the efficient access of zone file data by permitted users as contemplated under this Schedule.
- 2.3. **ICANN Access.** Registry Operator shall provide bulk access to the zone files for the TLD to ICANN or its designee on a continuous basis in the manner ICANN may reasonably specify from time to time. Access will be provided at least daily. Zone files will include SRS data committed as close as possible to 00:00:00 UTC.
- 2.4. **Emergency Operator Access.** Registry Operator shall provide bulk access to the zone files for the TLD to the Emergency Operators designated by ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.

### 3. **Bulk Registration Data Access to ICANN**

- 3.1. **Periodic Access to Thin Registration Data.** In order to verify and ensure the operational stability of Registry Services as well as to facilitate compliance checks on accredited registrars, Registry Operator will provide ICANN on a weekly basis (the day to be designated by ICANN) with up-to-date Registration Data as specified below. Data will include data committed as of 00:00:00 UTC on the day previous to the one designated for retrieval by ICANN.
- 3.1.1 **Contents.** Registry Operator will provide, at least, the following data for all registered domain names: domain name, domain name repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars, at least, it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar.
- 3.1.2 **Format.** The data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the previous section, i.e., the file will only contain Domain and Registrar objects with the fields mentioned above. Registry Operator has the option to provide a full deposit file instead as specified in Specification 2.
- 3.1.3 **Access.** Registry Operator will have the file(s) ready for download as of 00:00:00 UTC on the day designated for retrieval by ICANN. The file(s) will be made available for download by SFTP, though ICANN may request other means in the future.
- 3.2. **Exceptional Access to Thick Registration Data.** In case of a registrar failure, deaccreditation, court order, etc. that prompts the temporary or definitive transfer of its domain names to another registrar, at the request of ICANN, Registry Operator will provide ICANN with up-to-date data for the domain names of the losing registrar. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. Registry Operator will provide the data as soon as commercially practicable, but in no event later than five (5) calendar days following ICANN's request. Unless otherwise agreed by Registry Operator and ICANN, the file will be made available for download by ICANN in the same manner as the data specified in Section 3.1 of this Specification.

## SPECIFICATION 5

### SCHEDULE OF RESERVED NAMES

Except to the extent that ICANN otherwise expressly authorizes in writing, and subject to the terms and conditions of this Specification, Registry Operator shall reserve the following labels from initial (i.e., other than renewal) registration within the TLD. If using self-allocation, the Registry Operator must show the registration in the RDDS. In the case of IDN names (as indicated below), IDN variants will be identified according to the registry operator IDN registration policy, where applicable.

1. **Example.** The ASCII label “EXAMPLE” shall be withheld from registration or allocated to Registry Operator at the second level and at all other levels within the TLD at which Registry Operator offers registrations (such second level and all other levels are collectively referred to herein as, “All Levels”). Such label may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, such withheld or allocated label shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such name without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
2. **Two-character labels.** All two-character ASCII labels shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Such labels may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator, provided that such two-character label strings may be released to the extent that Registry Operator reaches agreement with the related government and country-code manager of the string as specified in the ISO 3166-1 alpha-2 standard. The Registry Operator may also propose the release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes, subject to approval by ICANN. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, all such labels that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
3. **Reservations for Registry Operations.**
  - 3.1. The following ASCII labels must be withheld from registration or allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: WWW, RDDS and WHOIS. The following ASCII label must be allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: NIC. Registry Operator may activate WWW, RDDS and WHOIS in the DNS, but must activate NIC in the

DNS, as necessary for the operation of the TLD. None of WWW, RDDS, WHOIS or NIC may be released or registered to any person (other than Registry Operator) or third party. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD all such withheld or allocated names shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

- 3.2. Registry Operator may activate in the DNS at All Levels up to one hundred (100) names (plus their IDN variants, where applicable) necessary for the operation or the promotion of the TLD. Registry Operator must act as the Registered Name Holder of such names as that term is defined in the then-current ICANN Registrar Accreditation Agreement (RAA). These activations will be considered Transactions for purposes of Section 6.1 of the Agreement. Registry Operator must either (i) register such names through an ICANN-accredited registrar; or (ii) self-allocate such names and with respect to those names submit to and be responsible to ICANN for compliance with ICANN Consensus Policies and the obligations set forth in Subsections 3.7.7.1 through 3.7.7.12 of the then-current RAA (or any other replacement clause setting out the terms of the registration agreement between a registrar and a registered name holder). At Registry Operator's discretion and in compliance with all other terms of this Agreement, such names may be released for registration to another person or entity.
- 3.3. Registry Operator may withhold from registration or allocate to Registry Operator names (including their IDN variants, where applicable) at All Levels in accordance with Section 2.6 of the Agreement. Such names may not be activated in the DNS, but may be released for registration to another person or entity at Registry Operator's discretion. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Upon ICANN's request, Registry Operator shall provide a listing of all names withheld or allocated to Registry Operator pursuant to Section 2.6 of the Agreement. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
4. **Country and Territory Names.** The country and territory names (including their IDN variants, where applicable) contained in the following internationally recognized lists shall be withheld from registration or allocated to Registry Operator at All Levels:
  - 4.1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European



Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union

<[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)>;

- 4.2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- 4.3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names;

provided, that the reservation of specific country and territory names (including their IDN variants according to the registry operator IDN registration policy, where applicable) may be released to the extent that Registry Operator reaches agreement with the applicable government(s). Registry Operator must not activate such names in the DNS; provided, that Registry Operator may propose the release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

5. **International Olympic Committee; International Red Cross and Red Crescent Movement.** As instructed from time to time by ICANN, the names (including their IDN variants, where applicable) relating to the International Olympic Committee, International Red Cross and Red Crescent Movement listed at <http://www.icann.org/en/resources/registries/reserved> shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Additional International Olympic Committee, International Red Cross and Red Crescent Movement names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Such names may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
6. **Intergovernmental Organizations.** As instructed from time to time by ICANN, Registry Operator will implement the protections mechanism determined by the

ICANN Board of Directors relating to the protection of identifiers for Intergovernmental Organizations. A list of reserved names for this Section 6 is available at <http://www.icann.org/en/resources/registries/reserved>. Additional names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Any such protected identifiers for Intergovernmental Organizations may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such protected identifiers shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

## SPECIFICATION 6

### REGISTRY INTEROPERABILITY AND CONTINUITY SPECIFICATIONS

#### 1. Standards Compliance

- 1.1. **DNS.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF), including all successor standards, modifications or additions thereto relating to the DNS and name server operations including without limitation RFCs 1034, 1035, 1123, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, and 5966. DNS labels may only include hyphens in the third and fourth position if they represent valid IDNs (as specified above) in their ASCII encoding (e.g., “xn--ndk061n”).
- 1.2. **EPP.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF) including all successor standards, modifications or additions thereto relating to the provisioning and management of domain names using the Extensible Provisioning Protocol (EPP) in conformance with RFCs 5910, 5730, 5731, 5732 (if using host objects), 5733 and 5734. If Registry Operator implements Registry Grace Period (RGP), it will comply with RFC 3915 and its successors. If Registry Operator requires the use of functionality outside the base EPP RFCs, Registry Operator must document EPP extensions in Internet-Draft format following the guidelines described in RFC 3735. Registry Operator will provide and update the relevant documentation of all the EPP Objects and Extensions supported to ICANN prior to deployment.
- 1.3. **DNSSEC.** Registry Operator shall sign its TLD zone files implementing Domain Name System Security Extensions (“DNSSEC”). During the Term, Registry Operator shall comply with RFCs 4033, 4034, 4035, 4509 and their successors, and follow the best practices described in RFC 4641 and its successors. If Registry Operator implements Hashed Authenticated Denial of Existence for DNS Security Extensions, it shall comply with RFC 5155 and its successors. Registry Operator shall accept public-key material from child domain names in a secure manner according to industry best practices. Registry shall also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants’ public-key material. Registry Operator shall publish its DPS following the format described in RFC 6841.
- 1.4. **IDN.** If the Registry Operator offers Internationalized Domain Names (“IDNs”), it shall comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registry Operator shall comply with the ICANN IDN Guidelines at <<http://www.icann.org/en/topics/idn/implementation-guidelines.htm>>.

as they may be amended, modified, or superseded from time to time. Registry Operator shall publish and keep updated its IDN Tables and IDN Registration Rules in the IANA Repository of IDN Practices as specified in the ICANN IDN Guidelines.

- 1.5. **IPv6.** Registry Operator shall be able to accept IPv6 addresses as glue records in its Registry System and publish them in the DNS. Registry Operator shall offer public IPv6 transport for, at least, two of the Registry's name servers listed in the root zone with the corresponding IPv6 addresses registered with IANA. Registry Operator should follow "DNS IPv6 Transport Operational Guidelines" as described in BCP 91 and the recommendations and considerations described in RFC 4472. Registry Operator shall offer public IPv6 transport for its Registration Data Publication Services as defined in Specification 4 of this Agreement; e.g., Whois (RFC 3912), Web based Whois. Registry Operator shall offer public IPv6 transport for its Shared Registration System (SRS) to any Registrar, no later than six (6) months after receiving the first request in writing from a gTLD accredited Registrar willing to operate with the SRS over IPv6.

## 2. **Registry Services**

- 2.1. **Registry Services.** "Registry Services" are, for purposes of the Agreement, defined as the following: (a) those services that are operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry DNS servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy as defined in Specification 1; (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above.
- 2.2. **Wildcard Prohibition.** For domain names which are either not registered, or the registrant has not supplied valid records such as NS records for listing in the DNS zone file, or their status does not allow them to be published in the DNS, the use of DNS wildcard Resource Records as described in RFCs 1034 and 4592 or any other method or technology for synthesizing DNS Resources Records or using redirection within the DNS by the Registry is prohibited. When queried for such domain names the authoritative name servers must return a "Name Error" response (also known as NXDOMAIN), RCODE 3 as described in RFC 1035 and related RFCs. This provision applies for all DNS zone files at all levels in the DNS tree for which the Registry

Operator (or an affiliate engaged in providing Registration Services) maintains data, arranges for such maintenance, or derives revenue from such maintenance.

### 3. **Registry Continuity**

- 3.1. **High Availability.** Registry Operator will conduct its operations using network and geographically diverse, redundant servers (including network-level redundancy, end-node level redundancy and the implementation of a load balancing scheme where applicable) to ensure continued operation in the case of technical failure (widespread or local), or an extraordinary occurrence or circumstance beyond the control of the Registry Operator. Registry Operator's emergency operations department shall be available at all times to respond to extraordinary occurrences.
- 3.2. **Extraordinary Event.** Registry Operator will use commercially reasonable efforts to restore the critical functions of the registry within twenty-four (24) hours after the termination of an extraordinary event beyond the control of the Registry Operator and restore full system functionality within a maximum of forty-eight (48) hours following such event, depending on the type of critical function involved. Outages due to such an event will not be considered a lack of service availability.
- 3.3. **Business Continuity.** Registry Operator shall maintain a business continuity plan, which will provide for the maintenance of Registry Services in the event of an extraordinary event beyond the control of the Registry Operator or business failure of Registry Operator, and may include the designation of a Registry Services continuity provider. If such plan includes the designation of a Registry Services continuity provider, Registry Operator shall provide the name and contact information for such Registry Services continuity provider to ICANN. In the case of an extraordinary event beyond the control of the Registry Operator where the Registry Operator cannot be contacted, Registry Operator consents that ICANN may contact the designated Registry Services continuity provider, if one exists. Registry Operator shall conduct Registry Services Continuity testing at least once per year.

### 4. **Abuse Mitigation**

- 4.1. **Abuse Contact.** Registry Operator shall provide to ICANN and publish on its website its accurate contact details including a valid email and mailing address as well as a primary contact for handling inquiries related to malicious conduct in the TLD, and will provide ICANN with prompt notice of any changes to such contact details.
- 4.2. **Malicious Use of Orphan Glue Records.** Registry Operator shall take action to remove orphan glue records (as defined at <http://www.icann.org/en/committees/security/sac048.pdf>) when provided

with evidence in written form that such records are present in connection with malicious conduct.

## 5. **Supported Initial and Renewal Registration Periods**

- 5.1. **Initial Registration Periods.** Initial registrations of registered names may be made in the registry in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, initial registrations of registered names may not exceed ten (10) years.
- 5.2. **Renewal Periods.** Renewal of registered names may be made in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, renewal of registered names may not extend their registration period beyond ten (10) years from the time of the renewal.

## 6. **Name Collision Occurrence Management**

- 6.1. **No-Activation Period.** Registry Operator shall not activate any names in the DNS zone for the Registry TLD (except for "NIC") until at least 120 calendar days after the effective date of this agreement. Registry Operator may allocate names (subject to subsection 6.2 below) during this period only if Registry Operator causes registrants to be clearly informed of the inability to activate names until the No-Activation Period ends.

### 6.2. **Name Collision Occurrence Assessment**

- 6.2.1 Registry Operator shall not activate any names in the DNS zone for the Registry TLD except in compliance with a Name Collision Occurrence Assessment provided by ICANN regarding the Registry TLD. Registry Operator will either (A) implement the mitigation measures described in its Name Collision Occurrence Assessment before activating any second-level domain name, or (B) block those second-level domain names for which the mitigation measures as described in the Name Collision Occurrence Assessment have not been implemented and proceed with activating names that are not listed in the Assessment.
- 6.2.2 Notwithstanding subsection 6.2.1, Registry Operator may proceed with activation of names in the DNS zone without implementation of the measures set forth in Section 6.2.1 only if (A) ICANN determines that the Registry TLD is eligible for this alternative path to activation of names; and (B) Registry Operator blocks all second-level domain names identified by ICANN and set forth at <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-17nov13-en> as such list may be modified by ICANN from time to time. Registry Operator may activate names pursuant to this subsection and later activate names pursuant to subsection 6.2.1.

- 6.2.3 The sets of names subject to mitigation or blocking pursuant to Sections 6.2.1 and 6.2.2 will be based on ICANN analysis of DNS information including "Day in the Life of the Internet" data maintained by the DNS Operations, Analysis, and Research Center (DNS-OARC) <<https://www.dns-oarc.net/oarc/data/ditl>>.
- 6.2.4 Registry Operator may participate in the development by the ICANN community of a process for determining whether and how these blocked names may be released.
- 6.2.5 If ICANN determines that the TLD is ineligible for the alternative path to activation of names, ICANN may elect not to delegate the TLD pending completion of the final Name Collision Occurrence Assessment for the TLD, and Registry Operator's completion of all required mitigation measures. Registry Operator understands that the mitigation measures required by ICANN as a condition to activation of names in the DNS zone for the TLD may include, without limitation, mitigation measures such as those described in Section 3.2 of the New gTLD Name Collision Occurrence Management Plan approved by the ICANN Board New gTLD Program Committee (NGPC) on 7 October 2013 as found at <<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-07oct13-en.pdf>>.

### 6.3. **Name Collision Report Handling**

- 6.3.1 During the first two years after delegation of the TLD, Registry Operator's emergency operations department shall be available to receive reports, relayed by ICANN, alleging demonstrably severe harm from collisions with overlapping use of the names outside of the authoritative DNS.
- 6.3.2 Registry Operator shall develop an internal process for handling in an expedited manner reports received pursuant to subsection 6.3.1 under which Registry Operator may, to the extent necessary and appropriate, remove a recently activated name from the TLD zone for a period of up to two years in order to allow the affected party to make changes to its systems.

## SPECIFICATION 7

### MINIMUM REQUIREMENTS FOR RIGHTS PROTECTION MECHANISMS

1. **Rights Protection Mechanisms.** Registry Operator shall implement and adhere to the rights protection mechanisms (“RPMs”) specified in this Specification. In addition to such RPMs, Registry Operator may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party’s legal rights. Registry Operator will include all RPMs required by this Specification 7 and any additional RPMs developed and implemented by Registry Operator in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD. Registry Operator shall implement in accordance with requirements set forth therein each of the mandatory RPMs set forth in the Trademark Clearinghouse as of the date hereof, as posted at <http://www.icann.org/en/resources/registries/tmch-requirements> (the “Trademark Clearinghouse Requirements”), which may be revised in immaterial respects by ICANN from time to time. Registry Operator shall not mandate that any owner of applicable intellectual property rights use any other trademark information aggregation, notification, or validation service in addition to or instead of the ICANN-designated Trademark Clearinghouse. If there is a conflict between the terms and conditions of this Agreement and the Trademark Clearinghouse Requirements, the terms and conditions of this Agreement shall control.
2. **Dispute Resolution Mechanisms.** Registry Operator will comply with the following dispute resolution mechanisms as they may be revised from time to time:
  - a. the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) and the Registration Restriction Dispute Resolution Procedure (RRDRP) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/pddrp> and <http://www.icann.org/en/resources/registries/rrdrp>, respectively). Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PDDRP or RRDRP panel and to be bound by any such determination; and
  - b. the Uniform Rapid Suspension system (“URS”) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/urs>), including the implementation of determinations issued by URS examiners.



## **SPECIFICATION 8**

### **CONTINUED OPERATIONS INSTRUMENT**

1. The Continued Operations Instrument shall (a) provide for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6<sup>th</sup>) anniversary of the Effective Date, and (b) be in the form of either (i) an irrevocable standby letter of credit, or (ii) an irrevocable cash escrow deposit, each meeting the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof (which is hereby incorporated by reference into this Specification 8). Registry Operator shall use its best efforts to take all actions necessary or advisable to maintain in effect the Continued Operations Instrument for a period of six (6) years from the Effective Date, and to maintain ICANN as a third party beneficiary thereof. If Registry Operator elects to obtain an irrevocable standby letter of credit but the term required above is unobtainable, Registry Operator may obtain a letter of credit with a one-year term and an “evergreen provision,” providing for annual extensions, without amendment, for an indefinite number of additional periods until the issuing bank informs ICANN of its final expiration or until ICANN releases the letter of credit as evidenced in writing, if the letter of credit otherwise meets the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof; provided, however, that if the issuing bank informs ICANN of the expiration of such letter of credit prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, such letter of credit must provide that ICANN is entitled to draw the funds secured by the letter of credit prior to such expiration. The letter of credit must require the issuing bank to give ICANN at least thirty (30) calendar days’ notice of any such expiration or non-renewal. If the letter of credit expires or is terminated at any time prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, Registry Operator will be required to obtain a replacement Continued Operations Instrument. ICANN may draw the funds under the original letter of credit, if the replacement Continued Operations Instrument is not in place prior to the expiration of the original letter of credit. Registry Operator shall provide to ICANN copies of all final documents relating to the Continued Operations Instrument and shall keep ICANN reasonably informed of material developments relating to the Continued Operations Instrument. Registry Operator shall not agree to, or permit, any amendment of, or waiver under, the Continued Operations Instrument or other documentation relating thereto without the prior written consent of ICANN (such consent not to be unreasonably withheld).

2. If, notwithstanding the use of best efforts by Registry Operator to satisfy its obligations under the preceding paragraph, the Continued Operations Instrument expires or is terminated by another party thereto, in whole or in part, for any reason, prior to the sixth anniversary of the Effective Date, Registry Operator shall promptly (i) notify ICANN of such expiration or termination and the reasons therefor and (ii) arrange for an alternative instrument that provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date (an "Alternative Instrument"). Any such Alternative Instrument shall be on terms no less favorable to ICANN than the Continued Operations Instrument and shall otherwise be in form and substance reasonably acceptable to ICANN.
3. Notwithstanding anything to the contrary contained in this Specification 8, at any time, Registry Operator may replace the Continued Operations Instrument with an Alternative Instrument that (i) provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date, and (ii) contains terms no less favorable to ICANN than the Continued Operations Instrument and is otherwise in form and substance reasonably acceptable to ICANN. In the event Registry Operator replaces the Continued Operations Instrument either pursuant to paragraph 2 or this paragraph 3, the terms of this Specification 8 shall no longer apply with respect to the original Continuing Operations Instrument, but shall thereafter apply with respect to such Alternative Instrument(s), and such instrument shall thereafter be considered the Continued Operations Instrument for purposes of this Agreement.

## SPECIFICATION 9

### REGISTRY OPERATOR CODE OF CONDUCT

1. In connection with the operation of the registry for the TLD, Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity, to the extent such party is engaged in the provision of Registry Services with respect to the TLD (each, a “Registry Related Party”), to:
  - a. directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services, unless comparable opportunities to qualify for such preferences or considerations are made available to all registrars on substantially similar terms and subject to substantially similar conditions;
  - b. register domain names in its own right, except for names registered through an ICANN accredited registrar; provided, however, that Registry Operator may (a) reserve names from registration pursuant to Section 2.6 of the Agreement and (b) may withhold from registration or allocate to Registry Operator up to one hundred (100) names pursuant to Section 3.2 of Specification 5;
  - c. register names in the TLD or sub-domains of the TLD based upon proprietary access to information about searches or resolution requests by consumers for domain names not yet registered (commonly known as, “front-running”);  
or
  - d. allow any Affiliated registrar to disclose Personal Data about registrants to Registry Operator or any Registry Related Party, except as reasonably necessary for the management and operations of the TLD, unless all unrelated third parties (including other registry operators) are given equivalent access to such user data on substantially similar terms and subject to substantially similar conditions.
2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will, or will cause such Registry Related Party to, ensure that such services are offered through a legal entity separate from Registry Operator, and maintain separate books of accounts with respect to its registrar or registrar-reseller operations.
3. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to

Registry Operator's compliance with this Code of Conduct, via email to an address to be provided by ICANN. (ICANN may specify in the future the form and contents of such reports or that the reports be delivered by other reasonable means.) Registry Operator agrees that ICANN may publicly post such results and certification; provided, however, ICANN shall not disclose Confidential Information contained in such results except in accordance with Section 7.15 of the Agreement.

4. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.
5. Nothing set forth herein shall limit the ability of Registry Operator or any Registry Related Party, to enter into arms-length transactions in the ordinary course of business with a registrar or reseller with respect to products and services unrelated in all respects to the TLD.
6. Registry Operator may request an exemption to this Code of Conduct, and such exemption may be granted by ICANN in ICANN's reasonable discretion, if Registry Operator demonstrates to ICANN's reasonable satisfaction that (i) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator for the exclusive use of Registry Operator or its Affiliates, (ii) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (iii) application of this Code of Conduct to the TLD is not necessary to protect the public interest.

## SPECIFICATION 10

### REGISTRY PERFORMANCE SPECIFICATIONS

#### 1. Definitions

- 1.1. **DNS.** Refers to the Domain Name System as specified in RFCs 1034, 1035, and related RFCs.
- 1.2. **DNSSEC proper resolution.** There is a valid DNSSEC chain of trust from the root trust anchor to a particular domain name, e.g., a TLD, a domain name registered under a TLD, etc.
- 1.3. **EPP.** Refers to the Extensible Provisioning Protocol as specified in RFC 5730 and related RFCs.
- 1.4. **IP address.** Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- 1.5. **Probes.** Network hosts used to perform (DNS, EPP, etc.) tests (see below) that are located at various global locations.
- 1.6. **RDDS.** Registration Data Directory Services refers to the collective of WHOIS and Web-based WHOIS services as defined in Specification 4 of this Agreement.
- 1.7. **RTT.** Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- 1.8. **SLR.** Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

#### 2. Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
<b>DNS</b>	DNS service availability	0 min downtime = 100% availability
	DNS name server availability	≤ 432 min of downtime (≈ 99%)
	TCP DNS resolution RTT	≤ 1500 ms, for at least 95% of the queries
	UDP DNS resolution RTT	≤ 500 ms, for at least 95% of the queries
	DNS update time	≤ 60 min, for at least 95% of the probes
<b>RDDS</b>	RDDS availability	≤ 864 min of downtime (≈ 98%)

	RDDS query RTT	≤ 2000 ms, for at least 95% of the queries
	RDDS update time	≤ 60 min, for at least 95% of the probes
<b>EPP</b>	EPP service availability	≤ 864 min of downtime (≈ 98%)
	EPP session-command RTT	≤ 4000 ms, for at least 90% of the commands
	EPP query-command RTT	≤ 2000 ms, for at least 90% of the commands
	EPP transform-command RTT	≤ 4000 ms, for at least 90% of the commands

Registry Operator is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. However, note that there is no provision for planned outages or similar periods of unavailable or slow service; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

### 3. DNS

- 3.1. **DNS service availability.** Refers to the ability of the group of listed-as-authoritative name servers of a particular domain name (e.g., a TLD), to answer DNS queries from DNS probes. For the service to be considered available at a particular moment, at least, two of the delegated name servers registered in the DNS must have successful results from “**DNS tests**” to each of their public-DNS registered “**IP addresses**” to which the name server resolves. If 51% or more of the DNS testing probes see the service as unavailable during a given time, the DNS service will be considered unavailable.
- 3.2. **DNS name server availability.** Refers to the ability of a public-DNS registered “**IP address**” of a particular name server listed as authoritative for a domain name, to answer DNS queries from an Internet user. All the public DNS-registered “**IP address**” of all name servers of the domain name being monitored shall be tested individually. If 51% or more of the DNS testing probes get undefined/unanswered results from “**DNS tests**” to a name server “**IP address**” during a given time, the name server “**IP address**” will be considered unavailable.
- 3.3. **UDP DNS resolution RTT.** Refers to the **RTT** of the sequence of two packets, the UDP DNS query and the corresponding UDP DNS response. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.4. **TCP DNS resolution RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the DNS response for only one DNS query. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.5. **DNS resolution RTT.** Refers to either “**UDP DNS resolution RTT**” or “**TCP DNS resolution RTT**”.

- 3.6. **DNS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, until the name servers of the parent domain name answer “**DNS queries**” with data consistent with the change made. This only applies for changes to DNS information.
- 3.7. **DNS test.** Means one non-recursive DNS query sent to a particular “**IP address**” (via UDP or TCP). If DNSSEC is offered in the queried DNS zone, for a query to be considered answered, the signatures must be positively verified against a corresponding DS record published in the parent zone or, if the parent is not signed, against a statically configured Trust Anchor. The answer to the query must contain the corresponding information from the Registry System, otherwise the query will be considered unanswered. A query with a “**DNS resolution RTT**” 5 times higher than the corresponding SLR, will be considered unanswered. The possible results to a DNS test are: a number in milliseconds corresponding to the “**DNS resolution RTT**” or, undefined/unanswered.
- 3.8. **Measuring DNS parameters.** Every minute, every DNS probe will make an UDP or TCP “**DNS test**” to each of the public-DNS registered “**IP addresses**” of the name servers of the domain name being monitored. If a “**DNS test**” result is undefined/unanswered, the tested IP will be considered unavailable from that probe until it is time to make a new test.
- 3.9. **Collating the results from DNS probes.** The minimum number of active testing probes to consider a measurement valid is 20 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 3.10. **Distribution of UDP and TCP queries.** DNS probes will send UDP or TCP “**DNS test**” approximating the distribution of these queries.
- 3.11. **Placement of DNS probes.** Probes for measuring DNS parameters shall be placed as near as possible to the DNS resolvers on the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

#### 4. **RDDS**

- 4.1. **RDDS availability.** Refers to the ability of all the RDDS services for the TLD, to respond to queries from an Internet user with appropriate data from the relevant Registry System. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.

- 4.2. **WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.3. **Web-based-WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registry Operator implements a multiple-step process to get to the information, only the last step shall be measured. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.4. **RDDS query RTT.** Refers to the collective of “**WHOIS query RTT**” and “**Web-based- WHOIS query RTT**”.
- 4.5. **RDDS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 4.6. **RDDS test.** Means one query sent to a particular “**IP address**” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the Registry System and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an **RTT** 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the **RTT** or undefined/unanswered.
- 4.7. **Measuring RDDS parameters.** Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “**IP addresses**” of the servers for each RDDS service of the TLD being monitored and make an “**RDDS test**” to each one. If an “**RDDS test**” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 4.8. **Collating the results from RDDS probes.** The minimum number of active testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 4.9. **Placement of RDDS probes.** Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 5. EPP



- 5.1. **EPP service availability.** Refers to the ability of the TLD EPP servers as a group, to respond to commands from the Registry accredited Registrars, who already have credentials to the servers. The response shall include appropriate data from the Registry System. An EPP command with “**EPP command RTT**” 5 times higher than the corresponding SLR will be considered as unanswered. If 51% or more of the EPP testing probes see the EPP service as unavailable during a given time, the EPP service will be considered unavailable.
- 5.2. **EPP session-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a session command plus the reception of the EPP response for only one EPP session command. For the login command it will include packets needed for starting the TCP session. For the logout command it will include packets needed for closing the TCP session. EPP session commands are those described in section 2.9.1 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.3. **EPP query-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a query command plus the reception of the EPP response for only one EPP query command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP query commands are those described in section 2.9.2 of EPP RFC 5730. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.4. **EPP transform-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a transform command plus the reception of the EPP response for only one EPP transform command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP transform commands are those described in section 2.9.3 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.5. **EPP command RTT.** Refers to “**EPP session-command RTT**”, “**EPP query-command RTT**” or “**EPP transform-command RTT**”.
- 5.6. **EPP test.** Means one EPP command sent to a particular “**IP address**” for one of the EPP servers. Query and transform commands, with the exception of “create”, shall be about existing objects in the Registry System. The response shall include appropriate data from the Registry System. The possible results to an EPP test are: a number in milliseconds corresponding to the “**EPP command RTT**” or undefined/unanswered.
- 5.7. **Measuring EPP parameters.** Every 5 minutes, EPP probes will select one “**IP address**” of the EPP servers of the TLD being monitored and make an

“**EPP test**”; every time they should alternate between the 3 different types of commands and between the commands inside each category. If an “**EPP test**” result is undefined/unanswered, the EPP service will be considered as unavailable from that probe until it is time to make a new test.

5.8. **Collating the results from EPP probes.** The minimum number of active testing probes to consider a measurement valid is 5 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.

5.9. **Placement of EPP probes.** Probes for measuring EPP parameters shall be placed inside or close to Registrars points of access to the Internet across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 6. **Emergency Thresholds**

The following matrix presents the emergency thresholds that, if reached by any of the services mentioned above for a TLD, would cause the emergency transition of the Registry for the TLD as specified in Section 2.13 of this Agreement.

<b>Critical Function</b>	<b>Emergency Threshold</b>
DNS Service (all servers)	4-hour total downtime / week
DNSSEC proper resolution	4-hour total downtime / week
EPP	24-hour total downtime / week
RDDS (WHOIS/Web-based WHOIS)	24-hour total downtime / week
Data Escrow	Breach of the Registry Agreement as described in Specification 2, Part B, Section 6.

## 7. **Emergency Escalation**

Escalation is strictly for purposes of notifying and investigating possible or potential issues in relation to monitored services. The initiation of any escalation and the subsequent cooperative investigations do not in themselves imply that a monitored service has failed its performance requirements.

Escalations shall be carried out between ICANN and Registry Operators, Registrars and Registry Operator, and Registrars and ICANN. Registry Operators and ICANN must provide said emergency operations departments. Current contacts must be maintained between ICANN and Registry Operators and published to Registrars, where relevant to their role in

escalations, prior to any processing of an Emergency Escalation by all related parties, and kept current at all times.

### 7.1. **Emergency Escalation initiated by ICANN**

Upon reaching 10% of the Emergency thresholds as described in Section 6 of this Specification, ICANN's emergency operations will initiate an Emergency Escalation with the relevant Registry Operator. An Emergency Escalation consists of the following minimum elements: electronic (i.e., email or SMS) and/or voice contact notification to the Registry Operator's emergency operations department with detailed information concerning the issue being escalated, including evidence of monitoring failures, cooperative troubleshooting of the monitoring failure between ICANN staff and the Registry Operator, and the commitment to begin the process of rectifying issues with either the monitoring service or the service being monitoring.

### 7.2. **Emergency Escalation initiated by Registrars**

Registry Operator will maintain an emergency operations department prepared to handle emergency requests from registrars. In the event that a registrar is unable to conduct EPP transactions with the registry for the TLD because of a fault with the Registry Service and is unable to either contact (through ICANN mandated methods of communication) the Registry Operator, or the Registry Operator is unable or unwilling to address the fault, the registrar may initiate an emergency escalation to the emergency operations department of ICANN. ICANN then may initiate an emergency escalation with the Registry Operator as explained above.

### 7.3. **Notifications of Outages and Maintenance**

In the event that a Registry Operator plans maintenance, it will provide notice to the ICANN emergency operations department, at least, twenty-four (24) hours ahead of that maintenance. ICANN's emergency operations department will note planned maintenance times, and suspend Emergency Escalation services for the monitored services during the expected maintenance outage period.

If Registry Operator declares an outage, as per its contractual obligations with ICANN, on services under a service level agreement and performance requirements, it will notify the ICANN emergency operations department. During that declared outage, ICANN's emergency operations department will note and suspend emergency escalation services for the monitored services involved.

## 8. **Covenants of Performance Measurement**

8.1. **No interference.** Registry Operator shall not interfere with measurement **Probes**, including any form of preferential treatment of the requests for the monitored services. Registry Operator shall respond to the measurement tests described in this Specification as it would to any other request from an Internet user (for DNS and RDDS) or registrar (for EPP).

8.2. **ICANN testing registrar.** Registry Operator agrees that ICANN will have a testing registrar used for purposes of measuring the **SLRs** described above. Registry Operator agrees to not provide any differentiated treatment for the testing registrar other than no billing of the transactions. ICANN shall not use the registrar for registering domain names (or other registry objects) for itself or others, except for the purposes of verifying contractual compliance with the conditions described in this Agreement.

## SPECIFICATION 11

### PUBLIC INTEREST COMMITMENTS

1. Registry Operator will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on 27 June 2013 in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. (Intentionally omitted. Registry Operator has not included commitments, statements of intent or business plans provided for in its application to ICANN for the TLD.)
3. Registry Operator agrees to perform the following specific public interest commitments, which commitments shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at <http://www.icann.org/en/resources/registries/picdrp>), which may be revised in immaterial respects by ICANN from time to time (the "PICDRP"). Registry Operator shall comply with the PICDRP. Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PICDRP panel and to be bound by any such determination.
  - a. Registry Operator will include a provision in its Registry-Registrar Agreement that requires Registrars to include in their Registration Agreements a provision prohibiting Registered Name Holders from distributing malware, abusively operating botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity contrary to applicable law, and providing (consistent with applicable law and any related procedures) consequences for such activities including suspension of the domain name.
  - b. Registry Operator will periodically conduct a technical analysis to assess whether domains in the TLD are being used to perpetrate security threats, such as pharming, phishing, malware, and botnets. Registry Operator will maintain statistical reports on the number of security threats identified and the actions taken as a result of the periodic security checks. Registry Operator will maintain these reports for the term of the Agreement unless a shorter period is required by law or approved by ICANN, and will provide them to ICANN upon request.
  - c. Registry Operator will operate the TLD in a transparent manner consistent with general principles of openness and non-discrimination by establishing, publishing and adhering to clear registration policies.

- d. Registry Operator of a “Generic String” TLD may not impose eligibility criteria for registering names in the TLD that limit registrations exclusively to a single person or entity and/or that person’s or entity’s “Affiliates” (as defined in Section 2.9(c) of the Registry Agreement). “Generic String” means a string consisting of a word or term that denominates or describes a general class of goods, services, groups, organizations or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others.

# **EXHIBIT AC-5**

CONFIDENTIAL

**Assignment and Assumption of .meet Registry Agreement**

This Assignment and Assumption of the .meet Registry Agreement (the "Agreement") entered into as of January 16, 2014, by and between the Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN") and Afilias Limited, a company formed under the laws of the Republic of Ireland ("Afilias"), with offices at 2 La Touche House, IFSC, Dublin-1, Ireland, is entered into as of the date of the last signature below (the "Effective Date"), by and between Afilias and Charleston Road Registry Inc. d/b/a Google Registry, a Delaware corporation ("CRR"), having a place of business at 1600 Amphitheatre Parkway, Mountain View, CA 94043. Each party will be referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, on November 26, 2014, ICANN acknowledged and did not object to the assignment of the Agreement to CRR subject to (i) CRR's agreement to assume and perform all obligations of Afilias under the Agreement; and (ii) the Parties' acknowledgement that ICANN's consent to the assignment does not waive any rights ICANN may have to take action with respect to any prior breaches of the Agreement by Afilias; and

WHEREAS, the Parties hereby agree to the assignment of the Agreement.

NOW THEREFORE, in consideration of the mutual promises set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Parties hereby agree to the transfer and assignment by Afilias of all of its rights, title and interest in and to the Agreement to CRR.
2. CRR hereby accepts the assignment of the Agreement and assumes all liabilities of Afilias relating thereto, whether contingent or accrued, and agrees to assume and perform all of the obligations of Afilias under the Agreement.
3. The Parties hereby agree that CRR will be substituted for Afilias for purposes of the Agreement.
4. The Parties hereby acknowledge that ICANN's consent to the assignment does not waive any rights ICANN may have to take action with respect to any prior breaches of the Agreement by Afilias.
5. The Parties each hereby agree on demand to make, execute, acknowledge and deliver any and all further documents and instruments, and to do and cause to be done all such further acts, reasonably requested by the other Party to evidence and/or in any manner to perfect the transfer and assignment to CRR of the Agreement.
6. This Assignment and Assumption Agreement is governed by California law, excluding California's choice of law rules. FOR ANY DISPUTE RELATING TO THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, THE PARTIES CONSENT TO PERSONAL JURISDICTION IN, AND THE EXCLUSIVE VENUE OF, THE COURTS IN SANTA CLARA COUNTY, CALIFORNIA AND HEREBY WAIVE ANY OBJECTIONS OR EXCEPTIONS TO THAT COURT'S EXERCISE OF PERSONAL JURISDICTION OVER





CONFIDENTIAL

THEM SOLELY FOR THE PURPOSE OF ADJUDICATING DISPUTES ARISING UNDER THIS ASSIGNMENT AND ASSUMPTION AGREEMENT.

IN WITNESS WHEREOF, the Parties have executed this Assignment and Assumption Agreement as of the Effective Date.

CHARLESTON ROAD REGISTRY INC. D/B/A GOOGLE REGISTRY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

  
Omid Kordestani  
Authorized Signatory

2015.02.06  
17:03:59  
-08'00'

AFILIAS LIMITED

By: \_\_\_\_\_  
Name: HOW SPIERS  
Title: CHIEF FINANCIAL OFFICER  
Date: FEBRUARY 6, 2015



# **EXHIBIT AC-6**

# .theatre Registry Agreement

07 May 2015

On 7 May 2015, ICANN (Internet Corporation for Assigned Names and Numbers) and KBE gTLD (generic Top Level Domain) Holding Inc, entered into a Registry Agreement under which KBE gTLD (generic Top Level Domain) Holding Inc, operated the .theatre top-level domain. Effective 05 June 2015, the Registry Agreement was assigned by KBE gTLD (generic Top Level Domain) Holding Inc to XYZ.COM LLC which now operates the .theatre top-level domain. The agreement may be viewed by following the links below:

## Registry Agreement

- [DOCX \(/sites/default/files/tlds/theatre/theatre-agmt-docx-07may15-en.docx\)](#) | [Redline \(/sites/default/files/tlds/theatre/theatre-agmt-docx-redline-07may15-en.docx\)](#)
- [PDF \(/sites/default/files/tlds/theatre/theatre-agmt-pdf-07may15-en.pdf\)](#) | [Redline \(/sites/default/files/tlds/theatre/theatre-agmt-pdf-redline-07may15-en.pdf\)](#)
- [HTML \(/sites/default/files/tlds/theatre/theatre\\_agmt\\_html\\_07may15\\_en.htm\)](#) | [Redline \(/sites/default/files/tlds/theatre/theatre-agmt-html-redline\\_07may15\\_en.htm\)](#)

## 2017 Global Amendment to the base Registry Agreement

The 2017 Global Amendment to the base New gTLD (generic Top Level Domain) Registry Agreement is effective as of 31 July 2017. For additional information, please visit the [Global Amendment webpage \(/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en\)](#).

- [DOCX \(/https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx\)](#) | [PDF \(/https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf\)](#) | [HTML](#)

[\(<https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html>\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html)

## Assignment and Assumption Agreement

KBE gTLD (generic Top Level Domain) Holding Inc to XYZ.COM LLC (05 June 2015)

- [PDF \(/sites/default/files/tlds/theatre/theatre-assign-pdf-05jun15-en.pdf\)](/sites/default/files/tlds/theatre/theatre-assign-pdf-05jun15-en.pdf)

## Authorization(s) for Release of Reserved Names

- [All Digit/Digit, Letter/Digit, and Digit/Letter Two-Character ASCII Labels at the Second Level \(/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf\)](/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf) (01 December 2014)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-28sep15-en.pdf\)](/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-28sep15-en.pdf) (28 September 2015)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-03aug16-en.pdf\)](/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-03aug16-en.pdf) (03 August 2016)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-01sep16-en.pdf\)](/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-01sep16-en.pdf) (01 September 2016)
- [Authorization for Release of Letter/Letter Two-Character ASCII Labels at the Second Level \(/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf\)](/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf) (13 December 2016)

## Updates to General Notices Contact (24 August 2015)

- [PDF \(/sites/default/files/tlds/theatre/theatre-contacts-24aug15-en.pdf\)](/sites/default/files/tlds/theatre/theatre-contacts-24aug15-en.pdf)

## Amendments

- [Amendment No.4 \(/sites/default/files/tlds/theatre/theatre-amend-4-pdf-28oct17-en.pdf\)](/sites/default/files/tlds/theatre/theatre-amend-4-pdf-28oct17-en.pdf) (28 October 2017)
- [Amendment No.3 \(/sites/default/files/tlds/theatre/theatre-amend-3-pdf-15aug17-en.pdf\)](/sites/default/files/tlds/theatre/theatre-amend-3-pdf-15aug17-en.pdf) (15 August 2017)

- [Amendment No.2 \(/sites/default/files/tlds/theatre/theatre-amend-2-pdf-01mar16-en.pdf\)](/sites/default/files/tlds/theatre/theatre-amend-2-pdf-01mar16-en.pdf) (01 March 2016)
- [Amendment No.1 \(/sites/default/files/tlds/theatre/theatre-amend-1-pdf-31aug15-en.pdf\)](/sites/default/files/tlds/theatre/theatre-amend-1-pdf-31aug15-en.pdf) (31 August 2015)

Note: If multiple versions are provided above, the official document is the Word version. The HTML version is machine-generated and may not display correctly.

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## Name Collision Occurrence Management Documents

- [Name Collision Occurrence Assessment \(/resources/pages/registries-2012-02-25-en#name-collision-assessment\)](/resources/pages/registries-2012-02-25-en#name-collision-assessment)
- 

## TLD (Top Level Domain) Startup Information

- [TLD \(Top Level Domain\) Startup Information Page \(http://newgtlds.icann.org/en/program-status/sunrise-claims-periods/theatre\)](http://newgtlds.icann.org/en/program-status/sunrise-claims-periods/theatre)
- 
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## Registry Agreement Archive

### Authorization(s) for Release of Reserved Names

- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-14mar16-en.pdf\)](/sites/default/files/tlds/theatre/theatre-auth-ltr-ltr-14mar16-en.pdf) (14 March 2016)

# **EXHIBIT AC-7**

## REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this "Agreement") is entered into as of \_\_\_\_\_ (the "Effective Date") between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN"), and KBE gTLD Holding Inc, a Delaware corporation ("Registry Operator").

### ARTICLE 1.

#### DELEGATION AND OPERATION OF TOP-LEVEL DOMAIN; REPRESENTATIONS AND WARRANTIES

**1.1 Domain and Designation.** The Top-Level Domain to which this Agreement applies is **.theatre** (the "TLD"). Upon the Effective Date and until the earlier of the expiration of the Term (as defined in Section 4.1) or the termination of this Agreement pursuant to Article 4, ICANN designates Registry Operator as the registry operator for the TLD, subject to the requirements and necessary approvals for delegation of the TLD and entry into the root-zone.

**1.2 Technical Feasibility of String.** While ICANN has encouraged and will continue to encourage universal acceptance of all top-level domain strings across the Internet, certain top-level domain strings may encounter difficulty in acceptance by ISPs and webhosters and/or validation by web applications. Registry Operator shall be responsible for ensuring to its satisfaction the technical feasibility of the TLD string prior to entering into this Agreement.

#### **1.3 Representations and Warranties.**

(a) Registry Operator represents and warrants to ICANN as follows:

(i) all material information provided and statements made in the registry TLD application, and statements made in writing during the negotiation of this Agreement, were true and correct in all material respects at the time made, and such information or statements continue to be true and correct in all material respects as of the Effective Date except as otherwise previously disclosed in writing by Registry Operator to ICANN;

(ii) Registry Operator is duly organized, validly existing and in good standing under the laws of the jurisdiction set forth in the preamble hereto, and Registry Operator has all requisite power and authority and has obtained all necessary approvals to enter into and duly execute and deliver this Agreement; and

(iii) Registry Operator has delivered to ICANN a duly executed instrument that secures the funds required to perform registry functions for the TLD in the event of the termination or expiration of this Agreement (the "Continued Operations Instrument"), and such instrument is a binding

obligation of the parties thereto, enforceable against the parties thereto in accordance with its terms.

(b) ICANN represents and warrants to Registry Operator that ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America. ICANN has all requisite power and authority and has obtained all necessary corporate approvals to enter into and duly execute and deliver this Agreement.

## ARTICLE 2.

### COVENANTS OF REGISTRY OPERATOR

Registry Operator covenants and agrees with ICANN as follows:

**2.1 Approved Services; Additional Services.** Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in the Specification 6 attached hereto ("Specification 6") and such other Registry Services set forth on Exhibit A (collectively, the "Approved Services"). If Registry Operator desires to provide any Registry Service that is not an Approved Service or is a material modification to an Approved Service (each, an "Additional Service"), Registry Operator shall submit a request for approval of such Additional Service pursuant to the Registry Services Evaluation Policy at <http://www.icann.org/en/registries/rsep/rsep.html>, as such policy may be amended from time to time in accordance with the bylaws of ICANN (as amended from time to time, the "ICANN Bylaws") applicable to Consensus Policies (the "RSEP"). Registry Operator may offer Additional Services only with the written approval of ICANN, and, upon any such approval, such Additional Services shall be deemed Registry Services under this Agreement. In its reasonable discretion, ICANN may require an amendment to this Agreement reflecting the provision of any Additional Service which is approved pursuant to the RSEP, which amendment shall be in a form reasonably acceptable to the parties.

**2.2 Compliance with Consensus Policies and Temporary Policies.** Registry Operator shall comply with and implement all Consensus Policies and Temporary Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with the ICANN Bylaws, provided such future Consensus Policies and Temporary Policies are adopted in accordance with the procedure and relate to those topics and subject to those limitations set forth in Specification 1 attached hereto ("Specification 1").

**2.3 Data Escrow.** Registry Operator shall comply with the registry data escrow procedures set forth in Specification 2 attached hereto ("Specification 2").

**2.4 Monthly Reporting.** Within twenty (20) calendar days following the end of each calendar month, Registry Operator shall deliver to ICANN reports in the format set forth in Specification 3 attached hereto ("Specification 3").



**2.5 Publication of Registration Data.** Registry Operator shall provide public access to registration data in accordance with Specification 4 attached hereto (“Specification 4”).

**2.6 Reserved Names.** Except to the extent that ICANN otherwise expressly authorizes in writing, Registry Operator shall comply with the requirements set forth in Specification 5 attached hereto (“Specification 5”). Registry Operator may at any time establish or modify policies concerning Registry Operator’s ability to reserve (i.e., withhold from registration or allocate to Registry Operator, but not register to third parties, delegate, use, activate in the DNS or otherwise make available) or block additional character strings within the TLD at its discretion. Except as specified in Specification 5, if Registry Operator is the registrant for any domain names in the registry TLD, such registrations must be through an ICANN accredited registrar, and will be considered Transactions (as defined in Section 6.1) for purposes of calculating the Registry-level transaction fee to be paid to ICANN by Registry Operator pursuant to Section 6.1.

**2.7 Registry Interoperability and Continuity.** Registry Operator shall comply with the Registry Interoperability and Continuity Specifications as set forth in Specification 6 attached hereto (“Specification 6”).

**2.8 Protection of Legal Rights of Third Parties.** Registry Operator must specify, and comply with, the processes and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties as set forth Specification 7 attached hereto (“Specification 7”). Registry Operator may, at its election, implement additional protections of the legal rights of third parties. Any changes or modifications to the process and procedures required by Specification 7 following the Effective Date must be approved in advance by ICANN in writing. Registry Operator must comply with all remedies imposed by ICANN pursuant to Section 2 of Specification 7, subject to Registry Operator’s right to challenge such remedies as set forth in the applicable procedure described therein. Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.

**2.9 Registrars.**

(a) All domain name registrations in the TLD must be registered through an ICANN accredited registrar; provided, that Registry Operator need not use a registrar if it registers names in its own name in order to withhold such names from delegation or use in accordance with Section 2.6. Subject to the requirements of Specification 11, Registry Operator must provide non-discriminatory access to Registry Services to all ICANN accredited registrars that enter into and are in compliance with the registry-registrar agreement for the TLD; provided that Registry Operator may establish non-discriminatory criteria for qualification to register names in the TLD that are reasonably related to the proper functioning of the TLD. Registry Operator must use a uniform non-discriminatory

agreement with all registrars authorized to register names in the TLD (the “Registry-Registrar Agreement”). Registry Operator may amend the Registry-Registrar Agreement from time to time; provided, however, that any material revisions thereto must be approved by ICANN before any such revisions become effective and binding on any registrar. Registry Operator will provide ICANN and all registrars authorized to register names in the TLD at least fifteen (15) calendar days written notice of any revisions to the Registry-Registrar Agreement before any such revisions become effective and binding on any registrar. During such period, ICANN will determine whether such proposed revisions are immaterial, potentially material or material in nature. If ICANN has not provided Registry Operator with notice of its determination within such fifteen (15) calendar-day period, ICANN shall be deemed to have determined that such proposed revisions are immaterial in nature. If ICANN determines, or is deemed to have determined under this Section 2.9(a), that such revisions are immaterial, then Registry Operator may adopt and implement such revisions. If ICANN determines such revisions are either material or potentially material, ICANN will thereafter follow its procedure regarding review and approval of changes to Registry-Registrar Agreements at <http://www.icann.org/en/resources/registries/rra-amendment-procedure>, and such revisions may not be adopted and implemented until approved by ICANN.

(b) If Registry Operator (i) becomes an Affiliate or reseller of an ICANN accredited registrar, or (ii) subcontracts the provision of any Registry Services to an ICANN accredited registrar, registrar reseller or any of their respective Affiliates, then, in either such case of (i) or (ii) above, Registry Operator will give ICANN prompt notice of the contract, transaction or other arrangement that resulted in such affiliation, reseller relationship or subcontract, as applicable, including, if requested by ICANN, copies of any contract relating thereto; provided, that ICANN will treat such contract or related documents that are appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15 (except that ICANN may disclose such contract and related documents to relevant competition authorities). ICANN reserves the right, but not the obligation, to refer any such contract, related documents, transaction or other arrangement to relevant competition authorities in the event that ICANN determines that such contract, related documents, transaction or other arrangement might raise significant competition issues under applicable law. If feasible and appropriate under the circumstances, ICANN will give Registry Operator advance notice prior to making any such referral to a competition authority.

(c) For the purposes of this Agreement: (i) “Affiliate” means a person or entity that, directly or indirectly, through one or more intermediaries, or in combination with one or more other persons or entities, controls, is controlled by, or is under common control with, the person or entity specified, and (ii) “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.

## **2.10 Pricing for Registry Services.**

(a) With respect to initial domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying or other programs which had the effect of reducing the price charged to registrars, unless such refunds, rebates, discounts, product tying or other programs are of a limited duration that is clearly and conspicuously disclosed to the registrar when offered) of no less than thirty (30) calendar days. Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(b) With respect to renewal of domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying, Qualified Marketing Programs or other programs which had the effect of reducing the price charged to registrars) of no less than one hundred eighty (180) calendar days. Notwithstanding the foregoing sentence, with respect to renewal of domain name registrations: (i) Registry Operator need only provide thirty (30) calendar days notice of any price increase if the resulting price is less than or equal to (A) for the period beginning on the Effective Date and ending twelve (12) months following the Effective Date, the initial price charged for registrations in the TLD, or (B) for subsequent periods, a price for which Registry Operator provided a notice pursuant to the first sentence of this Section 2.10(b) within the twelve (12) month period preceding the effective date of the proposed price increase; and (ii) Registry Operator need not provide notice of any price increase for the imposition of the Variable Registry-Level Fee set forth in Section 6.3. Registry Operator shall offer registrars the option to obtain domain name registration renewals at the current price (i.e., the price in place prior to any noticed increase) for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(c) In addition, Registry Operator must have uniform pricing for renewals of domain name registrations ("Renewal Pricing"). For the purposes of determining Renewal Pricing, the price for each domain registration renewal must be identical to the price of all other domain name registration renewals in place at the time of such renewal, and such price must take into account universal application of any refunds, rebates, discounts, product tying or other programs in place at the time of renewal. The foregoing requirements of this Section 2.10(c) shall not apply for (i) purposes of determining Renewal Pricing if the registrar has provided Registry Operator with documentation that demonstrates that the applicable registrant expressly agreed in its registration agreement with registrar to higher Renewal Pricing at the time of the initial registration of the domain name following clear and conspicuous disclosure of such Renewal Pricing to such registrant, and (ii) discounted Renewal Pricing pursuant to a Qualified Marketing Program (as defined below). The parties acknowledge that the purpose of this Section 2.10(c) is to prohibit abusive and/or discriminatory Renewal Pricing practices imposed by Registry

Operator without the written consent of the applicable registrant at the time of the initial registration of the domain and this Section 2.10(c) will be interpreted broadly to prohibit such practices. For purposes of this Section 2.10(c), a “Qualified Marketing Program” is a marketing program pursuant to which Registry Operator offers discounted Renewal Pricing, provided that each of the following criteria is satisfied: (i) the program and related discounts are offered for a period of time not to exceed one hundred eighty (180) calendar days (with consecutive substantially similar programs aggregated for purposes of determining the number of calendar days of the program), (ii) all ICANN accredited registrars are provided the same opportunity to qualify for such discounted Renewal Pricing; and (iii) the intent or effect of the program is not to exclude any particular class(es) of registrations (e.g., registrations held by large corporations) or increase the renewal price of any particular class(es) of registrations. Nothing in this Section 2.10(c) shall limit Registry Operator’s obligations pursuant to Section 2.10(b).

(d) Registry Operator shall provide public query-based DNS lookup service for the TLD (that is, operate the Registry TLD zone servers) at its sole expense.

## **2.11 Contractual and Operational Compliance Audits.**

(a) ICANN may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct, contractual compliance audits to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. Such audits shall be tailored to achieve the purpose of assessing compliance, and ICANN will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by ICANN, and (b) use commercially reasonable efforts to conduct such audit during regular business hours and in such a manner as to not unreasonably disrupt the operations of Registry Operator. As part of such audit and upon request by ICANN, Registry Operator shall timely provide all responsive documents, data and any other information reasonably necessary to demonstrate Registry Operator’s compliance with this Agreement. Upon no less than ten (10) calendar days notice (unless otherwise agreed to by Registry Operator), ICANN may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. ICANN will treat any information obtained in connection with such audits that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15.

(b) Any audit conducted pursuant to Section 2.11(a) will be at ICANN’s expense, unless (i) Registry Operator (A) controls, is controlled by, is under common control or is otherwise Affiliated with, any ICANN accredited registrar or registrar reseller or any of their respective Affiliates, or (B) has subcontracted the provision of Registry Services to an ICANN accredited registrar or registrar reseller or any of their respective Affiliates, and, in either case of (A) or (B) above, the audit relates to Registry Operator’s compliance with Section 2.14, in which case Registry Operator shall reimburse ICANN for

all reasonable costs and expenses associated with the portion of the audit related to Registry Operator's compliance with Section 2.14, or (ii) the audit is related to a discrepancy in the fees paid by Registry Operator hereunder in excess of 5% in a given quarter to ICANN's detriment, in which case Registry Operator shall reimburse ICANN for all reasonable costs and expenses associated with the entirety of such audit. In either such case of (i) or (ii) above, such reimbursement will be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(c) Notwithstanding Section 2.11(a), if Registry Operator is found not to be in compliance with its representations and warranties contained in Article 1 of this Agreement or its covenants contained in Article 2 of this Agreement in two consecutive audits conducted pursuant to this Section 2.11, ICANN may increase the number of such audits to one per calendar quarter.

(d) Registry Operator will give ICANN immediate notice of Registry Operator's knowledge of the commencement of any of the proceedings referenced in Section 4.3(d) or the occurrence of any of the matters specified in Section 4.3(f).

**2.12 Continued Operations Instrument.** Registry Operator shall comply with the terms and conditions relating to the Continued Operations Instrument set forth in Specification 8 attached hereto ("Specification 8").

**2.13 Emergency Transition.** Registry Operator agrees that, in the event that any of the emergency thresholds for registry functions set forth in Section 6 of Specification 10 is reached, ICANN may designate an emergency interim registry operator of the registry for the TLD (an "Emergency Operator") in accordance with ICANN's registry transition process (available at <<http://www.icann.org/en/resources/registries/transition-processes>>) (as the same may be amended from time to time, the "Registry Transition Process") until such time as Registry Operator has demonstrated to ICANN's reasonable satisfaction that it can resume operation of the registry for the TLD without the reoccurrence of such failure. Following such demonstration, Registry Operator may transition back into operation of the registry for the TLD pursuant to the procedures set out in the Registry Transition Process, provided that Registry Operator pays all reasonable costs incurred (i) by ICANN as a result of the designation of the Emergency Operator and (ii) by the Emergency Operator in connection with the operation of the registry for the TLD, which costs shall be documented in reasonable detail in records that shall be made available to Registry Operator. In the event ICANN designates an Emergency Operator pursuant to this Section 2.13 and the Registry Transition Process, Registry Operator shall provide ICANN or any such Emergency Operator with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such Emergency Operator. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event that an Emergency Operator is designated pursuant to this Section 2.13. In addition, in the



event of such failure, ICANN shall retain and may enforce its rights under the Continued Operations Instrument.

**2.14 Registry Code of Conduct.** In connection with the operation of the registry for the TLD, Registry Operator shall comply with the Registry Code of Conduct as set forth in Specification 9 attached hereto (“Specification 9”).

**2.15 Cooperation with Economic Studies.** If ICANN initiates or commissions an economic study on the impact or functioning of new generic top-level domains on the Internet, the DNS or related matters, Registry Operator shall reasonably cooperate with such study, including by delivering to ICANN or its designee conducting such study all data related to the operation of the TLD reasonably necessary for the purposes of such study requested by ICANN or its designee, provided, that Registry Operator may withhold (a) any internal analyses or evaluations prepared by Registry Operator with respect to such data and (b) any data to the extent that the delivery of such data would be in violation of applicable law. Any data delivered to ICANN or its designee pursuant to this Section 2.15 that is appropriately marked as confidential (as required by Section 7.15) shall be treated as Confidential Information of Registry Operator in accordance with Section 7.15, provided that, if ICANN aggregates and makes anonymous such data, ICANN or its designee may disclose such data to any third party. Following completion of an economic study for which Registry Operator has provided data, ICANN will destroy all data provided by Registry Operator that has not been aggregated and made anonymous.

**2.16 Registry Performance Specifications.** Registry Performance Specifications for operation of the TLD will be as set forth in Specification 10 attached hereto (“Specification 10”). Registry Operator shall comply with such Performance Specifications and, for a period of at least one (1) year, shall keep technical and operational records sufficient to evidence compliance with such specifications for each calendar year during the Term.

**2.17 Additional Public Interest Commitments.** Registry Operator shall comply with the public interest commitments set forth in Specification 11 attached hereto (“Specification 11”).

**2.18 Personal Data.** Registry Operator shall (i) notify each ICANN-accredited registrar that is a party to the registry-registrar agreement for the TLD of the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to Registry Operator by such registrar is collected and used under this Agreement or otherwise and the intended recipients (or categories of recipients) of such Personal Data, and (ii) require such registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. Registry Operator shall take reasonable steps to protect Personal Data collected from such registrar from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

## ARTICLE 3.

### COVENANTS OF ICANN

ICANN covenants and agrees with Registry Operator as follows:

**3.1 Open and Transparent.** Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

**3.2 Equitable Treatment.** ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

**3.3 TLD Nameservers.** ICANN will use commercially reasonable efforts to ensure that any changes to the TLD nameserver designations submitted to ICANN by Registry Operator (in a format and with required technical elements specified by ICANN at <http://www.iana.org/domains/root/> will be implemented by ICANN within seven (7) calendar days or as promptly as feasible following technical verifications.

**3.4 Root-zone Information Publication.** ICANN's publication of root-zone contact information for the TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN at <http://www.iana.org/domains/root/>.

**3.5 Authoritative Root Database.** To the extent that ICANN is authorized to set policy with regard to an authoritative root server system (the "Authoritative Root Server System"), ICANN shall use commercially reasonable efforts to (a) ensure that the authoritative root will point to the top-level domain nameservers designated by Registry Operator for the TLD, (b) maintain a stable, secure, and authoritative publicly available database of relevant information about the TLD, in accordance with ICANN publicly available policies and procedures, and (c) coordinate the Authoritative Root Server System so that it is operated and maintained in a stable and secure manner; provided, that ICANN shall not be in breach of this Agreement and ICANN shall have no liability in the event that any third party (including any governmental entity or internet service provider) blocks or restricts access to the TLD in any jurisdiction.

## ARTICLE 4.

### TERM AND TERMINATION

**4.1 Term.** The term of this Agreement will be ten (10) years from the Effective Date (as such term may be extended pursuant to Section 4.2, the "Term").

## **4.2 Renewal.**

(a) This Agreement will be renewed for successive periods of ten (10) years upon the expiration of the initial Term set forth in Section 4.1 and each successive Term, unless:

(i) Following notice by ICANN to Registry Operator of a fundamental and material breach of Registry Operator's covenants set forth in Article 2 or breach of its payment obligations under Article 6 of this Agreement, which notice shall include with specificity the details of the alleged breach, and such breach has not been cured within thirty (30) calendar days of such notice, (A) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator has been in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (B) Registry Operator has failed to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction; or

(ii) During the then current Term, Registry Operator shall have been found by an arbitrator (pursuant to Section 5.2 of this Agreement) or a court of competent jurisdiction on at least three (3) separate occasions to have been in (A) fundamental and material breach (whether or not cured) of Registry Operator's covenants set forth in Article 2 or (B) breach of its payment obligations under Article 6 of this Agreement.

(b) Upon the occurrence of the events set forth in Section 4.2(a) (i) or (ii), the Agreement shall terminate at the expiration of the then-current Term.

## **4.3 Termination by ICANN.**

(a) ICANN may, upon notice to Registry Operator, terminate this Agreement if: (i) Registry Operator fails to cure (A) any fundamental and material breach of Registry Operator's representations and warranties set forth in Article 1 or covenants set forth in Article 2, or (B) any breach of Registry Operator's payment obligations set forth in Article 6 of this Agreement, each within thirty (30) calendar days after ICANN gives Registry Operator notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (iii) Registry Operator fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) ICANN may, upon notice to Registry Operator, terminate this Agreement if Registry Operator fails to complete all testing and procedures (identified by ICANN in writing to Registry Operator prior to the date hereof) for delegation of the TLD



into the root zone within twelve (12) months of the Effective Date. Registry Operator may request an extension for up to additional twelve (12) months for delegation if it can demonstrate, to ICANN's reasonable satisfaction, that Registry Operator is working diligently and in good faith toward successfully completing the steps necessary for delegation of the TLD. Any fees paid by Registry Operator to ICANN prior to such termination date shall be retained by ICANN in full.

(c) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator fails to cure a material breach of Registry Operator's obligations set forth in Section 2.12 of this Agreement within thirty (30) calendar days of delivery of notice of such breach by ICANN, or if the Continued Operations Instrument is not in effect for greater than sixty (60) consecutive calendar days at any time following the Effective Date, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in material breach of such covenant, and (iii) Registry Operator fails to cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(d) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator makes an assignment for the benefit of creditors or similar act, (ii) attachment, garnishment or similar proceedings are commenced against Registry Operator, which proceedings are a material threat to Registry Operator's ability to operate the registry for the TLD, and are not dismissed within sixty (60) calendar days of their commencement, (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registry Operator or maintains control over any of Registry Operator's property, (iv) execution is levied upon any material property of Registry Operator, (v) proceedings are instituted by or against Registry Operator under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within sixty (60) calendar days of their commencement, or (vi) Registry Operator files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations or the operation of the TLD.

(e) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to Section 2 of Specification 7 or Sections 2 and 3 of Specification 11, subject to Registry Operator's right to challenge such termination as set forth in the applicable procedure described therein.

(f) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator knowingly employs any officer who is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) calendar days of Registry Operator's knowledge of the foregoing, or (ii) any member of Registry Operator's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of

competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registry Operator's board of directors or similar governing body within thirty (30) calendar days of Registry Operator's knowledge of the foregoing.

(g) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement as specified in Section 7.5.

#### **4.4 Termination by Registry Operator.**

(a) Registry Operator may terminate this Agreement upon notice to ICANN if (i) ICANN fails to cure any fundamental and material breach of ICANN's covenants set forth in Article 3, within thirty (30) calendar days after Registry Operator gives ICANN notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that ICANN is in fundamental and material breach of such covenants, and (iii) ICANN fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) Registry Operator may terminate this Agreement for any reason upon one hundred eighty (180) calendar day advance notice to ICANN.

**4.5 Transition of Registry upon Termination of Agreement.** Upon expiration of the Term pursuant to Section 4.1 or Section 4.2 or any termination of this Agreement pursuant to Section 4.3 or Section 4.4, Registry Operator shall provide ICANN or any successor registry operator that may be designated by ICANN for the TLD in accordance with this Section 4.5 with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such successor registry operator. After consultation with Registry Operator, ICANN shall determine whether or not to transition operation of the TLD to a successor registry operator in its sole discretion and in conformance with the Registry Transition Process; provided, however, that (i) ICANN will take into consideration any intellectual property rights of Registry Operator (as communicated to ICANN by Registry Operator) in determining whether to transition operation of the TLD to a successor registry operator and (ii) if Registry Operator demonstrates to ICANN's reasonable satisfaction that (A) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator or its Affiliates for their exclusive use, (B) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (C) transitioning operation of the TLD is not necessary to protect the public interest, then ICANN may not transition operation of the TLD to a successor registry operator upon the expiration or termination of this Agreement without the consent of Registry Operator (which shall not be unreasonably withheld, conditioned or delayed). For the avoidance of doubt, the foregoing sentence shall not prohibit ICANN from delegating the TLD pursuant

to a future application process for the delegation of top-level domains, subject to any processes and objection procedures instituted by ICANN in connection with such application process intended to protect the rights of third parties. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event of a transition of the TLD pursuant to this Section 4.5. In addition, ICANN or its designee shall retain and may enforce its rights under the Continued Operations Instrument for the maintenance and operation of the TLD, regardless of the reason for termination or expiration of this Agreement.

**4.6 Effect of Termination.** Upon any expiration of the Term or termination of this Agreement, the obligations and rights of the parties hereto shall cease, provided that such expiration or termination of this Agreement shall not relieve the parties of any obligation or breach of this Agreement accruing prior to such expiration or termination, including, without limitation, all accrued payment obligations arising under Article 6. In addition, Article 5, Article 7, Section 2.12, Section 4.5, and this Section 4.6 shall survive the expiration or termination of this Agreement. For the avoidance of doubt, the rights of Registry Operator to operate the registry for the TLD shall immediately cease upon any expiration of the Term or termination of this Agreement.

## ARTICLE 5.

### DISPUTE RESOLUTION

**5.1 Mediation.** In the event of any dispute arising under or in connection with this Agreement, before either party may initiate arbitration pursuant to Section 5.2 below, ICANN and Registry Operator must attempt to resolve the dispute through mediation in accordance with the following terms and conditions:

(a) A party shall submit a dispute to mediation by written notice to the other party. The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days of delivery of written notice pursuant to this Section 5.1, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 5.1(a).

(b) The mediator shall conduct the mediation in accordance with the rules and procedures that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated

as a settlement discussion and shall therefore be confidential and may not be used against either party in any later proceeding relating to the dispute, including any arbitration pursuant to Section 5.2. The mediator may not testify for either party in any later proceeding relating to the dispute.

(c) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. Each party shall treat information received from the other party pursuant to the mediation that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of such other party in accordance with Section 7.15.

(d) If the parties have engaged in good faith participation in the mediation but have not resolved the dispute for any reason, either party or the mediator may terminate the mediation at any time and the dispute can then proceed to arbitration pursuant to Section 5.2 below. If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following the date of the notice delivered pursuant to Section 5.1(a), the mediation shall automatically terminate (unless extended by agreement of the parties) and the dispute can then proceed to arbitration pursuant to Section 5.2 below.

**5.2 Arbitration.** Disputes arising under or in connection with this Agreement that are not resolved pursuant to Section 5.1, including requests for specific performance, will be resolved through binding arbitration conducted pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. The arbitration will be conducted in the English language and will occur in Los Angeles County, California. Any arbitration will be in front of a single arbitrator, unless (i) ICANN is seeking punitive or exemplary damages, or operational sanctions, (ii) the parties agree in writing to a greater number of arbitrators, or (iii) the dispute arises under Section 7.6 or 7.7. In the case of clauses (i), (ii) or (iii) in the preceding sentence, the arbitration will be in front of three arbitrators with each party selecting one arbitrator and the two selected arbitrators selecting the third arbitrator. In order to expedite the arbitration and limit its cost, the arbitrator(s) shall establish page limits for the parties' filings in conjunction with the arbitration, and should the arbitrator(s) determine that a hearing is necessary, the hearing shall be limited to one (1) calendar day, provided that in any arbitration in which ICANN is seeking punitive or exemplary damages, or operational sanctions, the hearing may be extended for one (1) additional calendar day if agreed upon by the parties or ordered by the arbitrator(s) based on the arbitrator(s) independent determination or the reasonable request of one of the parties thereto. The prevailing party in the arbitration will have the right to recover its costs and reasonable attorneys' fees, which the arbitrator(s) shall include in the awards. In the event the arbitrators determine that Registry Operator has been repeatedly and willfully in fundamental and material breach of its obligations set forth in Article 2, Article 6 or Section 5.4 of this Agreement, ICANN may request the arbitrators award punitive or exemplary damages, or operational sanctions (including without limitation an order temporarily restricting Registry Operator's right to sell new registrations). Each party shall treat information received from the other party pursuant to the arbitration that is appropriately marked as confidential (as required by Section 7.15) as

Confidential Information of such other party in accordance with Section 7.15. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles County, California; however, the parties will also have the right to enforce a judgment of such a court in any court of competent jurisdiction.

**5.3 Limitation of Liability.** ICANN's aggregate monetary liability for violations of this Agreement will not exceed an amount equal to the Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to this Agreement (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any). Registry Operator's aggregate monetary liability to ICANN for breaches of this Agreement will be limited to an amount equal to the fees paid to ICANN during the preceding twelve-month period (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any), and punitive and exemplary damages, if any, awarded in accordance with Section 5.2, except with respect to Registry Operator's indemnification obligations pursuant to Section 7.1 and Section 7.2. In no event shall either party be liable for special, punitive, exemplary or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided in Section 5.2. Except as otherwise provided in this Agreement, neither party makes any warranty, express or implied, with respect to the services rendered by itself, its servants or agents, or the results obtained from their work, including, without limitation, any implied warranty of merchantability, non-infringement or fitness for a particular purpose.

**5.4 Specific Performance.** Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrator or court of competent jurisdiction specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

## ARTICLE 6.

### FEES

#### 6.1 Registry-Level Fees.

(a) Registry Operator shall pay ICANN a registry-level fee equal to (i) the registry fixed fee of US\$6,250 per calendar quarter and (ii) the registry-level transaction fee (collectively, the "Registry-Level Fees"). The registry-level transaction fee will be equal to the number of annual increments of an initial or renewal domain name registration (at one or more levels, and including renewals associated with transfers from one ICANN-accredited registrar to another, each a "Transaction"), during the applicable calendar quarter multiplied by US\$0.25; provided, however that the registry-level transaction fee shall not apply until and unless more than 50,000 Transactions have occurred in the TLD during any calendar quarter or any consecutive four calendar quarter period in the



aggregate (the “Transaction Threshold”) and shall apply to each Transaction that occurred during each quarter in which the Transaction Threshold has been met, but shall not apply to each quarter in which the Transaction Threshold has not been met. Registry Operator’s obligation to pay the quarterly registry-level fixed fee will begin on the date on which the TLD is delegated in the DNS to Registry Operator. The first quarterly payment of the registry-level fixed fee will be prorated based on the number of calendar days between the delegation date and the end of the calendar quarter in which the delegation date falls.

(b) Subject to Section 6.1(a), Registry Operator shall pay the Registry-Level Fees on a quarterly basis to an account designated by ICANN within thirty (30) calendar days following the date of the invoice provided by ICANN.

**6.2 Cost Recovery for RSTEP.** Requests by Registry Operator for the approval of Additional Services pursuant to Section 2.1 may be referred by ICANN to the Registry Services Technical Evaluation Panel (“RSTEP”) pursuant to that process at <http://www.icann.org/en/registries/rsep/>. In the event that such requests are referred to RSTEP, Registry Operator shall remit to ICANN the invoiced cost of the RSTEP review within fourteen (14) calendar days of receipt of a copy of the RSTEP invoice from ICANN, unless ICANN determines, in its sole and absolute discretion, to pay all or any portion of the invoiced cost of such RSTEP review.

### **6.3 Variable Registry-Level Fee.**

(a) If the ICANN accredited registrars (accounting, in the aggregate, for payment of two-thirds of all registrar-level fees (or such portion of ICANN accredited registrars necessary to approve variable accreditation fees under the then-current registrar accreditation agreement), do not approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for any ICANN fiscal year, upon delivery of notice from ICANN, Registry Operator shall pay to ICANN a variable registry-level fee, which shall be paid on a fiscal quarter basis, and shall accrue as of the beginning of the first fiscal quarter of such ICANN fiscal year (the “Variable Registry-Level Fee”). The fee will be calculated and invoiced by ICANN on a quarterly basis, and shall be paid by Registry Operator within sixty (60) calendar days with respect to the first quarter of such ICANN fiscal year and within twenty (20) calendar days with respect to each remaining quarter of such ICANN fiscal year, of receipt of the invoiced amount by ICANN. The Registry Operator may invoice and collect the Variable Registry-Level Fees from the registrars that are party to a registry-registrar agreement with Registry Operator (which agreement may specifically provide for the reimbursement of Variable Registry-Level Fees paid by Registry Operator pursuant to this Section 6.3); provided, that the fees shall be invoiced to all ICANN accredited registrars if invoiced to any. The Variable Registry-Level Fee, if collectible by ICANN, shall be an obligation of Registry Operator and shall be due and payable as provided in this Section 6.3 irrespective of Registry Operator’s ability to seek and obtain reimbursement of such fee from registrars. In the event ICANN later collects variable accreditation fees for which Registry Operator has paid ICANN a Variable Registry-Level Fee, ICANN shall reimburse the Registry Operator an appropriate amount of the Variable Registry-Level Fee, as reasonably

determined by ICANN. If the ICANN accredited registrars (as a group) do approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for a fiscal year, ICANN shall not be entitled to a Variable-Level Fee hereunder for such fiscal year, irrespective of whether the ICANN accredited registrars comply with their payment obligations to ICANN during such fiscal year.

(b) The amount of the Variable Registry-Level Fee will be specified for each registrar, and may include both a per-registrar component and a transactional component. The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year. The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year but shall not exceed US\$0.25 per domain name registration (including renewals associated with transfers from one ICANN accredited registrar to another) per year.

**6.4 Pass Through Fees.** Registry Operator shall pay to ICANN (i) a one-time fee equal to US\$5,000 for access to and use of the Trademark Clearinghouse as described in Specification 7 (the “RPM Access Fee”) and (ii) an amount specified by ICANN not to exceed US\$0.25 per Sunrise Registration and Claims Registration (as such terms are used in Trademark Clearinghouse RPMs incorporated herein pursuant to Specification 7) (the “RPM Registration Fee”). The RPM Access Fee will be invoiced as of the Effective Date of this Agreement, and Registry Operator shall pay such fee to an account specified by ICANN within thirty (30) calendar days following the date of the invoice. ICANN will invoice Registry Operator quarterly for the RPM Registration Fee, which shall be due in accordance with the invoicing and payment procedure specified in Section 6.1.

**6.5 Adjustments to Fees.** Notwithstanding any of the fee limitations set forth in this Article 6, commencing upon the expiration of the first year of this Agreement, and upon the expiration of each year thereafter during the Term, the then-current fees set forth in Section 6.1 and Section 6.3 may be adjusted, at ICANN’s discretion, by a percentage equal to the percentage change, if any, in (i) the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index (the “CPI”) for the month which is one (1) month prior to the commencement of the applicable year, over (ii) the CPI published for the month which is one (1) month prior to the commencement of the immediately prior year. In the event of any such increase, ICANN shall provide notice to Registry Operator specifying the amount of such adjustment. Any fee adjustment under this Section 6.5 shall be effective as of the first day of the first calendar quarter following at least thirty (30) days after ICANN’s delivery to Registry Operator of such fee adjustment notice.

**6.6 Additional Fee on Late Payments.** For any payments thirty (30) calendar days or more overdue under this Agreement, Registry Operator shall pay an additional fee on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.

## ARTICLE 7.

### MISCELLANEOUS

#### 7.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify and defend ICANN and its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or relating to intellectual property ownership rights with respect to the TLD, the delegation of the TLD to Registry Operator, Registry Operator's operation of the registry for the TLD or Registry Operator's provision of Registry Services, provided that Registry Operator shall not be obligated to indemnify or defend any Indemnitee to the extent the claim, damage, liability, cost or expense arose: (i) due to the actions or omissions of ICANN, its subcontractors, panelists or evaluators specifically related to and occurring during the registry TLD application process (other than actions or omissions requested by or for the benefit of Registry Operator), or (ii) due to a breach by ICANN of any obligation contained in this Agreement or any willful misconduct by ICANN. This Section shall not be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for costs associated with the negotiation or execution of this Agreement, or with monitoring or management of the parties' respective obligations hereunder. Further, this Section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties, which shall be governed by Article 5 or otherwise awarded by a court of competent jurisdiction or arbitrator.

(b) For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the same actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Article 6 hereof for any applicable quarter) by the total number of domain names under registration within all top level domains for which the registry operators thereof are engaging in the same acts or omissions giving rise to such claim. For the purposes of reducing Registry Operator's liability under Section 7.1(a) pursuant to this Section 7.1(b), Registry Operator shall have the burden of identifying the other registry operators that are engaged in the same actions or omissions that gave rise to the claim, and demonstrating, to ICANN's reasonable satisfaction, such other registry operators' culpability for such actions or omissions. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in Section 7.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

**7.2 Indemnification Procedures.** If any third-party claim is commenced that is indemnified under Section 7.1 above, ICANN shall provide notice thereof to Registry



Operator as promptly as practicable. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to ICANN to handle and defend the same, at Registry Operator's sole cost and expense, provided that in all events ICANN will be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN's policies, Bylaws or conduct. ICANN shall cooperate, at Registry Operator's cost and expense, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom, and may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is fully indemnified by Registry Operator will be entered into without the consent of ICANN. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section 7.2, ICANN will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Registry Operator and Registry Operator shall cooperate in such defense.

**7.3 Defined Terms.** For purposes of this Agreement, unless such definitions are amended pursuant to a Consensus Policy at a future date, in which case the following definitions shall be deemed amended and restated in their entirety as set forth in such Consensus Policy, Security and Stability shall be defined as follows:

(a) For the purposes of this Agreement, an effect on "Security" shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of registry data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

(b) For purposes of this Agreement, an effect on "Stability" shall refer to (1) lack of compliance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice Requests for Comments ("RFCs") sponsored by the Internet Engineering Task Force; or (2) the creation of a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems operating in accordance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice RFCs, and relying on Registry Operator's delegated information or provisioning of services.

**7.4 No Offset.** All payments due under this Agreement will be made in a timely manner throughout the Term and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

**7.5 Change of Control; Assignment and Subcontracting.** Except as set forth in this Section 7.5, neither party may assign any of its rights and obligations under this Agreement without the prior written approval of the other party, which approval will not

be unreasonably withheld. For purposes of this Section 7.5, a direct or indirect change of control of Registry Operator or any subcontracting arrangement that relates to any Critical Function (as identified in Section 6 of Specification 10) for the TLD (a “Material Subcontracting Arrangement”) shall be deemed an assignment.

(a) Registry Operator must provide no less than thirty (30) calendar days advance notice to ICANN of any assignment or Material Subcontracting Arrangement, and any agreement to assign or subcontract any portion of the operations of the TLD (whether or not a Material Subcontracting Arrangement) must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder, and Registry Operator shall continue to be bound by such covenants, obligations and agreements. Registry Operator must also provide no less than thirty (30) calendar days advance notice to ICANN prior to the consummation of any transaction anticipated to result in a direct or indirect change of control of Registry Operator.

(b) Within thirty (30) calendar days of either such notification pursuant to Section 7.5(a), ICANN may request additional information from Registry Operator establishing (i) compliance with this Agreement and (ii) that the party acquiring such control or entering into such assignment or Material Subcontracting Arrangement (in any case, the “Contracting Party”) and the ultimate parent entity of the Contracting Party meets the ICANN-adopted specification or policy on registry operator criteria then in effect (including with respect to financial resources and operational and technical capabilities), in which case Registry Operator must supply the requested information within fifteen (15) calendar days.

(c) Registry Operator agrees that ICANN’s consent to any assignment, change of control or Material Subcontracting Arrangement will also be subject to background checks on any proposed Contracting Party (and such Contracting Party’s Affiliates).

(d) If ICANN fails to expressly provide or withhold its consent to any assignment, direct or indirect change of control of Registry Operator or any Material Subcontracting Arrangement within thirty (30) calendar days of ICANN’s receipt of notice of such transaction (or, if ICANN has requested additional information from Registry Operator as set forth above, thirty (30) calendar days of the receipt of all requested written information regarding such transaction) from Registry Operator, ICANN shall be deemed to have consented to such transaction.

(e) In connection with any such assignment, change of control or Material Subcontracting Arrangement, Registry Operator shall comply with the Registry Transition Process.

(f) Notwithstanding the foregoing, (i) any consummated change of control shall not be voidable by ICANN; provided, however, that, if ICANN reasonably determines to withhold its consent to such transaction, ICANN may terminate this Agreement pursuant to Section 4.3(g), (ii) ICANN may assign this Agreement without the

consent of Registry Operator upon approval of the ICANN Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of ICANN upon such assignee's express assumption of the terms and conditions of this Agreement, (iii) Registry Operator may assign this Agreement without the consent of ICANN directly to a wholly-owned subsidiary of Registry Operator, or, if Registry Operator is a wholly-owned subsidiary, to its direct parent or to another wholly-owned subsidiary of its direct parent, upon such subsidiary's or parent's, as applicable, express assumption of the terms and conditions of this Agreement, and (iv) ICANN shall be deemed to have consented to any assignment, Material Subcontracting Arrangement or change of control transaction in which the Contracting Party is an existing operator of a generic top-level domain pursuant to a registry agreement between such Contracting Party and ICANN (provided that such Contracting Party is then in compliance with the terms and conditions of such registry agreement in all material respects), unless ICANN provides to Registry Operator a written objection to such transaction within ten (10) calendar days of ICANN's receipt of notice of such transaction pursuant to this Section 7.5. Notwithstanding Section 7.5(a), in the event an assignment is made pursuant to clauses (ii) or (iii) of this Section 7.5(f), the assigning party will provide the other party with prompt notice following any such assignment.

#### **7.6 Amendments and Waivers.**

(a) If the ICANN Board of Directors determines that an amendment to this Agreement (including to the Specifications referred to herein) and all other registry agreements between ICANN and the Applicable Registry Operators (the "Applicable Registry Agreements") is desirable (each, a "Special Amendment"), ICANN may adopt a Special Amendment pursuant to the requirements of and process set forth in this Section 7.6; provided that a Special Amendment may not be a Restricted Amendment.

(b) Prior to submitting a Special Amendment for Registry Operator Approval, ICANN shall first consult in good faith with the Working Group regarding the form and substance of such Special Amendment. The duration of such consultation shall be reasonably determined by ICANN based on the substance of the Special Amendment. Following such consultation, ICANN may propose the adoption of a Special Amendment by publicly posting such amendment on its website for no less than thirty (30) calendar days (the "Posting Period") and providing notice of such proposed amendment to the Applicable Registry Operators in accordance with Section 7.9. ICANN will consider the public comments submitted on a Special Amendment during the Posting Period (including comments submitted by the Applicable Registry Operators).

(c) If, within one hundred eighty (180) calendar days following the expiration of the Posting Period (the "Approval Period"), the ICANN Board of Directors approves a Special Amendment (which may be in a form different than submitted for public comment, but must address the subject matter of the Special Amendment posted for public comment, as modified to reflect and/or address input from the Working Group and public comments), ICANN shall provide notice of, and submit, such Special Amendment for approval or disapproval by the Applicable Registry Operators. If, during the sixty (60) calendar day period following the date ICANN provides such notice to the Applicable

Registry Operators, such Special Amendment receives Registry Operator Approval, such Special Amendment shall be deemed approved (an "Approved Amendment") by the Applicable Registry Operators, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Approved Amendment to Registry Operator (the "Amendment Effective Date"). In the event that a Special Amendment does not receive Registry Operator Approval, the Special Amendment shall be deemed not approved by the Applicable Registry Operators (a "Rejected Amendment"). A Rejected Amendment will have no effect on the terms and conditions of this Agreement, except as set forth below.

(d) If the ICANN Board of Directors reasonably determines that a Rejected Amendment falls within the subject matter categories set forth in Section 1.2 of Specification 1, the ICANN Board of Directors may adopt a resolution (the date such resolution is adopted is referred to herein as the "Resolution Adoption Date") requesting an Issue Report (as such term is defined in ICANN's Bylaws) by the Generic Names Supporting Organization (the "GNSO") regarding the substance of such Rejected Amendment. The policy development process undertaken by the GNSO pursuant to such requested Issue Report is referred to herein as a "PDP." If such PDP results in a Final Report supported by a GNSO Supermajority (as defined in ICANN's Bylaws) that either (i) recommends adoption of the Rejected Amendment as Consensus Policy or (ii) recommends against adoption of the Rejected Amendment as Consensus Policy, and, in the case of (i) above, the Board adopts such Consensus Policy, Registry Operator shall comply with its obligations pursuant to Section 2.2 of this Agreement. In either case, ICANN will abandon the Rejected Amendment and it will have no effect on the terms and conditions of this Agreement. Notwithstanding the foregoing provisions of this Section 7.6(d), the ICANN Board of Directors shall not be required to initiate a PDP with respect to a Rejected Amendment if, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject matter of such Rejected Amendment was the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation.

(e) If (a) a Rejected Amendment does not fall within the subject matter categories set forth in Section 1.2 of Specification 1, (b) the subject matter of a Rejected Amendment was, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation, or (c) a PDP does not result in a Final Report supported by a GNSO Supermajority that either (A) recommends adoption of the Rejected Amendment as Consensus Policy or (B) recommends against adoption of the Rejected Amendment as Consensus Policy (or such PDP has otherwise been abandoned or terminated for any reason), then, in any such case, such Rejected Amendment may still be adopted and become effective in the manner described below. In order for the Rejected Amendment to be adopted, the following requirements must be satisfied:

(i) the subject matter of the Rejected Amendment must be within the scope of ICANN's mission and consistent with a balanced application of its core values (as described in ICANN's Bylaws);

(ii) the Rejected Amendment must be justified by a Substantial and Compelling Reason in the Public Interest, must be likely to promote such interest, taking into account competing public and private interests that are likely to be affected by the Rejected Amendment, and must be narrowly tailored and no broader than reasonably necessary to address such Substantial and Compelling Reason in the Public Interest;

(iii) to the extent the Rejected Amendment prohibits or requires conduct or activities, imposes material costs on the Applicable Registry Operators, and/or materially reduces public access to domain name services, the Rejected Amendment must be the least restrictive means reasonably available to address the Substantial and Compelling Reason in the Public Interest;

(iv) the ICANN Board of Directors must submit the Rejected Amendment, along with a written explanation of the reasoning related to its determination that the Rejected Amendment meets the requirements set out in subclauses (i) through (iii) above, for public comment for a period of no less than thirty (30) calendar days; and

(v) following such public comment period, the ICANN Board of Directors must (a) engage in consultation (or direct ICANN management to engage in consultation) with the Working Group, subject matter experts, members of the GNSO, relevant advisory committees and other interested stakeholders with respect to such Rejected Amendment for a period of no less than sixty (60) calendar days; and (b) following such consultation, reapprove the Rejected Amendment (which may be in a form different than submitted for Registry Operator Approval, but must address the subject matter of the Rejected Amendment, as modified to reflect and/or address input from the Working Group and public comments) by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN's Conflict of Interest Policy (a "Board Amendment").

Such Board Amendment shall, subject to Section 7.6(f), be deemed an Approved Amendment, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Board Amendment to Registry Operator (which effective date shall be deemed the Amendment Effective Date hereunder). Notwithstanding the foregoing, a Board Amendment may not amend the registry fees charged by ICANN hereunder, or amend this Section 7.6.



(f) Notwithstanding the provisions of Section 7.6(e), a Board Amendment shall not be deemed an Approved Amendment if, during the thirty (30) calendar day period following the approval by the ICANN Board of Directors of the Board Amendment, the Working Group, on the behalf of the Applicable Registry Operators, submits to the ICANN Board of Directors an alternative to the Board Amendment (an “Alternative Amendment”) that meets the following requirements:

(i) sets forth the precise text proposed by the Working Group to amend this Agreement in lieu of the Board Amendment;

(ii) addresses the Substantial and Compelling Reason in the Public Interest identified by the ICANN Board of Directors as the justification for the Board Amendment; and

(iii) compared to the Board Amendment is: (a) more narrowly tailored to address such Substantial and Compelling Reason in the Public Interest, and (b) to the extent the Alternative Amendment prohibits or requires conduct or activities, imposes material costs on Affected Registry Operators, or materially reduces access to domain name services, is a less restrictive means to address the Substantial and Compelling Reason in the Public Interest.

Any proposed amendment that does not meet the requirements of subclauses (i) through (iii) in the immediately preceding sentence shall not be considered an Alternative Amendment hereunder and therefore shall not supersede or delay the effectiveness of the Board Amendment. If, following the submission of the Alternative Amendment to the ICANN Board of Directors, the Alternative Amendment receives Registry Operator Approval, the Alternative Amendment shall supersede the Board Amendment and shall be deemed an Approved Amendment hereunder (and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Alternative Amendment to Registry Operator, which effective date shall be deemed the Amendment Effective Date hereunder), unless, within a period of sixty (60) calendar days following the date that the Working Group notifies the ICANN Board of Directors of Registry Operator Approval of such Alternative Amendment (during which time ICANN shall engage with the Working Group with respect to the Alternative Amendment), the ICANN Board of Directors by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN’s Conflict of Interest Policy, rejects the Alternative Amendment. If (A) the Alternative Amendment does not receive Registry Operator Approval within thirty (30) calendar days of submission of such Alternative Amendment to the Applicable Registry Operators (and the Working Group shall notify ICANN of the date of such submission), or (B) the ICANN Board of Directors rejects the Alternative Amendment by such two-thirds vote, the Board Amendment (and not the Alternative Amendment) shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice to Registry Operator (which

effective date shall be deemed the Amendment Effective Date hereunder). If the ICANN Board of Directors rejects an Alternative Amendment, the board shall publish a written rationale setting forth its analysis of the criteria set forth in Sections 7.6(f)(i) through 7.6(f)(iii). The ability of the ICANN Board of Directors to reject an Alternative Amendment hereunder does not relieve the Board of the obligation to ensure that any Board Amendment meets the criteria set forth in Section 7.6(e)(i) through 7.6(e)(v).

(g) In the event that Registry Operator believes an Approved Amendment does not meet the substantive requirements set out in this Section 7.6 or has been adopted in contravention of any of the procedural provisions of this Section 7.6, Registry Operator may challenge the adoption of such Special Amendment pursuant to the dispute resolution provisions set forth in Article 5, except that such arbitration shall be conducted by a three-person arbitration panel. Any such challenge must be brought within sixty (60) calendar days following the date ICANN provided notice to Registry Operator of the Approved Amendment, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. The Approved Amendment will be deemed not to have amended this Agreement during the pendency of the dispute resolution process.

(h) Registry Operator may apply in writing to ICANN for an exemption from the Approved Amendment (each such request submitted by Registry Operator hereunder, an "Exemption Request") during the thirty (30) calendar day period following the date ICANN provided notice to Registry Operator of such Approved Amendment. Each Exemption Request will set forth the basis for such request and provide detailed support for an exemption from the Approved Amendment. An Exemption Request may also include a detailed description and support for any alternatives to, or a variation of, the Approved Amendment proposed by such Registry Operator. An Exemption Request may only be granted upon a clear and convincing showing by Registry Operator that compliance with the Approved Amendment conflicts with applicable laws or would have a material adverse effect on the long-term financial condition or results of operations of Registry Operator. No Exemption Request will be granted if ICANN determines, in its reasonable discretion, that granting such Exemption Request would be materially harmful to registrants or result in the denial of a direct benefit to registrants. Within ninety (90) calendar days of ICANN's receipt of an Exemption Request, ICANN shall either approve (which approval may be conditioned or consist of alternatives to or a variation of the Approved Amendment) or deny the Exemption Request in writing, during which time the Approved Amendment will not amend this Agreement. If the Exemption Request is approved by ICANN, the Approved Amendment will not amend this Agreement; provided, that any conditions, alternatives or variations of the Approved Amendment required by ICANN shall be effective and, to the extent applicable, will amend this Agreement as of the Amendment Effective Date. If such Exemption Request is denied by ICANN, the Approved Amendment will amend this Agreement as of the Amendment Effective Date (or, if such date has passed, such Approved Amendment shall be deemed effective immediately on the date of such denial), provided that Registry Operator may, within thirty (30) calendar days following receipt of ICANN's determination, appeal ICANN's decision to deny the Exemption Request pursuant to the dispute resolution procedures set forth in Article 5. The Approved Amendment will be

deemed not to have amended this Agreement during the pendency of the dispute resolution process. For avoidance of doubt, only Exemption Requests submitted by Registry Operator that are approved by ICANN pursuant to this Section 7.6(j), agreed to by ICANN following mediation pursuant to Section 5.1 or through an arbitration decision pursuant to Section 5.2 shall exempt Registry Operator from any Approved Amendment, and no Exemption Request granted to any other Applicable Registry Operator (whether by ICANN or through arbitration) shall have any effect under this Agreement or exempt Registry Operator from any Approved Amendment.

(i) Except as set forth in this Section 7.6, Section 7.7 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 7.6 or Section 7.7 shall restrict ICANN and Registry Operator from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Sections 7.6 or 7.7 shall be deemed to limit Registry Operator's obligation to comply with Section 2.2.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "Applicable Registry Operators" means, collectively, the registry operators of top-level domains party to a registry agreement that contains a provision similar to this Section 7.6, including Registry Operator.

(ii) "Registry Operator Approval" means the receipt of each of the following: (A) the affirmative approval of the Applicable Registry Operators whose payments to ICANN accounted for two-thirds of the total amount of fees (converted to U.S. dollars, if applicable, at the prevailing exchange rate published the prior day in the U.S. Edition of the Wall Street Journal for the date such calculation is made by ICANN) paid to ICANN by all the Applicable Registry Operators during the immediately previous calendar year pursuant to the Applicable Registry Agreements, and (B) the affirmative approval of a majority of the Applicable Registry Operators at the time such approval is obtained. For the avoidance of doubt, with respect to clause (B), each Applicable Registry Operator shall have one vote for each top-level domain operated by such Registry Operator pursuant to an Applicable Registry Agreement.

(iii) "Restricted Amendment" means the following: (A) an amendment of Specification 1, (B) except to the extent addressed in Section



2.10 hereof, an amendment that specifies the price charged by Registry Operator to registrars for domain name registrations, (C) an amendment to the definition of Registry Services as set forth in the first paragraph of Section 2.1 of Specification 6, or (D) an amendment to the length of the Term.

(iv) “Substantial and Compelling Reason in the Public Interest” means a reason that is justified by an important, specific, and articulated public interest goal that is within ICANN's mission and consistent with a balanced application of ICANN's core values as defined in ICANN's Bylaws.

(v) “Working Group” means representatives of the Applicable Registry Operators and other members of the community that the Registry Stakeholders Group appoints, from time to time, to serve as a working group to consult on amendments to the Applicable Registry Agreements (excluding bilateral amendments pursuant to Section 7.6(i)).

(k) Notwithstanding anything in this Section 7.6 to the contrary, (i) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for Approved Amendment to become effective with respect to Registry Operator, and (ii) no Approved Amendment adopted pursuant to Section 7.6 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

## **7.7 Negotiation Process.**

(a) If either the Chief Executive Officer of ICANN (“CEO”) or the Chairperson of the Registry Stakeholder Group (“Chair”) desires to discuss any revision(s) to this Agreement, the CEO or Chair, as applicable, shall provide written notice to the other person, which shall set forth in reasonable detail the proposed revisions to this Agreement (a “Negotiation Notice”). Notwithstanding the foregoing, neither the CEO nor the Chair may (i) propose revisions to this Agreement that modify any Consensus Policy then existing, (ii) propose revisions to this Agreement pursuant to this Section 7.7 on or before June 30, 2014, or (iii) propose revisions or submit a Negotiation Notice more than once during any twelve (12) month period beginning on July 1, 2014.

(b) Following receipt of the Negotiation Notice by either the CEO or the Chair, ICANN and the Working Group (as defined in Section 7.6) shall consult in good faith negotiations regarding the form and substance of the proposed revisions to this Agreement, which shall be in the form of a proposed amendment to this Agreement (the “Proposed Revisions”), for a period of at least ninety (90) calendar days (unless a resolution is earlier reached) and attempt to reach a mutually acceptable agreement relating to the Proposed Revisions (the “Discussion Period”).

(c) If, following the conclusion of the Discussion Period, an agreement is reached on the Proposed Revisions, ICANN shall post the mutually agreed Proposed

Revisions on its website for public comment for no less than thirty (30) calendar days (the "Posting Period") and provide notice of such revisions to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval (as defined in Section 7.6) and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(d) If, following the conclusion of the Discussion Period, an agreement is not reached between ICANN and the Working Group on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (the "Mediation Notice") requiring each party to attempt to resolve the disagreements related to the Proposed Revisions through impartial, facilitative (non-evaluative) mediation in accordance with the terms and conditions set forth below. In the event that a Mediation Notice is provided, ICANN and the Working Group shall, within fifteen (15) calendar days thereof, simultaneously post the text of their desired version of the Proposed Revisions and a position paper with respect thereto on ICANN's website.

(i) The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, who has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or an Applicable Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 7.7(d)(i).

(ii) The mediator shall conduct the mediation in accordance with the rules and procedures for facilitative mediation that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute.

(iii) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

(iv) If an agreement is reached during the mediation, ICANN shall post the mutually agreed Proposed Revisions on its website for the Posting Period and provide notice to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the agreed Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(v) If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the mediation shall automatically terminate (unless extended by agreement of the parties). The mediator shall deliver to the parties a definition of the issues that could be considered in future arbitration, if invoked. Those issues are subject to the limitations set forth in Section 7.7(e)(ii) below.

(e) If, following mediation, ICANN and the Working Group have not reached an agreement on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (an "Arbitration Notice") requiring ICANN and the Applicable Registry Operators to resolve the dispute through binding arbitration in accordance with the arbitration provisions of Section 5.2, subject to the requirements and limitations of this Section 7.7(e).

(i) If an Arbitration Notice is sent, the mediator's definition of issues, along with the Proposed Revisions (be those from ICANN, the Working Group or both) shall be posted for public comment on ICANN's website for a period of no less than thirty (30) calendar days. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators), and information regarding such comments and consideration shall be provided to a three (3) person arbitrator panel. Each party may modify its Proposed Revisions before and after the Posting Period. The arbitration proceeding may not commence prior to the closing of such public comment period, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. Except as set forth in this Section 7.7, the arbitration shall be conducted pursuant to Section 5.2.

(ii) No dispute regarding the Proposed Revisions may be submitted for arbitration to the extent the subject matter of the Proposed

Revisions (i) relates to Consensus Policy, (ii) falls within the subject matter categories set forth in Section 1.2 of Specification 1, or (iii) seeks to amend any of the following provisions or Specifications of this Agreement: Articles 1, 3 and 6; Sections 2.1, 2.2, 2.5, 2.7, 2.9, 2.10, 2.16, 2.17, 2.19, 4.1, 4.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16; Section 2.8 and Specification 7 (but only to the extent such Proposed Revisions seek to implement an RPM not contemplated by Sections 2.8 and Specification 7); Exhibit A; and Specifications 1, 4, 6, 10 and 11.

(iii) The mediator will brief the arbitrator panel regarding ICANN and the Working Group's respective proposals relating to the Proposed Revisions.

(iv) No amendment to this Agreement relating to the Proposed Revisions may be submitted for arbitration by either the Working Group or ICANN, unless, in the case of the Working Group, the proposed amendment has received Registry Operator Approval and, in the case of ICANN, the proposed amendment has been approved by the ICANN Board of Directors.

(v) In order for the arbitrator panel to approve either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions, the arbitrator panel must conclude that such proposed amendment is consistent with a balanced application of ICANN's core values (as described in ICANN's Bylaws) and reasonable in light of the balancing of the costs and benefits to the business interests of the Applicable Registry Operators and ICANN (as applicable), and the public benefit sought to be achieved by the Proposed Revisions as set forth in such amendment. If the arbitrator panel concludes that either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions meets the foregoing standard, such amendment shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator and deemed an Approved Amendment hereunder.

(f) With respect to an Approved Amendment relating to an amendment proposed by ICANN, Registry may apply in writing to ICANN for an exemption from such amendment pursuant to the provisions of Section 7.6.

(g) Notwithstanding anything in this Section 7.7 to the contrary, (a) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for the Approved Amendment to become effective with respect to Registry Operator, and (b) no Approved Amendment adopted pursuant to Section 7.7 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

**7.8 No Third-Party Beneficiaries.** This Agreement will not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

**7.9 General Notices.** Except for notices pursuant to Sections 7.6 and 7.7, all notices to be given under or in relation to this Agreement will be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this Agreement. All notices under Sections 7.6 and 7.7 shall be given by both posting of the applicable information on ICANN's web site and transmission of such information to Registry Operator by electronic mail. Any change in the contact information for notice below will be given by the party within thirty (30) calendar days of such change. Other than notices under Sections 7.6 or 7.7, any notice required by this Agreement will be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within three (3) calendar days. Any notice required by Sections 7.6 or 7.7 will be deemed to have been given when electronically posted on ICANN's website and upon confirmation of receipt by the email server. In the event other means of notice become practically achievable, such as notice via a secure website, the parties will work together to implement such notice means under this Agreement.

If to ICANN, addressed to:  
Internet Corporation for Assigned Names and Numbers  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536  
USA  
Telephone: +1-310-301-5800  
Facsimile: +1-310-823-8649  
Attention: President and CEO

With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:  
KBE gTLD Holding Inc  
1619 Broadway, 9<sup>th</sup> Floor  
New York, New York 10019  
USA  
Telephone: + 1 (917) 421-5497  
Facsimile: + 1 (646) 514-4073  
Attention: Robert Brandon, General Counsel  
Email: robert.brandon@broadwayacrossamerica.com



**7.10 Entire Agreement.** This Agreement (including those specifications and documents incorporated by reference to URL locations which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.

**7.11 English Language Controls.** Notwithstanding any translated version of this Agreement and/or specifications that may be provided to Registry Operator, the English language version of this Agreement and all referenced specifications are the official versions that bind the parties hereto. In the event of any conflict or discrepancy between any translated version of this Agreement and the English language version, the English language version controls. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

**7.12 Ownership Rights.** Nothing contained in this Agreement shall be construed as (a) establishing or granting to Registry Operator any property ownership rights or interests of Registry Operator in the TLD or the letters, words, symbols or other characters making up the TLD string, or (b) affecting any existing intellectual property or ownership rights of Registry Operator.

**7.13 Severability; Conflicts with Laws.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the balance of this Agreement or of any other term hereof, which shall remain in full force and effect. If any of the provisions hereof are determined to be invalid or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible. ICANN and the Working Group will mutually cooperate to develop an ICANN procedure for ICANN's review and consideration of alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement. Until such procedure is developed and implemented by ICANN, ICANN will review and consider alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement in a manner similar to ICANN's Procedure For Handling WHOIS Conflicts with Privacy Law.

**7.14 Court Orders.** ICANN will respect any order from a court of competent jurisdiction, including any orders from any jurisdiction where the consent or non-objection of the government was a requirement for the delegation of the TLD. Notwithstanding any other provision of this Agreement, ICANN's implementation of any such order will not be a breach of this Agreement

#### **7.15 Confidentiality**

(a) Subject to Section 7.15(c), during the Term and for a period of three (3) years thereafter, each party shall, and shall cause its and its Affiliates' officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to any third party, directly or indirectly, any information that is, and the disclosing party has marked as, or has otherwise designated in writing to the receiving party as, "confidential

trade secret,” “confidential commercial information” or “confidential financial information” (collectively, “Confidential Information”), except to the extent such disclosure is permitted by the terms of this Agreement.

(b) The confidentiality obligations under Section 7.15(a) shall not apply to any Confidential Information that (i) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no fault of the receiving party in breach of this Agreement, (ii) can be demonstrated by documentation or other competent proof to have been in the receiving party’s possession prior to disclosure by the disclosing party without any obligation of confidentiality with respect to such information, (iii) is subsequently received by the receiving party from a third party who is not bound by any obligation of confidentiality with respect to such information, (iv) has been published by a third party or otherwise enters the public domain through no fault of the receiving party, or (v) can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving party without reference to the disclosing party’s Confidential Information.

(c) Each party shall have the right to disclose Confidential Information to the extent that such disclosure is (i) made in response to a valid order of a court of competent jurisdiction or, if in the reasonable opinion of the receiving party’s legal counsel, such disclosure is otherwise required by applicable law; provided, however, that the receiving party shall first have given notice to the disclosing party and given the disclosing party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment order requiring that the Confidential Information that is the subject of such order or other applicable law be held in confidence by such court or other third party recipient, unless the receiving party is not permitted to provide such notice under such order or applicable law, or (ii) made by the receiving party or any of its Affiliates to its or their attorneys, auditors, advisors, consultants, contractors or other third parties for use by such person or entity as may be necessary or useful in connection with the performance of the activities under this Agreement, provided that such third party is bound by confidentiality obligations at least as stringent as those set forth herein, either by written agreement or through professional responsibility standards.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
Akram Atallah  
President, Global Domains Division

**KBE GTLD HOLDING INC**

By: \_\_\_\_\_  
John Gore  
President and Chief Financial Officer



## **EXHIBIT A**

### **Approved Services**

The ICANN gTLD Applicant Guidebook (located at <http://newgtlds.icann.org/en/applicants/agb>) and the RSEP specify processes for consideration of proposed registry services. Registry Operator may provide any service that is required by the terms of this Agreement. In addition, the following services (if any) are specifically identified as having been approved by ICANN prior to the effective date of the Agreement, and Registry Operator may provide such services:

#### **1. DNS Service – TLD Zone Contents**

Notwithstanding anything else in this Agreement, as indicated in section 2.2.3.3 of the gTLD Applicant Guidebook, permissible contents for the TLD's zone are:

- 1.1.** Apex SOA record
- 1.2.** Apex NS records and in-bailiwick glue for the TLD's DNS servers
- 1.3.** NS records and in-bailiwick glue for DNS servers of registered names in the TLD
- 1.4.** DS records for registered names in the TLD
- 1.5.** Records associated with signing the TLD zone (i.e., RRSIG, DNSKEY, NSEC, and NSEC3)

(Note: The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g., apex A, AAAA, MX records) in the TLD zone.)

If Registry Operator wishes to place any DNS resource record type into its TLD DNS zone (other than those listed in Sections 1.1 through 1.5 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS. Registry Operator recognizes and acknowledges that a service based on the use of less-common DNS resource records in the TLD zone, even if approved, might not work as intended for all users due to lack of software support.

#### **2. Anti-Abuse**

Registry Operator may suspend, delete or otherwise make changes to domain names in compliance with its anti-abuse policy.

#### **3. Searchable Whois**

Notwithstanding anything else in this Agreement, Registry Operator must offer a searchable Whois service compliant with the requirements described in Section 1.10 of Specification 4 of this Agreement. Registry Operator must make available the services only to authenticated users after they logged in by supplying proper credentials (i.e., user name and password). Registry Operator must issue such credentials exclusively to eligible users and institutions that

supply sufficient proof of their legitimate interest in this feature (e.g., law enforcement agencies).

## SPECIFICATION 1

### CONSENSUS POLICIES AND TEMPORARY POLICIES SPECIFICATION

#### 1. Consensus Policies.

- 1.1. “*Consensus Policies*” are those policies established (1) pursuant to the procedure set forth in ICANN’s Bylaws and due process, and (2) covering those topics listed in Section 1.2 of this Specification. The Consensus Policy development process and procedure set forth in ICANN’s Bylaws may be revised from time to time in accordance with the process set forth therein.
- 1.2. Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following:
  - 1.2.1 issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or Domain Name System (“DNS”);
  - 1.2.2 functional and performance specifications for the provision of Registry Services;
  - 1.2.3 Security and Stability of the registry database for the TLD;
  - 1.2.4 registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars;
  - 1.2.5 resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names); or
  - 1.2.6 restrictions on cross-ownership of registry operators and registrars or registrar resellers and regulations and restrictions with respect to registry operations and the use of registry and registrar data in the event that a registry operator and a registrar or registrar reseller are affiliated.
- 1.3. Such categories of issues referred to in Section 1.2 of this Specification shall include, without limitation:
  - 1.3.1 principles for allocation of registered names in the TLD (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - 1.3.2 prohibitions on warehousing of or speculation in domain names by registries or registrars;

- 1.3.3 reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (i) avoidance of confusion among or misleading of users, (ii) intellectual property, or (iii) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration); and
    - 1.3.4 maintenance of and access to accurate and up-to-date information concerning domain name registrations; and procedures to avoid disruptions of domain name registrations due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination.
  - 1.4. In addition to the other limitations on Consensus Policies, they shall not:
    - 1.4.1 prescribe or limit the price of Registry Services;
    - 1.4.2 modify the terms or conditions for the renewal or termination of the Registry Agreement;
    - 1.4.3 modify the limitations on Temporary Policies (defined below) or Consensus Policies;
    - 1.4.4 modify the provisions in the registry agreement regarding fees paid by Registry Operator to ICANN; or
    - 1.4.5 modify ICANN's obligations to ensure equitable treatment of registry operators and act in an open and transparent manner.
2. **Temporary Policies.** Registry Operator shall comply with and implement all specifications or policies established by the Board on a temporary basis, if adopted by the Board by a vote of at least two-thirds of its members, so long as the Board reasonably determines that such modifications or amendments are justified and that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the stability or security of Registry Services or the DNS ("**Temporary Policies**").
  - 2.1. Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any Temporary Policy, the Board shall state the period of time for which the Temporary Policy is adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws.
    - 2.1.1 ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the Temporary Policy and why

the Board believes such Temporary Policy should receive the consensus support of Internet stakeholders.

2.1.2 If the period of time for which the Temporary Policy is adopted exceeds ninety (90) calendar days, the Board shall reaffirm its temporary adoption every ninety (90) calendar days for a total period not to exceed one (1) year, in order to maintain such Temporary Policy in effect until such time as it becomes a Consensus Policy. If the one (1) year period expires or, if during such one (1) year period, the Temporary Policy does not become a Consensus Policy and is not reaffirmed by the Board, Registry Operator shall no longer be required to comply with or implement such Temporary Policy.

3. **Notice and Conflicts.** Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Policy in which to comply with such policy or specification, taking into account any urgency involved. In the event of a conflict between Registry Services and Consensus Policies or any Temporary Policy, the Consensus Policies or Temporary Policy shall control, but only with respect to subject matter in conflict.

## SPECIFICATION 2

### DATA ESCROW REQUIREMENTS

Registry Operator will engage an independent entity to act as data escrow agent (“**Escrow Agent**”) for the provision of data escrow services related to the Registry Agreement. The following Technical Specifications set forth in Part A, and Legal Requirements set forth in Part B, will be included in any data escrow agreement between Registry Operator and the Escrow Agent, under which ICANN must be named a third-party beneficiary. In addition to the following requirements, the data escrow agreement may contain other provisions that are not contradictory or intended to subvert the required terms provided below.

#### PART A – TECHNICAL SPECIFICATIONS

1. **Deposits.** There will be two types of Deposits: Full and Differential. For both types, the universe of Registry objects to be considered for data escrow are those objects necessary in order to offer all of the approved Registry Services.
  - 1.1. “**Full Deposit**” will consist of data that reflects the state of the registry as of 00:00:00 UTC (Coordinated Universal Time) on the day that such Full Deposit is submitted to Escrow Agent.
  - 1.2. “**Differential Deposit**” means data that reflects all transactions that were not reflected in the last previous Full or Differential Deposit, as the case may be. Each Differential Deposit will contain all database transactions since the previous Deposit was completed as of 00:00:00 UTC of each day, but Sunday. Differential Deposits must include complete Escrow Records as specified below that were not included or changed since the most recent full or Differential Deposit (i.e., newly added or modified domain names).
2. **Schedule for Deposits.** Registry Operator will submit a set of escrow files on a daily basis as follows:
  - 2.1. Each Sunday, a Full Deposit must be submitted to the Escrow Agent by 23:59 UTC.
  - 2.2. The other six (6) days of the week, a Full Deposit or the corresponding Differential Deposit must be submitted to Escrow Agent by 23:59 UTC.
3. **Escrow Format Specification.**
  - 3.1. **Deposit’s Format.** Registry objects, such as domains, contacts, name servers, registrars, etc. will be compiled into a file constructed as described in draft-arias-noguchi-registry-data-escrow, see Part A, Section 9, reference 1 of this Specification and draft-arias-noguchi-dnrd-objects-mapping, see Part A, Section 9, reference 2 of this Specification (collectively, the “DNDE Specification”). The DNDE Specification describes some elements as

optional; Registry Operator will include those elements in the Deposits if they are available. If not already an RFC, Registry Operator will use the most recent draft version of the DNDE Specification available at the Effective Date. Registry Operator may at its election use newer versions of the DNDE Specification after the Effective Date. Once the DNDE Specification is published as an RFC, Registry Operator will implement that version of the DNDE Specification, no later than one hundred eighty (180) calendar days after. UTF-8 character encoding will be used.

- 3.2. **Extensions.** If a Registry Operator offers additional Registry Services that require submission of additional data, not included above, additional “extension schemas” shall be defined in a case by case basis to represent that data. These “extension schemas” will be specified as described in Part A, Section 9, reference 2 of this Specification. Data related to the “extensions schemas” will be included in the deposit file described in Part A, Section 3.1 of this Specification. ICANN and the respective Registry Operator shall work together to agree on such new objects’ data escrow specifications.
4. **Processing of Deposit files.** The use of compression is recommended in order to reduce electronic data transfer times, and storage capacity requirements. Data encryption will be used to ensure the privacy of registry escrow data. Files processed for compression and encryption will be in the binary OpenPGP format as per OpenPGP Message Format - RFC 4880, see Part A, Section 9, reference 3 of this Specification. Acceptable algorithms for Public-key cryptography, Symmetric-key cryptography, Hash and Compression are those enumerated in RFC 4880, not marked as deprecated in OpenPGP IANA Registry, see Part A, Section 9, reference 4 of this Specification, that are also royalty-free. The process to follow for the data file in original text format is:
  - (1) The XML file of the deposit as described in Part A, Section 9, reference 1 of this Specification must be named as the containing file as specified in Section 5 but with the extension xml.
  - (2) The data file(s) are aggregated in a tarball file named the same as (1) but with extension tar.
  - (3) A compressed and encrypted OpenPGP Message is created using the tarball file as sole input. The suggested algorithm for compression is ZIP as per RFC 4880. The compressed data will be encrypted using the escrow agent’s public key. The suggested algorithms for Public-key encryption are Elgamal and RSA as per RFC 4880. The suggested algorithms for Symmetric-key encryption are TripleDES, AES128 and CAST5 as per RFC 4880.
  - (4) The file may be split as necessary if, once compressed and encrypted, it is larger than the file size limit agreed with the escrow agent. Every part of a

split file, or the whole file if not split, will be called a processed file in this section.

- (5) A digital signature file will be generated for every processed file using the Registry Operator's private key. The digital signature file will be in binary OpenPGP format as per RFC 4880 Section 9, reference 3, and will not be compressed or encrypted. The suggested algorithms for Digital signatures are DSA and RSA as per RFC 4880. The suggested algorithm for Hashes in Digital signatures is SHA256.
- (6) The processed files and digital signature files will then be transferred to the Escrow Agent through secure electronic mechanisms, such as, SFTP, SCP, HTTPS file upload, etc. as agreed between the Escrow Agent and the Registry Operator. Non-electronic delivery through a physical medium such as CD-ROMs, DVD-ROMs, or USB storage devices may be used if authorized by ICANN.
- (7) The Escrow Agent will then validate every (processed) transferred data file using the procedure described in Part A, Section 8 of this Specification.

5. **File Naming Conventions.** Files will be named according to the following convention: {gTLD}\_{YYYY-MM-DD}\_{type}\_S{#}\_R{rev}.{ext} where:

- 5.1. {gTLD} is replaced with the gTLD name; in case of an IDN-TLD, the ASCII-compatible form (A-Label) must be used;
- 5.2. {YYYY-MM-DD} is replaced by the date corresponding to the time used as a timeline watermark for the transactions; i.e. for the Full Deposit corresponding to 2009-08-02T00:00Z, the string to be used would be "2009-08-02";
- 5.3. {type} is replaced by:
  - (1) "full", if the data represents a Full Deposit;
  - (2) "diff", if the data represents a Differential Deposit;
  - (3) "thin", if the data represents a Bulk Registration Data Access file, as specified in Section 3 of Specification 4;
- 5.4. {#} is replaced by the position of the file in a series of files, beginning with "1"; in case of a lone file, this must be replaced by "1".
- 5.5. {rev} is replaced by the number of revision (or resend) of the file beginning with "0":



- 5.6. {ext} is replaced by “sig” if it is a digital signature file of the quasi-homonymous file. Otherwise it is replaced by “ryde”.
6. **Distribution of Public Keys.** Each of Registry Operator and Escrow Agent will distribute its public key to the other party (Registry Operator or Escrow Agent, as the case may be) via email to an email address to be specified. Each party will confirm receipt of the other party’s public key with a reply email, and the distributing party will subsequently reconfirm the authenticity of the key transmitted via offline methods, like in person meeting, telephone, etc. In this way, public key transmission is authenticated to a user able to send and receive mail via a mail server operated by the distributing party. Escrow Agent, Registry Operator and ICANN will exchange public keys by the same procedure.
7. **Notification of Deposits.** Along with the delivery of each Deposit, Registry Operator will deliver to Escrow Agent and to ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification (the “Interface Specification”)) a written statement (which may be by authenticated e-mail) that includes a copy of the report generated upon creation of the Deposit and states that the Deposit has been inspected by Registry Operator and is complete and accurate. Registry Operator will include the Deposit’s “id” and “resend” attributes in its statement. The attributes are explained in Part A, Section 9, reference 1 of this Specification.

If not already an RFC, Registry Operator will use the most recent draft version of the Interface Specification at the Effective Date. Registry Operator may at its election use newer versions of the Interface Specification after the Effective Date. Once the Interface Specification is published as an RFC, Registry Operator will implement that version of the Interface Specification, no later than one hundred eighty (180) calendar days after such publishing.

8. **Verification Procedure.**
- (1) The signature file of each processed file is validated.
  - (2) If processed files are pieces of a bigger file, the latter is put together.
  - (3) Each file obtained in the previous step is then decrypted and uncompressed.
  - (4) Each data file contained in the previous step is then validated against the format defined in Part A, Section 9, reference 1 of this Specification.
  - (5) If Part A, Section 9, reference 1 of this Specification includes a verification process, that will be applied at this step.

If any discrepancy is found in any of the steps, the Deposit will be considered incomplete.

9. **References.**

- (1) Domain Name Data Escrow Specification (work in progress),  
<http://tools.ietf.org/html/draft-arias-noguchi-registry-data-escrow>
- (2) Domain Name Registration Data (DNRD) Objects Mapping,  
<http://tools.ietf.org/html/draft-arias-noguchi-dnrd-objects-mapping>
- (3) OpenPGP Message Format, <http://www.rfc-editor.org/rfc/rfc4880.txt>
- (4) OpenPGP parameters,  
<http://www.iana.org/assignments/pgp-parameters/pgp-parameters.xhtml>
- (5) ICANN interfaces for registries and data escrow agents,  
<http://tools.ietf.org/html/draft-lozano-icann-registry-interfaces>

## PART B – LEGAL REQUIREMENTS

1. **Escrow Agent.** Prior to entering into an escrow agreement, the Registry Operator must provide notice to ICANN as to the identity of the Escrow Agent, and provide ICANN with contact information and a copy of the relevant escrow agreement, and all amendments thereto. In addition, prior to entering into an escrow agreement, Registry Operator must obtain the consent of ICANN to (a) use the specified Escrow Agent, and (b) enter into the form of escrow agreement provided. ICANN must be expressly designated as a third-party beneficiary of the escrow agreement. ICANN reserves the right to withhold its consent to any Escrow Agent, escrow agreement, or any amendment thereto, all in its sole discretion.
2. **Fees.** Registry Operator must pay, or have paid on its behalf, fees to the Escrow Agent directly. If Registry Operator fails to pay any fee by the due date(s), the Escrow Agent will give ICANN written notice of such non-payment and ICANN may pay the past-due fee(s) within fifteen (15) calendar days after receipt of the written notice from Escrow Agent. Upon payment of the past-due fees by ICANN, ICANN shall have a claim for such amount against Registry Operator, which Registry Operator shall be required to submit to ICANN together with the next fee payment due under the Registry Agreement.
3. **Ownership.** Ownership of the Deposits during the effective term of the Registry Agreement shall remain with Registry Operator at all times. Thereafter, Registry Operator shall assign any such ownership rights (including intellectual property rights, as the case may be) in such Deposits to ICANN. In the event that during the term of the Registry Agreement any Deposit is released from escrow to ICANN, any intellectual property rights held by Registry Operator in the Deposits will automatically be licensed to ICANN or to a party designated in writing by ICANN on a non-exclusive, perpetual, irrevocable, royalty-free, paid-up basis, for any use related to the operation, maintenance or transition of the TLD.
4. **Integrity and Confidentiality.** Escrow Agent will be required to (i) hold and maintain the Deposits in a secure, locked, and environmentally safe facility, which is accessible only to authorized representatives of Escrow Agent, (ii) protect the integrity and confidentiality of the Deposits using commercially reasonable measures and (iii) keep and safeguard each Deposit for one (1) year. ICANN and Registry Operator will be provided the right to inspect Escrow Agent’s applicable records upon reasonable prior notice and during normal business hours. Registry Operator and ICANN will be provided with the right to designate a third-party auditor to audit Escrow Agent’s compliance with the technical specifications and maintenance requirements of this Specification 2 from time to time.

If Escrow Agent receives a subpoena or any other order from a court or other judicial tribunal pertaining to the disclosure or release of the Deposits, Escrow Agent will promptly notify the Registry Operator and ICANN unless prohibited by law. After notifying the Registry Operator and ICANN, Escrow Agent shall allow

sufficient time for Registry Operator or ICANN to challenge any such order, which shall be the responsibility of Registry Operator or ICANN; provided, however, that Escrow Agent does not waive its rights to present its position with respect to any such order. Escrow Agent will cooperate with the Registry Operator or ICANN to support efforts to quash or limit any subpoena, at such party's expense. Any party requesting additional assistance shall pay Escrow Agent's standard charges or as quoted upon submission of a detailed request.

5. **Copies.** Escrow Agent may be permitted to duplicate any Deposit, in order to comply with the terms and provisions of the escrow agreement.
6. **Release of Deposits.** Escrow Agent will make available for electronic download (unless otherwise requested) to ICANN or its designee, within twenty-four (24) hours, at the Registry Operator's expense, all Deposits in Escrow Agent's possession in the event that the Escrow Agent receives a request from Registry Operator to effect such delivery to ICANN, or receives one of the following written notices by ICANN stating that:
  - 6.1. the Registry Agreement has expired without renewal, or been terminated; or
  - 6.2. ICANN has not received a notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent within five (5) calendar days after the Deposit's scheduled delivery date; (a) ICANN gave notice to Escrow Agent and Registry Operator of that failure; and (b) ICANN has not, within seven (7) calendar days after such notice, received the notification from Escrow Agent; or
  - 6.3. ICANN has received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of failed verification of the latest escrow deposit for a specific date or a notification of a missing deposit, and the notification is for a deposit that should have been made on Sunday (i.e., a Full Deposit); (a) ICANN gave notice to Registry Operator of that receipt; and (b) ICANN has not, within seven (7) calendar days after such notice, received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of verification of a remediated version of such Full Deposit; or
  - 6.4. ICANN has received five notifications from Escrow Agent within the last thirty (30) calendar days notifying ICANN of either missing or failed escrow deposits that should have been made Monday through Saturday (i.e., a Differential Deposit), and (x) ICANN provided notice to Registry Operator of the receipt of such notifications; and (y) ICANN has not, within seven (7) calendar days after delivery of such notice to Registry Operator, received notification from Escrow Agent of verification of a remediated version of such Differential Deposit; or

- 6.5. Registry Operator has: (i) ceased to conduct its business in the ordinary course; or (ii) filed for bankruptcy, become insolvent or anything analogous to any of the foregoing under the laws of any jurisdiction anywhere in the world; or
- 6.6. Registry Operator has experienced a failure of critical registry functions and ICANN has asserted its rights pursuant to Section 2.13 of the Agreement; or
- 6.7. a competent court, arbitral, legislative, or government agency mandates the release of the Deposits to ICANN; or
- 6.8. pursuant to Contractual and Operational Compliance Audits as specified under Section 2.11 of the Agreement.

Unless Escrow Agent has previously released the Registry Operator's Deposits to ICANN or its designee, Escrow Agent will deliver all Deposits to ICANN upon expiration or termination of the Registry Agreement or the Escrow Agreement.

7. **Verification of Deposits.**

- 7.1. Within twenty-four (24) hours after receiving each Deposit or corrected Deposit, Escrow Agent must verify the format and completeness of each Deposit and deliver to ICANN a notification generated for each Deposit. Reports will be delivered electronically using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification.
- 7.2. If Escrow Agent discovers that any Deposit fails the verification procedures or if Escrow Agent does not receive any scheduled Deposit, Escrow Agent must notify Registry Operator either by email, fax or phone and ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification) of such nonconformity or non-receipt within twenty-four (24) hours after receiving the non-conformant Deposit or the deadline for such Deposit, as applicable. Upon notification of such verification or delivery failure, Registry Operator must begin developing modifications, updates, corrections, and other fixes of the Deposit necessary for the Deposit to be delivered and pass the verification procedures and deliver such fixes to Escrow Agent as promptly as possible.

8. **Amendments.** Escrow Agent and Registry Operator shall amend the terms of the Escrow Agreement to conform to this Specification 2 within ten (10) calendar days of any amendment or modification to this Specification 2. In the event of a conflict between this Specification 2 and the Escrow Agreement, this Specification 2 shall control.

9. **Indemnity.** Escrow Agent shall indemnify and hold harmless Registry Operator and ICANN, and each of their respective directors, officers, agents, employees, members,

and stockholders (“Indemnitees”) absolutely and forever from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys’ fees and costs, that may be asserted by a third party against any Indemnitee in connection with the misrepresentation, negligence or misconduct of Escrow Agent, its directors, officers, agents, employees and contractors.

## SPECIFICATION 3

### FORMAT AND CONTENT FOR REGISTRY OPERATOR MONTHLY REPORTING

Registry Operator shall provide one set of monthly reports per gTLD, using the API described in draft-lozano-icann-registry-interfaces, see Specification 2, Part A, Section 9, reference 5, with the following content.

ICANN may request in the future that the reports be delivered by other means and using other formats. ICANN will use reasonable commercial efforts to preserve the confidentiality of the information reported until three (3) months after the end of the month to which the reports relate. Unless set forth in this Specification 3, any reference to a specific time refers to Coordinated Universal Time (UTC). Monthly reports shall consist of data that reflects the state of the registry at the end of the month (UTC).

1. **Per-Registrar Transactions Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-transactions-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields per registrar:

Field #	Field name	Description
01	registrar-name	Registrar’s full corporate name as registered with IANA
02	iana-id	For cases where the registry operator acts as registrar (i.e., without the use of an ICANN accredited registrar) 9999 should be used, otherwise the sponsoring Registrar IANA id should be used as specified in <a href="http://www.iana.org/assignments/registrar-ids">http://www.iana.org/assignments/registrar-ids</a>
03	total-domains	total domain names under sponsorship in any EPP status but pendingCreate that have not been purged
04	total-nameservers	total name servers (either host objects or name server hosts as domain name attributes) associated with domain names registered for the TLD in any EPP status but pendingCreate that have not been purged
05	net-adds-1-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of one (1) year (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
06	net-adds-2-yr	number of domains successfully registered (i.e., not

		in EPP pendingCreate status) with an initial term of two(2) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
07	net-adds-3-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of three (3) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
08	net-adds-4-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of four (4) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
09	net-adds-5-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of five (5) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
10	net-adds-6-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of six (6) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
11	net-adds-7-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of seven (7) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
12	net-adds-8-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of eight (8) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
13	net-adds-9-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of nine (9) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
14	net-adds-10-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of ten (10) years (and not deleted within the add grace period). A transaction must be reported in the month



		the add grace period ends.
15	net-renews-1-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of one (1) year (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
16	net-renews-2-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of two (2) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
17	net-renews-3-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of three (3) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
18	net-renews-4-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of four (4) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
19	net-renews-5-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of five (5) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
20	net-renews-6-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of six (6) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.

21	net-renews-7-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of seven (7) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
22	net-renews-8-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of eight (8) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
23	net-renews-9-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of nine (9) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
24	net-renews-10-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of ten (10) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
25	transfer-gaining-successful	number of domain transfers initiated by this registrar that were successfully completed (either explicitly or automatically approved) and not deleted within the transfer grace period. A transaction must be reported in the month the transfer grace period ends.
26	transfer-gaining-nacked	number of domain transfers initiated by this registrar that were rejected (e.g., EPP transfer op="reject") by the other registrar
27	transfer-losing-successfully	number of domain transfers initiated by another registrar that were successfully completed (either explicitly or automatically approved)
28	transfer-losing-nacked	number of domain transfers initiated by another registrar that this registrar rejected (e.g., EPP transfer op="reject")

29	transfer-disputed-won	number of transfer disputes in which this registrar prevailed (reported in the month where the determination happened)
30	transfer-disputed-lost	number of transfer disputes this registrar lost (reported in the month where the determination happened)
31	transfer-disputed-nodecision	number of transfer disputes involving this registrar with a split or no decision (reported in the month where the determination happened)
32	deleted-domains-grace	domains deleted within the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
33	deleted-domains-nograce	domains deleted outside the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
34	restored-domains	domain names restored from redemption period
35	restored-noreport	total number of restored names for which the registrar failed to submit a restore report
36	agp-exemption-requests	total number of AGP (add grace period) exemption requests
37	agp-exemptions-granted	total number of AGP (add grace period) exemption requests granted
38	agp-exempted-domains	total number of names affected by granted AGP (add grace period) exemption requests
39	attempted-adds	number of attempted (both successful and failed) domain name create commands

The first line shall include the field names exactly as described in the table above as a “header line” as described in section 2 of RFC 4180. The last line of each report shall include totals for each column across all registrars; the first field of this line shall read “Totals” while the second field shall be left empty in that line. No other lines besides the ones described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

2. **Registry Functions Activity Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-activity-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields:

Field #	Field Name	Description
01	operational-registrars	number of operational registrars at the end of the reporting period
02	ramp-up-registrars	number of registrars that have received a password for access to OT&E at the end of the reporting period
03	pre-ramp-up-registrars	number of registrars that have requested access, but have not yet entered the ramp-up period at the end of the reporting period
04	zfa-passwords	number of active zone file access passwords at the end of the reporting period
05	whois-43-queries	number of WHOIS (port-43) queries responded during the reporting period
06	web-whois-queries	number of Web-based Whois queries responded during the reporting period, not including searchable Whois
07	searchable-whois-queries	number of searchable Whois queries responded during the reporting period, if offered
08	dns-udp-queries-received	number of DNS queries received over UDP transport during the reporting period
09	dns-udp-queries-responded	number of DNS queries received over UDP transport that were responded during the reporting period
10	dns-tcp-queries-received	number of DNS queries received over TCP transport during the reporting period
11	dns-tcp-queries-responded	number of DNS queries received over TCP transport that were responded during the reporting period
12	srs-dom-check	number of SRS (EPP and any other interface) domain name "check" requests responded during the reporting period
13	srs-dom-create	number of SRS (EPP and any other interface) domain name "create" requests responded during the reporting period
14	srs-dom-delete	number of SRS (EPP and any other interface) domain name "delete" requests responded during the reporting period
15	srs-dom-info	number of SRS (EPP and any other interface) domain name "info" requests responded during the reporting period

Field #	Field Name	Description
16	srs-dom-renew	number of SRS (EPP and any other interface) domain name "renew" requests responded during the reporting period
17	srs-dom-rgp-restore-report	number of SRS (EPP and any other interface) domain name RGP "restore" requests delivering a restore report responded during the reporting period
18	srs-dom-rgp-restore-request	number of SRS (EPP and any other interface) domain name RGP "restore" requests responded during the reporting period
19	srs-dom-transfer-approve	number of SRS (EPP and any other interface) domain name "transfer" requests to approve transfers responded during the reporting period
20	srs-dom-transfer-cancel	number of SRS (EPP and any other interface) domain name "transfer" requests to cancel transfers responded during the reporting period
21	srs-dom-transfer-query	number of SRS (EPP and any other interface) domain name "transfer" requests to query about a transfer responded during the reporting period
22	srs-dom-transfer-reject	number of SRS (EPP and any other interface) domain name "transfer" requests to reject transfers responded during the reporting period
23	srs-dom-transfer-request	number of SRS (EPP and any other interface) domain name "transfer" requests to request transfers responded during the reporting period
24	srs-dom-update	number of SRS (EPP and any other interface) domain name "update" requests (not including RGP restore requests) responded during the reporting period
25	srs-host-check	number of SRS (EPP and any other interface) host "check" requests responded during the reporting period
26	srs-host-create	number of SRS (EPP and any other interface) host "create" requests responded during the reporting period
27	srs-host-delete	number of SRS (EPP and any other interface) host "delete" requests responded during the reporting period

Field #	Field Name	Description
28	srs-host-info	number of SRS (EPP and any other interface) host "info" requests responded during the reporting period
29	srs-host-update	number of SRS (EPP and any other interface) host "update" requests responded during the reporting period
30	srs-cont-check	number of SRS (EPP and any other interface) contact "check" requests responded during the reporting period
31	srs-cont-create	number of SRS (EPP and any other interface) contact "create" requests responded during the reporting period
32	srs-cont-delete	number of SRS (EPP and any other interface) contact "delete" requests responded during the reporting period
33	srs-cont-info	number of SRS (EPP and any other interface) contact "info" requests responded during the reporting period
34	srs-cont-transfer-approve	number of SRS (EPP and any other interface) contact "transfer" requests to approve transfers responded during the reporting period
35	srs-cont-transfer-cancel	number of SRS (EPP and any other interface) contact "transfer" requests to cancel transfers responded during the reporting period
36	srs-cont-transfer-query	number of SRS (EPP and any other interface) contact "transfer" requests to query about a transfer responded during the reporting period
37	srs-cont-transfer-reject	number of SRS (EPP and any other interface) contact "transfer" requests to reject transfers responded during the reporting period
38	srs-cont-transfer-request	number of SRS (EPP and any other interface) contact "transfer" requests to request transfers responded during the reporting period
39	srs-cont-update	number of SRS (EPP and any other interface) contact "update" requests responded during the reporting period

The first line shall include the field names exactly as described in the table above as a "header line" as described in section 2 of RFC 4180. No other lines besides the ones

described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

For gTLDs that are part of a single-instance Shared Registry System, the Registry Functions Activity Report may include the total contact or host transactions for all the gTLDs in the system.

## SPECIFICATION 4

### REGISTRATION DATA PUBLICATION SERVICES

1. **Registration Data Directory Services.** Until ICANN requires a different protocol, Registry Operator will operate a WHOIS service available via port 43 in accordance with RFC 3912, and a web-based Directory Service at <whois.nic.TLD> providing free public query-based access to at least the following elements in the following format. ICANN reserves the right to specify alternative formats and protocols, and upon such specification, the Registry Operator will implement such alternative specification as soon as reasonably practicable.

Registry Operator shall implement a new standard supporting access to domain name registration data (SAC 051) no later than one hundred thirty-five (135) days after it is requested by ICANN if: 1) the IETF produces a standard (i.e., it is published, at least, as a Proposed Standard RFC as specified in RFC 2026); and 2) its implementation is commercially reasonable in the context of the overall operation of the registry.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registry Operator, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and registrant information, together.
- 1.4. The fields specified below set forth the minimum output requirements. Registry Operator may output data fields in addition to those specified below, subject to approval by ICANN, which approval shall not be unreasonably withheld.
- 1.5. **Domain Name Data:**
  - 1.5.1 **Query format:** whois EXAMPLE.TLD
  - 1.5.2 **Response format:**

Domain Name: EXAMPLE.TLD  
Domain ID: D1234567-TLD



WHOIS Server: whois.example.tld  
Referral URL: http://www.example.tld  
Updated Date: 2009-05-29T20:13:00Z  
Creation Date: 2000-10-08T00:45:00Z  
Registry Expiry Date: 2010-10-08T00:44:59Z  
Sponsoring Registrar: EXAMPLE REGISTRAR LLC  
Sponsoring Registrar IANA ID: 5555555  
Domain Status: clientDeleteProhibited  
Domain Status: clientRenewProhibited  
Domain Status: clientTransferProhibited  
Domain Status: serverUpdateProhibited  
Registrant ID: 5372808-ERL  
Registrant Name: EXAMPLE REGISTRANT  
Registrant Organization: EXAMPLE ORGANIZATION  
Registrant Street: 123 EXAMPLE STREET  
Registrant City: ANYTOWN  
Registrant State/Province: AP  
Registrant Postal Code: A1A1A1  
Registrant Country: EX  
Registrant Phone: +1.5555551212  
Registrant Phone Ext: 1234  
Registrant Fax: +1.5555551213  
Registrant Fax Ext: 4321  
Registrant Email: EMAIL@EXAMPLE.TLD  
Admin ID: 5372809-ERL  
Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE  
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION  
Admin Street: 123 EXAMPLE STREET  
Admin City: ANYTOWN  
Admin State/Province: AP  
Admin Postal Code: A1A1A1  
Admin Country: EX  
Admin Phone: +1.5555551212  
Admin Phone Ext: 1234  
Admin Fax: +1.5555551213  
Admin Fax Ext:  
Admin Email: EMAIL@EXAMPLE.TLD  
Tech ID: 5372811-ERL  
Tech Name: EXAMPLE REGISTRAR TECHNICAL  
Tech Organization: EXAMPLE REGISTRAR LLC  
Tech Street: 123 EXAMPLE STREET  
Tech City: ANYTOWN  
Tech State/Province: AP  
Tech Postal Code: A1A1A1  
Tech Country: EX  
Tech Phone: +1.1235551234

Tech Phone Ext: 1234  
Tech Fax: +1.5555551213  
Tech Fax Ext: 93  
Tech Email: EMAIL@EXAMPLE.TLD  
Name Server: NS01.EXAMPLEREGISTRAR.TLD  
Name Server: NS02.EXAMPLEREGISTRAR.TLD  
DNSSEC: signedDelegation  
DNSSEC: unsigned  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

1.6. **Registrar Data:**

1.6.1 **Query format:** whois "registrar Example Registrar, Inc."

1.6.2 **Response format:**

Registrar Name: Example Registrar, Inc.  
Street: 1234 Admiralty Way  
City: Marina del Rey  
State/Province: CA  
Postal Code: 90292  
Country: US  
Phone Number: +1.3105551212  
Fax Number: +1.3105551213  
Email: registrar@example.tld  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
Admin Contact: Joe Registrar  
Phone Number: +1.3105551213  
Fax Number: +1.3105551213  
Email: joeregistrar@example-registrar.tld  
Admin Contact: Jane Registrar  
Phone Number: +1.3105551214  
Fax Number: +1.3105551213  
Email: janeregistrar@example-registrar.tld  
Technical Contact: John Geek  
Phone Number: +1.3105551215  
Fax Number: +1.3105551216  
Email: johngeek@example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

1.7. **Nameserver Data:**

1.7.1 **Query format:** whois "NS1.EXAMPLE.TLD", whois "nameserver (nameserver name)", or whois "nameserver (IP Address)"

### 1.7.2 Response format:

Server Name: NS1.EXAMPLE.TLD  
IP Address: 192.0.2.123  
IP Address: 2001:0DB8::1  
Registrar: Example Registrar, Inc.  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

- 1.8. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers (the extension will be provided as a separate field as shown above), email addresses, date and times should conform to the mappings specified in EPP RFCs 5730-5734 so that the display of this information (or values return in WHOIS responses) can be uniformly processed and understood.
- 1.9. In order to be compatible with ICANN's common interface for WHOIS (InterNIC), WHOIS output shall be in the format outline above.
- 1.10. **Searchability.** Offering searchability capabilities on the Directory Services is optional but if offered by the Registry Operator it shall comply with the specification described in this section.
  - 1.10.1 Registry Operator will offer searchability on the web-based Directory Service.
  - 1.10.2 Registry Operator will offer partial match capabilities, at least, on the following fields: domain name, contacts and registrant's name, and contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.).
  - 1.10.3 Registry Operator will offer exact-match capabilities, at least, on the following fields: registrar id, name server name, and name server's IP address (only applies to IP addresses stored by the registry, i.e., glue records).
  - 1.10.4 Registry Operator will offer Boolean search capabilities supporting, at least, the following logical operators to join a set of search criteria: AND, OR, NOT.
  - 1.10.5 Search results will include domain names matching the search criteria.
  - 1.10.6 Registry Operator will: 1) implement appropriate measures to avoid abuse of this feature (e.g., permitting access only to legitimate

authorized users); and 2) ensure the feature is in compliance with any applicable privacy laws or policies.

- 1.11. Registry Operator shall provide a link on the primary website for the TLD (i.e., the website provided to ICANN for publishing on the ICANN website) to a web page designated by ICANN containing WHOIS policy and educational materials.

## 2. **Zone File Access**

### 2.1. **Third-Party Access**

- 2.1.1 **Zone File Access Agreement.** Registry Operator will enter into an agreement with any Internet user, which will allow such user to access an Internet host server or servers designated by Registry Operator and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider, which may be ICANN or an ICANN designee (the "CZDA Provider"). Registry Operator (optionally through the CZDA Provider) will provide access to zone file data per Section 2.1.3 of this Specification and do so using the file format described in Section 2.1.4 of this Specification. Notwithstanding the foregoing, (a) the CZDA Provider may reject the request for access of any user that does not satisfy the credentialing requirements in Section 2.1.2 below; (b) Registry Operator may reject the request for access of any user that does not provide correct or legitimate credentials under Section 2.1.2 below or where Registry Operator reasonably believes will violate the terms of Section 2.1.5. below; and, (c) Registry Operator may revoke access of any user if Registry Operator has evidence to support that the user has violated the terms of Section 2.1.5 below.
- 2.1.2 **Credentialing Requirements.** Registry Operator, through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address and IP address.
- 2.1.3 **Grant of Access.** Each Registry Operator (optionally through the CZDA Provider) will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL (specifically, <TLD>.zda.icann.org where <TLD> is the TLD for which the registry is responsible) for the user to access the Registry's zone data archives. Registry Operator will grant the user a non-exclusive, nontransferable, limited right to access Registry Operator's (optionally CZDA Provider's) Zone File hosting server, and to transfer

a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN. For every zone file access server, the zone files are in the top-level directory called <zone>.zone.gz, with <zone>.zone.gz.md5 and <zone>.zone.gz.sig to verify downloads. If the Registry Operator (or the CZDA Provider) also provides historical data, it will use the naming pattern <zone>-yyyymmdd.zone.gz, etc.

2.1.4 **File Format Standard.** Registry Operator (optionally through the CZDA Provider) will provide zone files using a subformat of the standard Master File format as originally defined in RFC 1035, Section 5, including all the records present in the actual zone used in the public DNS. Sub-format is as follows:

1. Each record must include all fields in one line as: <domain-name> <TTL> <class> <type> <RDATA>.
2. Class and Type must use the standard mnemonics and must be in lower case.
3. TTL must be present as a decimal integer.
4. Use of /X and /DDD inside domain names is allowed.
5. All domain names must be in lower case.
6. Must use exactly one tab as separator of fields inside a record.
7. All domain names must be fully qualified.
8. No \$ORIGIN directives.
9. No use of "@" to denote current origin.
10. No use of "blank domain names" at the beginning of a record to continue the use of the domain name in the previous record.
11. No \$INCLUDE directives.
12. No \$TTL directives.
13. No use of parentheses, e.g., to continue the list of fields in a record across a line boundary.
14. No use of comments.
15. No blank lines.

16. The SOA record should be present at the top and (duplicated at) the end of the zone file.
17. With the exception of the SOA record, all the records in a file must be in alphabetical order.
18. One zone per file. If a TLD divides its DNS data into multiple zones, each goes into a separate file named as above, with all the files combined using tar into a file called <tld>.zone.tar.

2.1.5 **Use of Data by User.** Registry Operator will permit user to use the zone file for lawful purposes; provided that (a) user takes all reasonable steps to protect against unauthorized access to and use and disclosure of the data and (b) under no circumstances will Registry Operator be required or permitted to allow user to use the data to, (i) allow, enable, or otherwise support the transmission by email, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than user's own existing customers, or (ii) enable high volume, automated, electronic processes that send queries or data to the systems of Registry Operator or any ICANN-accredited registrar.

2.1.6 **Term of Use.** Registry Operator, through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. Registry Operator will allow users to renew their Grant of Access.

2.1.7 **No Fee for Access.** Registry Operator will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

## 2.2. **Co-operation**

2.2.1 **Assistance.** Registry Operator will co-operate and provide reasonable assistance to ICANN and the CZDA Provider to facilitate and maintain the efficient access of zone file data by permitted users as contemplated under this Schedule.

2.3. **ICANN Access.** Registry Operator shall provide bulk access to the zone files for the TLD to ICANN or its designee on a continuous basis in the manner ICANN may reasonably specify from time to time. Access will be provided at least daily. Zone files will include SRS data committed as close as possible to 00:00:00 UTC.

2.4. **Emergency Operator Access.** Registry Operator shall provide bulk access to the zone files for the TLD to the Emergency Operators designated by ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.

### 3. Bulk Registration Data Access to ICANN

- 3.1. **Periodic Access to Thin Registration Data.** In order to verify and ensure the operational stability of Registry Services as well as to facilitate compliance checks on accredited registrars, Registry Operator will provide ICANN on a weekly basis (the day to be designated by ICANN) with up-to-date Registration Data as specified below. Data will include data committed as of 00:00:00 UTC on the day previous to the one designated for retrieval by ICANN.
- 3.1.1 **Contents.** Registry Operator will provide, at least, the following data for all registered domain names: domain name, domain name repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars, at least, it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar.
- 3.1.2 **Format.** The data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the previous section, i.e., the file will only contain Domain and Registrar objects with the fields mentioned above. Registry Operator has the option to provide a full deposit file instead as specified in Specification 2.
- 3.1.3 **Access.** Registry Operator will have the file(s) ready for download as of 00:00:00 UTC on the day designated for retrieval by ICANN. The file(s) will be made available for download by SFTP, though ICANN may request other means in the future.
- 3.2. **Exceptional Access to Thick Registration Data.** In case of a registrar failure, deaccreditation, court order, etc. that prompts the temporary or definitive transfer of its domain names to another registrar, at the request of ICANN, Registry Operator will provide ICANN with up-to-date data for the domain names of the losing registrar. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. Registry Operator will provide the data as soon as commercially practicable, but in no event later than five (5) calendar days following ICANN's request. Unless otherwise agreed by Registry Operator and ICANN, the file will be made available for download by ICANN in the same manner as the data specified in Section 3.1 of this Specification.



## SPECIFICATION 5

### SCHEDULE OF RESERVED NAMES

Except to the extent that ICANN otherwise expressly authorizes in writing, and subject to the terms and conditions of this Specification, Registry Operator shall reserve the following labels from initial (i.e., other than renewal) registration within the TLD. If using self-allocation, the Registry Operator must show the registration in the RDDS. In the case of IDN names (as indicated below), IDN variants will be identified according to the registry operator IDN registration policy, where applicable.

1. **Example.** The ASCII label “EXAMPLE” shall be withheld from registration or allocated to Registry Operator at the second level and at all other levels within the TLD at which Registry Operator offers registrations (such second level and all other levels are collectively referred to herein as, “All Levels”). Such label may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, such withheld or allocated label shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such name without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
2. **Two-character labels.** All two-character ASCII labels shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Such labels may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator, provided that such two-character label strings may be released to the extent that Registry Operator reaches agreement with the related government and country-code manager of the string as specified in the ISO 3166-1 alpha-2 standard. The Registry Operator may also propose the release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes, subject to approval by ICANN. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, all such labels that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
3. **Reservations for Registry Operations.**
  - 3.1. The following ASCII labels must be withheld from registration or allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: WWW, RDDS and WHOIS. The following ASCII label must be allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: NIC. Registry Operator may activate WWW, RDDS and WHOIS in the DNS, but must activate NIC in the



DNS, as necessary for the operation of the TLD. None of WWW, RDDS, WHOIS or NIC may be released or registered to any person (other than Registry Operator) or third party. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD all such withheld or allocated names shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

- 3.2. Registry Operator may activate in the DNS at All Levels up to one hundred (100) names (plus their IDN variants, where applicable) necessary for the operation or the promotion of the TLD. Registry Operator must act as the Registered Name Holder of such names as that term is defined in the then-current ICANN Registrar Accreditation Agreement (RAA). These activations will be considered Transactions for purposes of Section 6.1 of the Agreement. Registry Operator must either (i) register such names through an ICANN-accredited registrar; or (ii) self-allocate such names and with respect to those names submit to and be responsible to ICANN for compliance with ICANN Consensus Policies and the obligations set forth in Subsections 3.7.7.1 through 3.7.7.12 of the then-current RAA (or any other replacement clause setting out the terms of the registration agreement between a registrar and a registered name holder). At Registry Operator's discretion and in compliance with all other terms of this Agreement, such names may be released for registration to another person or entity.
- 3.3. Registry Operator may withhold from registration or allocate to Registry Operator names (including their IDN variants, where applicable) at All Levels in accordance with Section 2.6 of the Agreement. Such names may not be activated in the DNS, but may be released for registration to another person or entity at Registry Operator's discretion. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Upon ICANN's request, Registry Operator shall provide a listing of all names withheld or allocated to Registry Operator pursuant to Section 2.6 of the Agreement. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
4. **Country and Territory Names.** The country and territory names (including their IDN variants, where applicable) contained in the following internationally recognized lists shall be withheld from registration or allocated to Registry Operator at All Levels:
  - 4.1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European

Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union

<[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)>;

- 4.2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- 4.3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names;

provided, that the reservation of specific country and territory names (including their IDN variants according to the registry operator IDN registration policy, where applicable) may be released to the extent that Registry Operator reaches agreement with the applicable government(s). Registry Operator must not activate such names in the DNS; provided, that Registry Operator may propose the release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

5. **International Olympic Committee; International Red Cross and Red Crescent Movement.** As instructed from time to time by ICANN, the names (including their IDN variants, where applicable) relating to the International Olympic Committee, International Red Cross and Red Crescent Movement listed at <http://www.icann.org/en/resources/registries/reserved> shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Additional International Olympic Committee, International Red Cross and Red Crescent Movement names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Such names may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
6. **Intergovernmental Organizations.** As instructed from time to time by ICANN, Registry Operator will implement the protections mechanism determined by the

ICANN Board of Directors relating to the protection of identifiers for Intergovernmental Organizations. A list of reserved names for this Section 6 is available at <http://www.icann.org/en/resources/registries/reserved>. Additional names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Any such protected identifiers for Intergovernmental Organizations may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such protected identifiers shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

## SPECIFICATION 6

### REGISTRY INTEROPERABILITY AND CONTINUITY SPECIFICATIONS

#### 1. Standards Compliance

- 1.1. **DNS.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF), including all successor standards, modifications or additions thereto relating to the DNS and name server operations including without limitation RFCs 1034, 1035, 1123, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, and 5966. DNS labels may only include hyphens in the third and fourth position if they represent valid IDNs (as specified above) in their ASCII encoding (e.g., “xn--ndk061n”).
- 1.2. **EPP.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF) including all successor standards, modifications or additions thereto relating to the provisioning and management of domain names using the Extensible Provisioning Protocol (EPP) in conformance with RFCs 5910, 5730, 5731, 5732 (if using host objects), 5733 and 5734. If Registry Operator implements Registry Grace Period (RGP), it will comply with RFC 3915 and its successors. If Registry Operator requires the use of functionality outside the base EPP RFCs, Registry Operator must document EPP extensions in Internet-Draft format following the guidelines described in RFC 3735. Registry Operator will provide and update the relevant documentation of all the EPP Objects and Extensions supported to ICANN prior to deployment.
- 1.3. **DNSSEC.** Registry Operator shall sign its TLD zone files implementing Domain Name System Security Extensions (“DNSSEC”). During the Term, Registry Operator shall comply with RFCs 4033, 4034, 4035, 4509 and their successors, and follow the best practices described in RFC 4641 and its successors. If Registry Operator implements Hashed Authenticated Denial of Existence for DNS Security Extensions, it shall comply with RFC 5155 and its successors. Registry Operator shall accept public-key material from child domain names in a secure manner according to industry best practices. Registry shall also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants’ public-key material. Registry Operator shall publish its DPS following the format described in RFC 6841.
- 1.4. **IDN.** If the Registry Operator offers Internationalized Domain Names (“IDNs”), it shall comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registry Operator shall comply with the ICANN IDN Guidelines at <<http://www.icann.org/en/topics/idn/implementation-guidelines.htm>>,

as they may be amended, modified, or superseded from time to time. Registry Operator shall publish and keep updated its IDN Tables and IDN Registration Rules in the IANA Repository of IDN Practices as specified in the ICANN IDN Guidelines.

- 1.5. **IPv6.** Registry Operator shall be able to accept IPv6 addresses as glue records in its Registry System and publish them in the DNS. Registry Operator shall offer public IPv6 transport for, at least, two of the Registry's name servers listed in the root zone with the corresponding IPv6 addresses registered with IANA. Registry Operator should follow "DNS IPv6 Transport Operational Guidelines" as described in BCP 91 and the recommendations and considerations described in RFC 4472. Registry Operator shall offer public IPv6 transport for its Registration Data Publication Services as defined in Specification 4 of this Agreement; e.g., Whois (RFC 3912), Web based Whois. Registry Operator shall offer public IPv6 transport for its Shared Registration System (SRS) to any Registrar, no later than six (6) months after receiving the first request in writing from a gTLD accredited Registrar willing to operate with the SRS over IPv6.

## 2. Registry Services

- 2.1. **Registry Services.** "Registry Services" are, for purposes of the Agreement, defined as the following: (a) those services that are operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry DNS servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy as defined in Specification 1; (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above.
- 2.2. **Wildcard Prohibition.** For domain names which are either not registered, or the registrant has not supplied valid records such as NS records for listing in the DNS zone file, or their status does not allow them to be published in the DNS, the use of DNS wildcard Resource Records as described in RFCs 1034 and 4592 or any other method or technology for synthesizing DNS Resources Records or using redirection within the DNS by the Registry is prohibited. When queried for such domain names the authoritative name servers must return a "Name Error" response (also known as NXDOMAIN), RCODE 3 as described in RFC 1035 and related RFCs. This provision applies for all DNS zone files at all levels in the DNS tree for which the Registry

Operator (or an affiliate engaged in providing Registration Services) maintains data, arranges for such maintenance, or derives revenue from such maintenance.

### 3. **Registry Continuity**

- 3.1. **High Availability.** Registry Operator will conduct its operations using network and geographically diverse, redundant servers (including network-level redundancy, end-node level redundancy and the implementation of a load balancing scheme where applicable) to ensure continued operation in the case of technical failure (widespread or local), or an extraordinary occurrence or circumstance beyond the control of the Registry Operator. Registry Operator's emergency operations department shall be available at all times to respond to extraordinary occurrences.
- 3.2. **Extraordinary Event.** Registry Operator will use commercially reasonable efforts to restore the critical functions of the registry within twenty-four (24) hours after the termination of an extraordinary event beyond the control of the Registry Operator and restore full system functionality within a maximum of forty-eight (48) hours following such event, depending on the type of critical function involved. Outages due to such an event will not be considered a lack of service availability.
- 3.3. **Business Continuity.** Registry Operator shall maintain a business continuity plan, which will provide for the maintenance of Registry Services in the event of an extraordinary event beyond the control of the Registry Operator or business failure of Registry Operator, and may include the designation of a Registry Services continuity provider. If such plan includes the designation of a Registry Services continuity provider, Registry Operator shall provide the name and contact information for such Registry Services continuity provider to ICANN. In the case of an extraordinary event beyond the control of the Registry Operator where the Registry Operator cannot be contacted, Registry Operator consents that ICANN may contact the designated Registry Services continuity provider, if one exists. Registry Operator shall conduct Registry Services Continuity testing at least once per year.

### 4. **Abuse Mitigation**

- 4.1. **Abuse Contact.** Registry Operator shall provide to ICANN and publish on its website its accurate contact details including a valid email and mailing address as well as a primary contact for handling inquiries related to malicious conduct in the TLD, and will provide ICANN with prompt notice of any changes to such contact details.
- 4.2. **Malicious Use of Orphan Glue Records.** Registry Operator shall take action to remove orphan glue records (as defined at <http://www.icann.org/en/committees/security/sac048.pdf>) when provided



with evidence in written form that such records are present in connection with malicious conduct.

## 5. **Supported Initial and Renewal Registration Periods**

- 5.1. **Initial Registration Periods.** Initial registrations of registered names may be made in the registry in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, initial registrations of registered names may not exceed ten (10) years.
- 5.2. **Renewal Periods.** Renewal of registered names may be made in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, renewal of registered names may not extend their registration period beyond ten (10) years from the time of the renewal.

## 6. **Name Collision Occurrence Management**

- 6.1. **No-Activation Period.** Registry Operator shall not activate any names in the DNS zone for the Registry TLD (except for "NIC") until at least 120 calendar days after the effective date of this agreement. Registry Operator may allocate names (subject to subsection 6.2 below) during this period only if Registry Operator causes registrants to be clearly informed of the inability to activate names until the No-Activation Period ends.

### 6.2. **Name Collision Occurrence Assessment**

- 6.2.1 Registry Operator shall not activate any names in the DNS zone for the Registry TLD except in compliance with a Name Collision Occurrence Assessment provided by ICANN regarding the Registry TLD. Registry Operator will either (A) implement the mitigation measures described in its Name Collision Occurrence Assessment before activating any second-level domain name, or (B) block those second-level domain names for which the mitigation measures as described in the Name Collision Occurrence Assessment have not been implemented and proceed with activating names that are not listed in the Assessment.
- 6.2.2 Notwithstanding subsection 6.2.1, Registry Operator may proceed with activation of names in the DNS zone without implementation of the measures set forth in Section 6.2.1 only if (A) ICANN determines that the Registry TLD is eligible for this alternative path to activation of names; and (B) Registry Operator blocks all second-level domain names identified by ICANN and set forth at <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-17nov13-en> as such list may be modified by ICANN from time to time. Registry Operator may activate names pursuant to this subsection and later activate names pursuant to subsection 6.2.1.

- 6.2.3 The sets of names subject to mitigation or blocking pursuant to Sections 6.2.1 and 6.2.2 will be based on ICANN analysis of DNS information including "Day in the Life of the Internet" data maintained by the DNS Operations, Analysis, and Research Center (DNS-OARC) <<https://www.dns-oarc.net/oarc/data/ditl>>.
- 6.2.4 Registry Operator may participate in the development by the ICANN community of a process for determining whether and how these blocked names may be released.
- 6.2.5 If ICANN determines that the TLD is ineligible for the alternative path to activation of names, ICANN may elect not to delegate the TLD pending completion of the final Name Collision Occurrence Assessment for the TLD, and Registry Operator's completion of all required mitigation measures. Registry Operator understands that the mitigation measures required by ICANN as a condition to activation of names in the DNS zone for the TLD may include, without limitation, mitigation measures such as those described in Section 3.2 of the New gTLD Name Collision Occurrence Management Plan approved by the ICANN Board New gTLD Program Committee (NGPC) on 7 October 2013 as found at <<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-07oct13-en.pdf>>.

### 6.3. **Name Collision Report Handling**

- 6.3.1 During the first two years after delegation of the TLD, Registry Operator's emergency operations department shall be available to receive reports, relayed by ICANN, alleging demonstrably severe harm from collisions with overlapping use of the names outside of the authoritative DNS.
- 6.3.2 Registry Operator shall develop an internal process for handling in an expedited manner reports received pursuant to subsection 6.3.1 under which Registry Operator may, to the extent necessary and appropriate, remove a recently activated name from the TLD zone for a period of up to two years in order to allow the affected party to make changes to its systems.



## SPECIFICATION 7

### MINIMUM REQUIREMENTS FOR RIGHTS PROTECTION MECHANISMS

1. **Rights Protection Mechanisms.** Registry Operator shall implement and adhere to the rights protection mechanisms (“RPMs”) specified in this Specification. In addition to such RPMs, Registry Operator may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party’s legal rights. Registry Operator will include all RPMs required by this Specification 7 and any additional RPMs developed and implemented by Registry Operator in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD. Registry Operator shall implement in accordance with requirements set forth therein each of the mandatory RPMs set forth in the Trademark Clearinghouse as of the date hereof, as posted at <http://www.icann.org/en/resources/registries/tmch-requirements> (the “Trademark Clearinghouse Requirements”), which may be revised in immaterial respects by ICANN from time to time. Registry Operator shall not mandate that any owner of applicable intellectual property rights use any other trademark information aggregation, notification, or validation service in addition to or instead of the ICANN-designated Trademark Clearinghouse. If there is a conflict between the terms and conditions of this Agreement and the Trademark Clearinghouse Requirements, the terms and conditions of this Agreement shall control.
2. **Dispute Resolution Mechanisms.** Registry Operator will comply with the following dispute resolution mechanisms as they may be revised from time to time:
  - a. the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) and the Registration Restriction Dispute Resolution Procedure (RRDRP) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/pddrp> and <http://www.icann.org/en/resources/registries/rrdrp>, respectively). Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PDDRP or RRDRP panel and to be bound by any such determination; and
  - b. the Uniform Rapid Suspension system (“URS”) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/urs>), including the implementation of determinations issued by URS examiners.

## SPECIFICATION 8

### CONTINUED OPERATIONS INSTRUMENT

1. The Continued Operations Instrument shall (a) provide for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6<sup>th</sup>) anniversary of the Effective Date, and (b) be in the form of either (i) an irrevocable standby letter of credit, or (ii) an irrevocable cash escrow deposit, each meeting the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof (which is hereby incorporated by reference into this Specification 8). Registry Operator shall use its best efforts to take all actions necessary or advisable to maintain in effect the Continued Operations Instrument for a period of six (6) years from the Effective Date, and to maintain ICANN as a third party beneficiary thereof. If Registry Operator elects to obtain an irrevocable standby letter of credit but the term required above is unobtainable, Registry Operator may obtain a letter of credit with a one-year term and an “evergreen provision,” providing for annual extensions, without amendment, for an indefinite number of additional periods until the issuing bank informs ICANN of its final expiration or until ICANN releases the letter of credit as evidenced in writing, if the letter of credit otherwise meets the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof; provided, however, that if the issuing bank informs ICANN of the expiration of such letter of credit prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, such letter of credit must provide that ICANN is entitled to draw the funds secured by the letter of credit prior to such expiration. The letter of credit must require the issuing bank to give ICANN at least thirty (30) calendar days’ notice of any such expiration or non-renewal. If the letter of credit expires or is terminated at any time prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, Registry Operator will be required to obtain a replacement Continued Operations Instrument. ICANN may draw the funds under the original letter of credit, if the replacement Continued Operations Instrument is not in place prior to the expiration of the original letter of credit. Registry Operator shall provide to ICANN copies of all final documents relating to the Continued Operations Instrument and shall keep ICANN reasonably informed of material developments relating to the Continued Operations Instrument. Registry Operator shall not agree to, or permit, any amendment of, or waiver under, the Continued Operations Instrument or other documentation relating thereto without the prior written consent of ICANN (such consent not to be unreasonably withheld).

2. If, notwithstanding the use of best efforts by Registry Operator to satisfy its obligations under the preceding paragraph, the Continued Operations Instrument expires or is terminated by another party thereto, in whole or in part, for any reason, prior to the sixth anniversary of the Effective Date, Registry Operator shall promptly (i) notify ICANN of such expiration or termination and the reasons therefor and (ii) arrange for an alternative instrument that provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date (an "Alternative Instrument"). Any such Alternative Instrument shall be on terms no less favorable to ICANN than the Continued Operations Instrument and shall otherwise be in form and substance reasonably acceptable to ICANN.
3. Notwithstanding anything to the contrary contained in this Specification 8, at any time, Registry Operator may replace the Continued Operations Instrument with an Alternative Instrument that (i) provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date, and (ii) contains terms no less favorable to ICANN than the Continued Operations Instrument and is otherwise in form and substance reasonably acceptable to ICANN. In the event Registry Operator replaces the Continued Operations Instrument either pursuant to paragraph 2 or this paragraph 3, the terms of this Specification 8 shall no longer apply with respect to the original Continuing Operations Instrument, but shall thereafter apply with respect to such Alternative Instrument(s), and such instrument shall thereafter be considered the Continued Operations Instrument for purposes of this Agreement.

## SPECIFICATION 9

### REGISTRY OPERATOR CODE OF CONDUCT

1. In connection with the operation of the registry for the TLD, Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity, to the extent such party is engaged in the provision of Registry Services with respect to the TLD (each, a “Registry Related Party”), to:
  - a. directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services, unless comparable opportunities to qualify for such preferences or considerations are made available to all registrars on substantially similar terms and subject to substantially similar conditions;
  - b. register domain names in its own right, except for names registered through an ICANN accredited registrar; provided, however, that Registry Operator may (a) reserve names from registration pursuant to Section 2.6 of the Agreement and (b) may withhold from registration or allocate to Registry Operator up to one hundred (100) names pursuant to Section 3.2 of Specification 5;
  - c. register names in the TLD or sub-domains of the TLD based upon proprietary access to information about searches or resolution requests by consumers for domain names not yet registered (commonly known as, “front-running”);  
or
  - d. allow any Affiliated registrar to disclose Personal Data about registrants to Registry Operator or any Registry Related Party, except as reasonably necessary for the management and operations of the TLD, unless all unrelated third parties (including other registry operators) are given equivalent access to such user data on substantially similar terms and subject to substantially similar conditions.
2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will, or will cause such Registry Related Party to, ensure that such services are offered through a legal entity separate from Registry Operator, and maintain separate books of accounts with respect to its registrar or registrar-reseller operations.
3. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to

Registry Operator's compliance with this Code of Conduct, via email to an address to be provided by ICANN. (ICANN may specify in the future the form and contents of such reports or that the reports be delivered by other reasonable means.) Registry Operator agrees that ICANN may publicly post such results and certification; provided, however, ICANN shall not disclose Confidential Information contained in such results except in accordance with Section 7.15 of the Agreement.

4. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.
5. Nothing set forth herein shall limit the ability of Registry Operator or any Registry Related Party, to enter into arms-length transactions in the ordinary course of business with a registrar or reseller with respect to products and services unrelated in all respects to the TLD.
6. Registry Operator may request an exemption to this Code of Conduct, and such exemption may be granted by ICANN in ICANN's reasonable discretion, if Registry Operator demonstrates to ICANN's reasonable satisfaction that (i) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator for the exclusive use of Registry Operator or its Affiliates, (ii) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (iii) application of this Code of Conduct to the TLD is not necessary to protect the public interest.

## SPECIFICATION 10

### REGISTRY PERFORMANCE SPECIFICATIONS

#### 1. Definitions

- 1.1. **DNS.** Refers to the Domain Name System as specified in RFCs 1034, 1035, and related RFCs.
- 1.2. **DNSSEC proper resolution.** There is a valid DNSSEC chain of trust from the root trust anchor to a particular domain name, e.g., a TLD, a domain name registered under a TLD, etc.
- 1.3. **EPP.** Refers to the Extensible Provisioning Protocol as specified in RFC 5730 and related RFCs.
- 1.4. **IP address.** Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- 1.5. **Probes.** Network hosts used to perform (DNS, EPP, etc.) tests (see below) that are located at various global locations.
- 1.6. **RDDS.** Registration Data Directory Services refers to the collective of WHOIS and Web-based WHOIS services as defined in Specification 4 of this Agreement.
- 1.7. **RTT.** Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- 1.8. **SLR.** Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

#### 2. Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
<b>DNS</b>	DNS service availability	0 min downtime = 100% availability
	DNS name server availability	≤ 432 min of downtime (≈ 99%)
	TCP DNS resolution RTT	≤ 1500 ms, for at least 95% of the queries
	UDP DNS resolution RTT	≤ 500 ms, for at least 95% of the queries
	DNS update time	≤ 60 min, for at least 95% of the probes
<b>RDDS</b>	RDDS availability	≤ 864 min of downtime (≈ 98%)

	RDDS query RTT	≤ 2000 ms, for at least 95% of the queries
	RDDS update time	≤ 60 min, for at least 95% of the probes
<b>EPP</b>	EPP service availability	≤ 864 min of downtime (≈ 98%)
	EPP session-command RTT	≤ 4000 ms, for at least 90% of the commands
	EPP query-command RTT	≤ 2000 ms, for at least 90% of the commands
	EPP transform-command RTT	≤ 4000 ms, for at least 90% of the commands

Registry Operator is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. However, note that there is no provision for planned outages or similar periods of unavailable or slow service; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

### 3. DNS

- 3.1. **DNS service availability.** Refers to the ability of the group of listed-as-authoritative name servers of a particular domain name (e.g., a TLD), to answer DNS queries from DNS probes. For the service to be considered available at a particular moment, at least, two of the delegated name servers registered in the DNS must have successful results from “**DNS tests**” to each of their public-DNS registered “**IP addresses**” to which the name server resolves. If 51% or more of the DNS testing probes see the service as unavailable during a given time, the DNS service will be considered unavailable.
- 3.2. **DNS name server availability.** Refers to the ability of a public-DNS registered “**IP address**” of a particular name server listed as authoritative for a domain name, to answer DNS queries from an Internet user. All the public DNS-registered “**IP address**” of all name servers of the domain name being monitored shall be tested individually. If 51% or more of the DNS testing probes get undefined/unanswered results from “**DNS tests**” to a name server “**IP address**” during a given time, the name server “**IP address**” will be considered unavailable.
- 3.3. **UDP DNS resolution RTT.** Refers to the **RTT** of the sequence of two packets, the UDP DNS query and the corresponding UDP DNS response. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.4. **TCP DNS resolution RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the DNS response for only one DNS query. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.5. **DNS resolution RTT.** Refers to either “**UDP DNS resolution RTT**” or “**TCP DNS resolution RTT**”.



- 3.6. **DNS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, until the name servers of the parent domain name answer “**DNS queries**” with data consistent with the change made. This only applies for changes to DNS information.
- 3.7. **DNS test.** Means one non-recursive DNS query sent to a particular “**IP address**” (via UDP or TCP). If DNSSEC is offered in the queried DNS zone, for a query to be considered answered, the signatures must be positively verified against a corresponding DS record published in the parent zone or, if the parent is not signed, against a statically configured Trust Anchor. The answer to the query must contain the corresponding information from the Registry System, otherwise the query will be considered unanswered. A query with a “**DNS resolution RTT**” 5 times higher than the corresponding SLR, will be considered unanswered. The possible results to a DNS test are: a number in milliseconds corresponding to the “**DNS resolution RTT**” or, undefined/unanswered.
- 3.8. **Measuring DNS parameters.** Every minute, every DNS probe will make an UDP or TCP “**DNS test**” to each of the public-DNS registered “**IP addresses**” of the name servers of the domain name being monitored. If a “**DNS test**” result is undefined/unanswered, the tested IP will be considered unavailable from that probe until it is time to make a new test.
- 3.9. **Collating the results from DNS probes.** The minimum number of active testing probes to consider a measurement valid is 20 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 3.10. **Distribution of UDP and TCP queries.** DNS probes will send UDP or TCP “**DNS test**” approximating the distribution of these queries.
- 3.11. **Placement of DNS probes.** Probes for measuring DNS parameters shall be placed as near as possible to the DNS resolvers on the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

#### 4. **RDDS**

- 4.1. **RDDS availability.** Refers to the ability of all the RDDS services for the TLD, to respond to queries from an Internet user with appropriate data from the relevant Registry System. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.



- 4.2. **WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.3. **Web-based-WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registry Operator implements a multiple-step process to get to the information, only the last step shall be measured. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.4. **RDDS query RTT.** Refers to the collective of “**WHOIS query RTT**” and “**Web-based- WHOIS query RTT**”.
- 4.5. **RDDS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 4.6. **RDDS test.** Means one query sent to a particular “**IP address**” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the Registry System and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an **RTT** 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the **RTT** or undefined/unanswered.
- 4.7. **Measuring RDDS parameters.** Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “**IP addresses**” of the servers for each RDDS service of the TLD being monitored and make an “**RDDS test**” to each one. If an “**RDDS test**” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 4.8. **Collating the results from RDDS probes.** The minimum number of active testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 4.9. **Placement of RDDS probes.** Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 5. EPP

- 5.1. **EPP service availability.** Refers to the ability of the TLD EPP servers as a group, to respond to commands from the Registry accredited Registrars, who already have credentials to the servers. The response shall include appropriate data from the Registry System. An EPP command with “**EPP command RTT**” 5 times higher than the corresponding SLR will be considered as unanswered. If 51% or more of the EPP testing probes see the EPP service as unavailable during a given time, the EPP service will be considered unavailable.
- 5.2. **EPP session-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a session command plus the reception of the EPP response for only one EPP session command. For the login command it will include packets needed for starting the TCP session. For the logout command it will include packets needed for closing the TCP session. EPP session commands are those described in section 2.9.1 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.3. **EPP query-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a query command plus the reception of the EPP response for only one EPP query command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP query commands are those described in section 2.9.2 of EPP RFC 5730. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.4. **EPP transform-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a transform command plus the reception of the EPP response for only one EPP transform command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP transform commands are those described in section 2.9.3 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.5. **EPP command RTT.** Refers to “**EPP session-command RTT**”, “**EPP query-command RTT**” or “**EPP transform-command RTT**”.
- 5.6. **EPP test.** Means one EPP command sent to a particular “**IP address**” for one of the EPP servers. Query and transform commands, with the exception of “create”, shall be about existing objects in the Registry System. The response shall include appropriate data from the Registry System. The possible results to an EPP test are: a number in milliseconds corresponding to the “**EPP command RTT**” or undefined/unanswered.

- 5.7. **Measuring EPP parameters.** Every 5 minutes, EPP probes will select one “IP address” of the EPP servers of the TLD being monitored and make an “EPP test”; every time they should alternate between the 3 different types of commands and between the commands inside each category. If an “EPP test” result is undefined/unanswered, the EPP service will be considered as unavailable from that probe until it is time to make a new test.
- 5.8. **Collating the results from EPP probes.** The minimum number of active testing probes to consider a measurement valid is 5 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 5.9. **Placement of EPP probes.** Probes for measuring EPP parameters shall be placed inside or close to Registrars points of access to the Internet across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

6. **Emergency Thresholds**

The following matrix presents the emergency thresholds that, if reached by any of the services mentioned above for a TLD, would cause the emergency transition of the Registry for the TLD as specified in Section 2.13 of this Agreement.

<b>Critical Function</b>	<b>Emergency Threshold</b>
DNS Service (all servers)	4-hour total downtime / week
DNSSEC proper resolution	4-hour total downtime / week
EPP	24-hour total downtime / week
RDDS (WHOIS/Web-based WHOIS)	24-hour total downtime / week
Data Escrow	Breach of the Registry Agreement as described in Specification 2, Part B, Section 6.

7. **Emergency Escalation**

Escalation is strictly for purposes of notifying and investigating possible or potential issues in relation to monitored services. The initiation of any escalation and the subsequent cooperative investigations do not in themselves imply that a monitored service has failed its performance requirements.

Escalations shall be carried out between ICANN and Registry Operators, Registrars and Registry Operator, and Registrars and ICANN. Registry Operators and ICANN must provide said emergency operations departments. Current contacts must be maintained between

ICANN and Registry Operators and published to Registrars, where relevant to their role in escalations, prior to any processing of an Emergency Escalation by all related parties, and kept current at all times.

#### 7.1. **Emergency Escalation initiated by ICANN**

Upon reaching 10% of the Emergency thresholds as described in Section 6 of this Specification, ICANN's emergency operations will initiate an Emergency Escalation with the relevant Registry Operator. An Emergency Escalation consists of the following minimum elements: electronic (i.e., email or SMS) and/or voice contact notification to the Registry Operator's emergency operations department with detailed information concerning the issue being escalated, including evidence of monitoring failures, cooperative troubleshooting of the monitoring failure between ICANN staff and the Registry Operator, and the commitment to begin the process of rectifying issues with either the monitoring service or the service being monitoring.

#### 7.2. **Emergency Escalation initiated by Registrars**

Registry Operator will maintain an emergency operations department prepared to handle emergency requests from registrars. In the event that a registrar is unable to conduct EPP transactions with the registry for the TLD because of a fault with the Registry Service and is unable to either contact (through ICANN mandated methods of communication) the Registry Operator, or the Registry Operator is unable or unwilling to address the fault, the registrar may initiate an emergency escalation to the emergency operations department of ICANN. ICANN then may initiate an emergency escalation with the Registry Operator as explained above.

#### 7.3. **Notifications of Outages and Maintenance**

In the event that a Registry Operator plans maintenance, it will provide notice to the ICANN emergency operations department, at least, twenty-four (24) hours ahead of that maintenance. ICANN's emergency operations department will note planned maintenance times, and suspend Emergency Escalation services for the monitored services during the expected maintenance outage period.

If Registry Operator declares an outage, as per its contractual obligations with ICANN, on services under a service level agreement and performance requirements, it will notify the ICANN emergency operations department. During that declared outage, ICANN's emergency operations department will note and suspend emergency escalation services for the monitored services involved.

### 8. **Covenants of Performance Measurement**

8.1. **No interference.** Registry Operator shall not interfere with measurement **Probes**, including any form of preferential treatment of the requests for the monitored services. Registry Operator shall respond to the measurement

tests described in this Specification as it would to any other request from an Internet user (for DNS and RDDS) or registrar (for EPP).

- 8.2. **ICANN testing registrar.** Registry Operator agrees that ICANN will have a testing registrar used for purposes of measuring the **SLRs** described above. Registry Operator agrees to not provide any differentiated treatment for the testing registrar other than no billing of the transactions. ICANN shall not use the registrar for registering domain names (or other registry objects) for itself or others, except for the purposes of verifying contractual compliance with the conditions described in this Agreement.

## SPECIFICATION 11

### PUBLIC INTEREST COMMITMENTS

1. Registry Operator will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on 27 June 2013 in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. (Intentionally omitted. Registry Operator has not included commitments, statements of intent or business plans provided for in its application to ICANN for the TLD.)
3. Registry Operator agrees to perform the following specific public interest commitments, which commitments shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at <http://www.icann.org/en/resources/registries/picdrp>), which may be revised in immaterial respects by ICANN from time to time (the "PICDRP"). Registry Operator shall comply with the PICDRP. Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PICDRP panel and to be bound by any such determination.
  - a. Registry Operator will include a provision in its Registry-Registrar Agreement that requires Registrars to include in their Registration Agreements a provision prohibiting Registered Name Holders from distributing malware, abusively operating botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity contrary to applicable law, and providing (consistent with applicable law and any related procedures) consequences for such activities including suspension of the domain name.
  - b. Registry Operator will periodically conduct a technical analysis to assess whether domains in the TLD are being used to perpetrate security threats, such as pharming, phishing, malware, and botnets. Registry Operator will maintain statistical reports on the number of security threats identified and the actions taken as a result of the periodic security checks. Registry Operator will maintain these reports for the term of the Agreement unless a shorter period is required by law or approved by ICANN, and will provide them to ICANN upon request.
  - c. Registry Operator will operate the TLD in a transparent manner consistent with general principles of openness and non-discrimination by establishing, publishing and adhering to clear registration policies.

- d. Registry Operator of a “Generic String” TLD may not impose eligibility criteria for registering names in the TLD that limit registrations exclusively to a single person or entity and/or that person’s or entity’s “Affiliates” (as defined in Section 2.9(c) of the Registry Agreement). “Generic String” means a string consisting of a word or term that denominates or describes a general class of goods, services, groups, organizations or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others.
- e. Registry Operators will include a provision in their Registry-Registrar Agreements that requires registrars to include in their Registration Agreements a provision requiring registrants to comply with all applicable laws, including those that relate to privacy, data collection, consumer protection (including in relation to misleading and deceptive conduct), fair lending, debt collection, organic farming, disclosure of data, and financial disclosures.
- f. Registry Operators will include a provision in their Registry-Registrar Agreements that requires registrars at the time of registration to notify registrants of the requirement to comply with all applicable laws.
- g. Registry Operators will include a provision in their Registry-Registrar Agreements that requires registrars to include in their Registration Agreements a provision requiring that registrants who collect and maintain sensitive health and financial data implement reasonable and appropriate security measures commensurate with the offering of those services, as defined by applicable law.

# **EXHIBIT AC-8**



## ASSIGNMENT AND ASSUMPTION AGREEMENT

### .Theatre Registry Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT of the .theatre Registry Agreement ("Assignment and Assumption Agreement") is entered into as of 5 June, 2015 (the "Effective Date") by and between KBE gTLD Holding Inc, a Delaware Corporation with its principal place of business at 1619 Broadway, 9th Floor, New York, New York, 10019, USA ("Assignor") and XYZ.COM LLC, a Nevada limited liability company with its principal place of business at 2121 E TROPICANA AVE, STE 2, LAS VEGAS NV 89119, USA ("Assignee"). The parties to this Agreement shall be referred to individually as a "Party" and collectively as the "Parties."

### RECITALS

- A. Assignor is a party to that certain Registry Agreement entered into, by and between Assignor and the Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN") for the .theatre (the "Registry Agreement").
- B. Pursuant to Section 7.5 of the Registry Agreement, in its letter dated 7 May 2015, Assignor requested ICANN's prior written consent of an assignment of the Registry Agreement from Assignor to Assignee.
- C. On 22 May 2015, ICANN granted its conditional written consent ("ICANN's Consent") to Assignor for assignment of the Registry Agreement to Assignee.
- D. Having received ICANN's Consent as aforementioned, and both Parties having represented herein below its fulfillment of all conditions of ICANN's Consent, Assignor hereby desires to assign its rights and obligations under the Registry Agreement to Assignee, and Assignee hereby desires to assume Assignor's rights and obligations under the Registry Agreement via assignment, pursuant to the terms and conditions of this Agreement.

### AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's rights, obligations, title, and interest in and to the Registry Agreement.
2. Assignee hereby accepts the assignment of the Registry Agreement and assumes all liabilities of Assignor relating thereto, whether contingent or accrued, and further agrees to assume and perform all of the covenants, obligations and agreements of Assignor under the Registry Agreement.
3. The Parties hereby agree that Assignee shall be substituted for Assignor for all purposes of the Registry Agreement.
4. Assignor hereby represents that all conditions set forth in ICANN's Consent have been fulfilled as of the Effective Date of this Assignment and Assumption Agreement.
5. The Parties hereby acknowledge that ICANN's Consent to Assignor's assignment of the Registry Agreement does not waive any rights ICANN may have to take action with respect to any breaches of the Registry Agreement by Assignor occurring prior to the Effective Date.
6. Each Party shall, upon the reasonable request of the other Party, make, execute, acknowledge, and deliver any and all further documents and instruments, and do and cause to be done all

such further acts, to evidence and/or in any manner perfect Assignor's assignment of the Registry Agreement to Assignee pursuant to this Agreement.

7. Assignee shall defend, indemnify, and hold harmless Assignor, its officers, directors, employees, agents and subcontractors, from any claims, damages, or losses for third-party claims relating to the future use of the TLD and/or actions related to the TLD after assignment from Assignor to Assignee.

IN WITNESS WHEREOF, the Parties have caused this Assignment and Assumption Agreement to be executed and delivered as of the Effective Date first stated above.

KBE gTLD Holding Inc.

By: 

Name:

*Paul Dietz*

Title:

*CFO*

XYZ.COM LLC

By: 

Name: Daniel Negari

Title: CEO

# **EXHIBIT AC-9**

# .rent Registry Agreement

04 Dec 2014

On 04 Dec 2014, ICANN (Internet Corporation for Assigned Names and Numbers) and DERRent, LLC entered into a Registry Agreement under which DERRent, LLC operated the .RENT top-level domain. Effective 10 March 2015, the Registry Agreement was assigned by DERRent, LLC to XYZ.COM LLC, which now operates the .RENT top-level domain. The agreement may be viewed by following the links below:

## Registry Agreement

- [DOCX \(/sites/default/files/tlds/rent/rent\\_agmt\\_docx\\_04dec14\\_en.docx\)](#) | [Redline \(/sites/default/files/tlds/rent/rent-agmt-docx-redline-04dec14-en.docx\)](#)
- [PDF \(/sites/default/files/tlds/rent/rent-agmt-pdf-04dec14-en.pdf\)](#) | [Redline \(/sites/default/files/tlds/rent/rent-agmt-pdf-redline-04dec14-en.pdf\)](#)
- [HTML \(/sites/default/files/tlds/rent/rent-agmt-html-04dec14-en.htm\)](#) | [Redline \(/sites/default/files/tlds/rent/rent\\_agmt\\_html\\_redline\\_04dec14-en.htm\)](#)

## 2017 Global Amendment to the base Registry Agreement

The 2017 Global Amendment to the base New gTLD (generic Top Level Domain) Registry Agreement is effective as of 31 July 2017. For additional information, please visit the [Global Amendment webpage \(/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en\)](#).

- [DOCX \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx\)](#) | [PDF \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf\)](#) | [HTML \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html\)](#)

## Assignment and Assumption Agreement(s)

DERRent, LLC to XYZ.COM LLC (10 March 2015)

- [PDF \(/sites/default/files/tlds/rent/rent-assign-pdf-10mar15-en.pdf\)](/sites/default/files/tlds/rent/rent-assign-pdf-10mar15-en.pdf)

## Authorization(s) for Release of Reserved Names

- [All Digit/Digit, Letter/Digit, and Digit/Letter Two-Character ASCII Labels at the Second Level \(/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf\)](/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf) (01 December 2014)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/rent/rent-auth-ltr-ltr-13aug15-en.pdf\)](/sites/default/files/tlds/rent/rent-auth-ltr-ltr-13aug15-en.pdf) (13 August 2015)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/rent/rent-auth-ltr-ltr-03aug16-en.pdf\)](/sites/default/files/tlds/rent/rent-auth-ltr-ltr-03aug16-en.pdf) (03 August 2016)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/rent/rent-auth-ltr-ltr-01sep16-en.pdf\)](/sites/default/files/tlds/rent/rent-auth-ltr-ltr-01sep16-en.pdf) (01 September 2016)
- [Authorization for Release of Letter/Letter Two-Character ASCII Labels at the Second Level \(/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf\)](/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf) (13 December 2016)

## Updates to General Notices Contact (27 March 2015)

- [PDF \(/sites/default/files/tlds/rent/rent-contacts-27mar15-en.pdf\)](/sites/default/files/tlds/rent/rent-contacts-27mar15-en.pdf)

## Amendments

- [Amendment No.4 \(/sites/default/files/tlds/rent/rent-amend-4-pdf-28oct17-en.pdf\)](/sites/default/files/tlds/rent/rent-amend-4-pdf-28oct17-en.pdf) (28 October 2017)
- [Amendment No.3 \(/sites/default/files/tlds/rent/rent-amend-3-pdf-15aug17-en.pdf\)](/sites/default/files/tlds/rent/rent-amend-3-pdf-15aug17-en.pdf) (15 August 2017)
- [Amendment No.2 \(/sites/default/files/tlds/rent/rent-amend-2-pdf-01mar16-en.pdf\)](/sites/default/files/tlds/rent/rent-amend-2-pdf-01mar16-en.pdf) (01 March 2016)

- [Amendment No.1 \(/sites/default/files/tlds/rent/rent-amend-1-pdf-31aug15\\_en.pdf\)](/sites/default/files/tlds/rent/rent-amend-1-pdf-31aug15_en.pdf) (31 August 2015)

Note: If multiple versions are provided above, the official document is the Word version. The HTML version is machine generated and may not display correctly.

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## Name Collision Occurrence Management Documents

- [Name Collision Occurrence Assessment \(/resources/pages/registries-2012-02-25-en#name-collision-assessment\)](/resources/pages/registries-2012-02-25-en#name-collision-assessment)
- 

## TLD (Top Level Domain) Startup Information

- [TLD \(Top Level Domain\) Startup Information Page \(http://newgtlds.icann.org/en/program\\_status/sunrise\\_claims\\_periods/rent\)](http://newgtlds.icann.org/en/program_status/sunrise_claims_periods/rent)
- 
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## Registry Agreement Archive

### Authorization(s) for Release of Reserved Names

- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/rent/rent\\_auth\\_ltr\\_ltr\\_14mar16\\_en.pdf\)](/sites/default/files/tlds/rent/rent_auth_ltr_ltr_14mar16_en.pdf) (14 March 2016)

# **EXHIBIT AC-10**

## REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this “Agreement”) is entered into as of \_\_\_\_\_ (the “Effective Date”) between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation (“ICANN”), and DERRent, LLC, a Virginia limited liability company (“Registry Operator”).

### ARTICLE 1.

#### DELEGATION AND OPERATION OF TOP-LEVEL DOMAIN; REPRESENTATIONS AND WARRANTIES

**1.1 Domain and Designation.** The Top-Level Domain to which this Agreement applies is **.rent** (the “TLD”). Upon the Effective Date and until the earlier of the expiration of the Term (as defined in Section 4.1) or the termination of this Agreement pursuant to Article 4, ICANN designates Registry Operator as the registry operator for the TLD, subject to the requirements and necessary approvals for delegation of the TLD and entry into the root-zone.

**1.2 Technical Feasibility of String.** While ICANN has encouraged and will continue to encourage universal acceptance of all top-level domain strings across the Internet, certain top-level domain strings may encounter difficulty in acceptance by ISPs and webhosters and/or validation by web applications. Registry Operator shall be responsible for ensuring to its satisfaction the technical feasibility of the TLD string prior to entering into this Agreement.

**1.3 Representations and Warranties.**

(a) Registry Operator represents and warrants to ICANN as follows:

(i) all material information provided and statements made in the registry TLD application, and statements made in writing during the negotiation of this Agreement, were true and correct in all material respects at the time made, and such information or statements continue to be true and correct in all material respects as of the Effective Date except as otherwise previously disclosed in writing by Registry Operator to ICANN;

(ii) Registry Operator is duly organized, validly existing and in good standing under the laws of the jurisdiction set forth in the preamble hereto, and Registry Operator has all requisite power and authority and has obtained all necessary approvals to enter into and duly execute and deliver this Agreement; and

(iii) Registry Operator has delivered to ICANN a duly executed instrument that secures the funds required to perform registry functions for the TLD in the event of the termination or expiration of this Agreement (the “Continued Operations Instrument”), and such instrument is a binding



obligation of the parties thereto, enforceable against the parties thereto in accordance with its terms.

(b) ICANN represents and warrants to Registry Operator that ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America. ICANN has all requisite power and authority and has obtained all necessary corporate approvals to enter into and duly execute and deliver this Agreement.

## ARTICLE 2.

### COVENANTS OF REGISTRY OPERATOR

Registry Operator covenants and agrees with ICANN as follows:

**2.1 Approved Services; Additional Services.** Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in the Specification 6 attached hereto ("Specification 6") and such other Registry Services set forth on Exhibit A (collectively, the "Approved Services"). If Registry Operator desires to provide any Registry Service that is not an Approved Service or is a material modification to an Approved Service (each, an "Additional Service"), Registry Operator shall submit a request for approval of such Additional Service pursuant to the Registry Services Evaluation Policy at <http://www.icann.org/en/registries/rsep/rsep.html>, as such policy may be amended from time to time in accordance with the bylaws of ICANN (as amended from time to time, the "ICANN Bylaws") applicable to Consensus Policies (the "RSEP"). Registry Operator may offer Additional Services only with the written approval of ICANN, and, upon any such approval, such Additional Services shall be deemed Registry Services under this Agreement. In its reasonable discretion, ICANN may require an amendment to this Agreement reflecting the provision of any Additional Service which is approved pursuant to the RSEP, which amendment shall be in a form reasonably acceptable to the parties.

**2.2 Compliance with Consensus Policies and Temporary Policies.** Registry Operator shall comply with and implement all Consensus Policies and Temporary Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with the ICANN Bylaws, provided such future Consensus Policies and Temporary Policies are adopted in accordance with the procedure and relate to those topics and subject to those limitations set forth in Specification 1 attached hereto ("Specification 1").

**2.3 Data Escrow.** Registry Operator shall comply with the registry data escrow procedures set forth in Specification 2 attached hereto ("Specification 2").

**2.4 Monthly Reporting.** Within twenty (20) calendar days following the end of each calendar month, Registry Operator shall deliver to ICANN reports in the format set forth in Specification 3 attached hereto ("Specification 3").

**2.5 Publication of Registration Data.** Registry Operator shall provide public access to registration data in accordance with Specification 4 attached hereto (“Specification 4”).

**2.6 Reserved Names.** Except to the extent that ICANN otherwise expressly authorizes in writing, Registry Operator shall comply with the requirements set forth in Specification 5 attached hereto (“Specification 5”). Registry Operator may at any time establish or modify policies concerning Registry Operator’s ability to reserve (i.e., withhold from registration or allocate to Registry Operator, but not register to third parties, delegate, use, activate in the DNS or otherwise make available) or block additional character strings within the TLD at its discretion. Except as specified in Specification 5, if Registry Operator is the registrant for any domain names in the registry TLD, such registrations must be through an ICANN accredited registrar, and will be considered Transactions (as defined in Section 6.1) for purposes of calculating the Registry-level transaction fee to be paid to ICANN by Registry Operator pursuant to Section 6.1.

**2.7 Registry Interoperability and Continuity.** Registry Operator shall comply with the Registry Interoperability and Continuity Specifications as set forth in Specification 6 attached hereto (“Specification 6”).

**2.8 Protection of Legal Rights of Third Parties.** Registry Operator must specify, and comply with, the processes and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties as set forth Specification 7 attached hereto (“Specification 7”). Registry Operator may, at its election, implement additional protections of the legal rights of third parties. Any changes or modifications to the process and procedures required by Specification 7 following the Effective Date must be approved in advance by ICANN in writing. Registry Operator must comply with all remedies imposed by ICANN pursuant to Section 2 of Specification 7, subject to Registry Operator’s right to challenge such remedies as set forth in the applicable procedure described therein. Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.

**2.9 Registrars.**

(a) All domain name registrations in the TLD must be registered through an ICANN accredited registrar; provided, that Registry Operator need not use a registrar if it registers names in its own name in order to withhold such names from delegation or use in accordance with Section 2.6. Subject to the requirements of Specification 11, Registry Operator must provide non-discriminatory access to Registry Services to all ICANN accredited registrars that enter into and are in compliance with the registry-registrar agreement for the TLD; provided that Registry Operator may establish non-discriminatory criteria for qualification to register names in the TLD that are reasonably related to the proper functioning of the TLD. Registry Operator must use a uniform non-discriminatory

agreement with all registrars authorized to register names in the TLD (the “Registry-Registrar Agreement”). Registry Operator may amend the Registry-Registrar Agreement from time to time; provided, however, that any material revisions thereto must be approved by ICANN before any such revisions become effective and binding on any registrar. Registry Operator will provide ICANN and all registrars authorized to register names in the TLD at least fifteen (15) calendar days written notice of any revisions to the Registry-Registrar Agreement before any such revisions become effective and binding on any registrar. During such period, ICANN will determine whether such proposed revisions are immaterial, potentially material or material in nature. If ICANN has not provided Registry Operator with notice of its determination within such fifteen (15) calendar-day period, ICANN shall be deemed to have determined that such proposed revisions are immaterial in nature. If ICANN determines, or is deemed to have determined under this Section 2.9(a), that such revisions are immaterial, then Registry Operator may adopt and implement such revisions. If ICANN determines such revisions are either material or potentially material, ICANN will thereafter follow its procedure regarding review and approval of changes to Registry-Registrar Agreements at <http://www.icann.org/en/resources/registries/rra-amendment-procedure>, and such revisions may not be adopted and implemented until approved by ICANN.

(b) If Registry Operator (i) becomes an Affiliate or reseller of an ICANN accredited registrar, or (ii) subcontracts the provision of any Registry Services to an ICANN accredited registrar, registrar reseller or any of their respective Affiliates, then, in either such case of (i) or (ii) above, Registry Operator will give ICANN prompt notice of the contract, transaction or other arrangement that resulted in such affiliation, reseller relationship or subcontract, as applicable, including, if requested by ICANN, copies of any contract relating thereto; provided, that ICANN will treat such contract or related documents that are appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15 (except that ICANN may disclose such contract and related documents to relevant competition authorities). ICANN reserves the right, but not the obligation, to refer any such contract, related documents, transaction or other arrangement to relevant competition authorities in the event that ICANN determines that such contract, related documents, transaction or other arrangement might raise significant competition issues under applicable law. If feasible and appropriate under the circumstances, ICANN will give Registry Operator advance notice prior to making any such referral to a competition authority.

(c) For the purposes of this Agreement: (i) “Affiliate” means a person or entity that, directly or indirectly, through one or more intermediaries, or in combination with one or more other persons or entities, controls, is controlled by, or is under common control with, the person or entity specified, and (ii) “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.

## **2.10 Pricing for Registry Services.**

(a) With respect to initial domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying or other programs which had the effect of reducing the price charged to registrars, unless such refunds, rebates, discounts, product tying or other programs are of a limited duration that is clearly and conspicuously disclosed to the registrar when offered) of no less than thirty (30) calendar days. Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(b) With respect to renewal of domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying, Qualified Marketing Programs or other programs which had the effect of reducing the price charged to registrars) of no less than one hundred eighty (180) calendar days. Notwithstanding the foregoing sentence, with respect to renewal of domain name registrations: (i) Registry Operator need only provide thirty (30) calendar days notice of any price increase if the resulting price is less than or equal to (A) for the period beginning on the Effective Date and ending twelve (12) months following the Effective Date, the initial price charged for registrations in the TLD, or (B) for subsequent periods, a price for which Registry Operator provided a notice pursuant to the first sentence of this Section 2.10(b) within the twelve (12) month period preceding the effective date of the proposed price increase; and (ii) Registry Operator need not provide notice of any price increase for the imposition of the Variable Registry-Level Fee set forth in Section 6.3. Registry Operator shall offer registrars the option to obtain domain name registration renewals at the current price (i.e., the price in place prior to any noticed increase) for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(c) In addition, Registry Operator must have uniform pricing for renewals of domain name registrations ("Renewal Pricing"). For the purposes of determining Renewal Pricing, the price for each domain registration renewal must be identical to the price of all other domain name registration renewals in place at the time of such renewal, and such price must take into account universal application of any refunds, rebates, discounts, product tying or other programs in place at the time of renewal. The foregoing requirements of this Section 2.10(c) shall not apply for (i) purposes of determining Renewal Pricing if the registrar has provided Registry Operator with documentation that demonstrates that the applicable registrant expressly agreed in its registration agreement with registrar to higher Renewal Pricing at the time of the initial registration of the domain name following clear and conspicuous disclosure of such Renewal Pricing to such registrant, and (ii) discounted Renewal Pricing pursuant to a Qualified Marketing Program (as defined below). The parties acknowledge that the purpose of this Section 2.10(c) is to prohibit abusive and/or discriminatory Renewal Pricing practices imposed by Registry

Operator without the written consent of the applicable registrant at the time of the initial registration of the domain and this Section 2.10(c) will be interpreted broadly to prohibit such practices. For purposes of this Section 2.10(c), a “Qualified Marketing Program” is a marketing program pursuant to which Registry Operator offers discounted Renewal Pricing, provided that each of the following criteria is satisfied: (i) the program and related discounts are offered for a period of time not to exceed one hundred eighty (180) calendar days (with consecutive substantially similar programs aggregated for purposes of determining the number of calendar days of the program), (ii) all ICANN accredited registrars are provided the same opportunity to qualify for such discounted Renewal Pricing; and (iii) the intent or effect of the program is not to exclude any particular class(es) of registrations (e.g., registrations held by large corporations) or increase the renewal price of any particular class(es) of registrations. Nothing in this Section 2.10(c) shall limit Registry Operator’s obligations pursuant to Section 2.10(b).

(d) Registry Operator shall provide public query-based DNS lookup service for the TLD (that is, operate the Registry TLD zone servers) at its sole expense.

## **2.11 Contractual and Operational Compliance Audits.**

(a) ICANN may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct, contractual compliance audits to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. Such audits shall be tailored to achieve the purpose of assessing compliance, and ICANN will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by ICANN, and (b) use commercially reasonable efforts to conduct such audit during regular business hours and in such a manner as to not unreasonably disrupt the operations of Registry Operator. As part of such audit and upon request by ICANN, Registry Operator shall timely provide all responsive documents, data and any other information reasonably necessary to demonstrate Registry Operator’s compliance with this Agreement. Upon no less than ten (10) calendar days notice (unless otherwise agreed to by Registry Operator), ICANN may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. ICANN will treat any information obtained in connection with such audits that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15.

(b) Any audit conducted pursuant to Section 2.11(a) will be at ICANN’s expense, unless (i) Registry Operator (A) controls, is controlled by, is under common control or is otherwise Affiliated with, any ICANN accredited registrar or registrar reseller or any of their respective Affiliates, or (B) has subcontracted the provision of Registry Services to an ICANN accredited registrar or registrar reseller or any of their respective Affiliates, and, in either case of (A) or (B) above, the audit relates to Registry Operator’s compliance with Section 2.14, in which case Registry Operator shall reimburse ICANN for



all reasonable costs and expenses associated with the portion of the audit related to Registry Operator's compliance with Section 2.14, or (ii) the audit is related to a discrepancy in the fees paid by Registry Operator hereunder in excess of 5% in a given quarter to ICANN's detriment, in which case Registry Operator shall reimburse ICANN for all reasonable costs and expenses associated with the entirety of such audit. In either such case of (i) or (ii) above, such reimbursement will be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(c) Notwithstanding Section 2.11(a), if Registry Operator is found not to be in compliance with its representations and warranties contained in Article 1 of this Agreement or its covenants contained in Article 2 of this Agreement in two consecutive audits conducted pursuant to this Section 2.11, ICANN may increase the number of such audits to one per calendar quarter.

(d) Registry Operator will give ICANN immediate notice of Registry Operator's knowledge of the commencement of any of the proceedings referenced in Section 4.3(d) or the occurrence of any of the matters specified in Section 4.3(f).

**2.12 Continued Operations Instrument.** Registry Operator shall comply with the terms and conditions relating to the Continued Operations Instrument set forth in Specification 8 attached hereto ("Specification 8").

**2.13 Emergency Transition.** Registry Operator agrees that, in the event that any of the emergency thresholds for registry functions set forth in Section 6 of Specification 10 is reached, ICANN may designate an emergency interim registry operator of the registry for the TLD (an "Emergency Operator") in accordance with ICANN's registry transition process (available at <<http://www.icann.org/en/resources/registries/transition-processes>>) (as the same may be amended from time to time, the "Registry Transition Process") until such time as Registry Operator has demonstrated to ICANN's reasonable satisfaction that it can resume operation of the registry for the TLD without the reoccurrence of such failure. Following such demonstration, Registry Operator may transition back into operation of the registry for the TLD pursuant to the procedures set out in the Registry Transition Process, provided that Registry Operator pays all reasonable costs incurred (i) by ICANN as a result of the designation of the Emergency Operator and (ii) by the Emergency Operator in connection with the operation of the registry for the TLD, which costs shall be documented in reasonable detail in records that shall be made available to Registry Operator. In the event ICANN designates an Emergency Operator pursuant to this Section 2.13 and the Registry Transition Process, Registry Operator shall provide ICANN or any such Emergency Operator with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such Emergency Operator. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event that an Emergency Operator is designated pursuant to this Section 2.13. In addition, in the

event of such failure, ICANN shall retain and may enforce its rights under the Continued Operations Instrument.

**2.14 Registry Code of Conduct.** In connection with the operation of the registry for the TLD, Registry Operator shall comply with the Registry Code of Conduct as set forth in Specification 9 attached hereto (“Specification 9”).

**2.15 Cooperation with Economic Studies.** If ICANN initiates or commissions an economic study on the impact or functioning of new generic top-level domains on the Internet, the DNS or related matters, Registry Operator shall reasonably cooperate with such study, including by delivering to ICANN or its designee conducting such study all data related to the operation of the TLD reasonably necessary for the purposes of such study requested by ICANN or its designee, provided, that Registry Operator may withhold (a) any internal analyses or evaluations prepared by Registry Operator with respect to such data and (b) any data to the extent that the delivery of such data would be in violation of applicable law. Any data delivered to ICANN or its designee pursuant to this Section 2.15 that is appropriately marked as confidential (as required by Section 7.15) shall be treated as Confidential Information of Registry Operator in accordance with Section 7.15, provided that, if ICANN aggregates and makes anonymous such data, ICANN or its designee may disclose such data to any third party. Following completion of an economic study for which Registry Operator has provided data, ICANN will destroy all data provided by Registry Operator that has not been aggregated and made anonymous.

**2.16 Registry Performance Specifications.** Registry Performance Specifications for operation of the TLD will be as set forth in Specification 10 attached hereto (“Specification 10”). Registry Operator shall comply with such Performance Specifications and, for a period of at least one (1) year, shall keep technical and operational records sufficient to evidence compliance with such specifications for each calendar year during the Term.

**2.17 Additional Public Interest Commitments.** Registry Operator shall comply with the public interest commitments set forth in Specification 11 attached hereto (“Specification 11”).

**2.18 Personal Data.** Registry Operator shall (i) notify each ICANN-accredited registrar that is a party to the registry-registrar agreement for the TLD of the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to Registry Operator by such registrar is collected and used under this Agreement or otherwise and the intended recipients (or categories of recipients) of such Personal Data, and (ii) require such registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. Registry Operator shall take reasonable steps to protect Personal Data collected from such registrar from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

## ARTICLE 3.

### COVENANTS OF ICANN

ICANN covenants and agrees with Registry Operator as follows:

**3.1 Open and Transparent.** Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

**3.2 Equitable Treatment.** ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

**3.3 TLD Nameservers.** ICANN will use commercially reasonable efforts to ensure that any changes to the TLD nameserver designations submitted to ICANN by Registry Operator (in a format and with required technical elements specified by ICANN at <http://www.iana.org/domains/root/> will be implemented by ICANN within seven (7) calendar days or as promptly as feasible following technical verifications.

**3.4 Root-zone Information Publication.** ICANN's publication of root-zone contact information for the TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN at <http://www.iana.org/domains/root/>.

**3.5 Authoritative Root Database.** To the extent that ICANN is authorized to set policy with regard to an authoritative root server system (the "Authoritative Root Server System"), ICANN shall use commercially reasonable efforts to (a) ensure that the authoritative root will point to the top-level domain nameservers designated by Registry Operator for the TLD, (b) maintain a stable, secure, and authoritative publicly available database of relevant information about the TLD, in accordance with ICANN publicly available policies and procedures, and (c) coordinate the Authoritative Root Server System so that it is operated and maintained in a stable and secure manner; provided, that ICANN shall not be in breach of this Agreement and ICANN shall have no liability in the event that any third party (including any governmental entity or internet service provider) blocks or restricts access to the TLD in any jurisdiction.

## ARTICLE 4.

### TERM AND TERMINATION

**4.1 Term.** The term of this Agreement will be ten (10) years from the Effective Date (as such term may be extended pursuant to Section 4.2, the "Term").



## **4.2 Renewal.**

(a) This Agreement will be renewed for successive periods of ten (10) years upon the expiration of the initial Term set forth in Section 4.1 and each successive Term, unless:

(i) Following notice by ICANN to Registry Operator of a fundamental and material breach of Registry Operator's covenants set forth in Article 2 or breach of its payment obligations under Article 6 of this Agreement, which notice shall include with specificity the details of the alleged breach, and such breach has not been cured within thirty (30) calendar days of such notice, (A) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator has been in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (B) Registry Operator has failed to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction; or

(ii) During the then current Term, Registry Operator shall have been found by an arbitrator (pursuant to Section 5.2 of this Agreement) or a court of competent jurisdiction on at least three (3) separate occasions to have been in (A) fundamental and material breach (whether or not cured) of Registry Operator's covenants set forth in Article 2 or (B) breach of its payment obligations under Article 6 of this Agreement.

(b) Upon the occurrence of the events set forth in Section 4.2(a) (i) or (ii), the Agreement shall terminate at the expiration of the then-current Term.

## **4.3 Termination by ICANN.**

(a) ICANN may, upon notice to Registry Operator, terminate this Agreement if: (i) Registry Operator fails to cure (A) any fundamental and material breach of Registry Operator's representations and warranties set forth in Article 1 or covenants set forth in Article 2, or (B) any breach of Registry Operator's payment obligations set forth in Article 6 of this Agreement, each within thirty (30) calendar days after ICANN gives Registry Operator notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (iii) Registry Operator fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) ICANN may, upon notice to Registry Operator, terminate this Agreement if Registry Operator fails to complete all testing and procedures (identified by ICANN in writing to Registry Operator prior to the date hereof) for delegation of the TLD

into the root zone within twelve (12) months of the Effective Date. Registry Operator may request an extension for up to additional twelve (12) months for delegation if it can demonstrate, to ICANN's reasonable satisfaction, that Registry Operator is working diligently and in good faith toward successfully completing the steps necessary for delegation of the TLD. Any fees paid by Registry Operator to ICANN prior to such termination date shall be retained by ICANN in full.

(c) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator fails to cure a material breach of Registry Operator's obligations set forth in Section 2.12 of this Agreement within thirty (30) calendar days of delivery of notice of such breach by ICANN, or if the Continued Operations Instrument is not in effect for greater than sixty (60) consecutive calendar days at any time following the Effective Date, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in material breach of such covenant, and (iii) Registry Operator fails to cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(d) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator makes an assignment for the benefit of creditors or similar act, (ii) attachment, garnishment or similar proceedings are commenced against Registry Operator, which proceedings are a material threat to Registry Operator's ability to operate the registry for the TLD, and are not dismissed within sixty (60) calendar days of their commencement, (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registry Operator or maintains control over any of Registry Operator's property, (iv) execution is levied upon any material property of Registry Operator, (v) proceedings are instituted by or against Registry Operator under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within sixty (60) calendar days of their commencement, or (vi) Registry Operator files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations or the operation of the TLD.

(e) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to Section 2 of Specification 7 or Sections 2 and 3 of Specification 11, subject to Registry Operator's right to challenge such termination as set forth in the applicable procedure described therein.

(f) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator knowingly employs any officer who is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) calendar days of Registry Operator's knowledge of the foregoing, or (ii) any member of Registry Operator's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of

competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registry Operator's board of directors or similar governing body within thirty (30) calendar days of Registry Operator's knowledge of the foregoing.

(g) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement as specified in Section 7.5.

#### **4.4 Termination by Registry Operator.**

(a) Registry Operator may terminate this Agreement upon notice to ICANN if (i) ICANN fails to cure any fundamental and material breach of ICANN's covenants set forth in Article 3, within thirty (30) calendar days after Registry Operator gives ICANN notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that ICANN is in fundamental and material breach of such covenants, and (iii) ICANN fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) Registry Operator may terminate this Agreement for any reason upon one hundred eighty (180) calendar day advance notice to ICANN.

**4.5 Transition of Registry upon Termination of Agreement.** Upon expiration of the Term pursuant to Section 4.1 or Section 4.2 or any termination of this Agreement pursuant to Section 4.3 or Section 4.4, Registry Operator shall provide ICANN or any successor registry operator that may be designated by ICANN for the TLD in accordance with this Section 4.5 with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such successor registry operator. After consultation with Registry Operator, ICANN shall determine whether or not to transition operation of the TLD to a successor registry operator in its sole discretion and in conformance with the Registry Transition Process; provided, however, that (i) ICANN will take into consideration any intellectual property rights of Registry Operator (as communicated to ICANN by Registry Operator) in determining whether to transition operation of the TLD to a successor registry operator and (ii) if Registry Operator demonstrates to ICANN's reasonable satisfaction that (A) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator or its Affiliates for their exclusive use, (B) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (C) transitioning operation of the TLD is not necessary to protect the public interest, then ICANN may not transition operation of the TLD to a successor registry operator upon the expiration or termination of this Agreement without the consent of Registry Operator (which shall not be unreasonably withheld, conditioned or delayed). For the avoidance of doubt, the foregoing sentence shall not prohibit ICANN from delegating the TLD pursuant

to a future application process for the delegation of top-level domains, subject to any processes and objection procedures instituted by ICANN in connection with such application process intended to protect the rights of third parties. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event of a transition of the TLD pursuant to this Section 4.5. In addition, ICANN or its designee shall retain and may enforce its rights under the Continued Operations Instrument for the maintenance and operation of the TLD, regardless of the reason for termination or expiration of this Agreement.

**4.6 Effect of Termination.** Upon any expiration of the Term or termination of this Agreement, the obligations and rights of the parties hereto shall cease, provided that such expiration or termination of this Agreement shall not relieve the parties of any obligation or breach of this Agreement accruing prior to such expiration or termination, including, without limitation, all accrued payment obligations arising under Article 6. In addition, Article 5, Article 7, Section 2.12, Section 4.5, and this Section 4.6 shall survive the expiration or termination of this Agreement. For the avoidance of doubt, the rights of Registry Operator to operate the registry for the TLD shall immediately cease upon any expiration of the Term or termination of this Agreement.

## ARTICLE 5.

### DISPUTE RESOLUTION

**5.1 Mediation.** In the event of any dispute arising under or in connection with this Agreement, before either party may initiate arbitration pursuant to Section 5.2 below, ICANN and Registry Operator must attempt to resolve the dispute through mediation in accordance with the following terms and conditions:

(a) A party shall submit a dispute to mediation by written notice to the other party. The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days of delivery of written notice pursuant to this Section 5.1, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 5.1(a).

(b) The mediator shall conduct the mediation in accordance with the rules and procedures that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated

as a settlement discussion and shall therefore be confidential and may not be used against either party in any later proceeding relating to the dispute, including any arbitration pursuant to Section 5.2. The mediator may not testify for either party in any later proceeding relating to the dispute.

(c) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. Each party shall treat information received from the other party pursuant to the mediation that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of such other party in accordance with Section 7.15.

(d) If the parties have engaged in good faith participation in the mediation but have not resolved the dispute for any reason, either party or the mediator may terminate the mediation at any time and the dispute can then proceed to arbitration pursuant to Section 5.2 below. If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following the date of the notice delivered pursuant to Section 5.1(a), the mediation shall automatically terminate (unless extended by agreement of the parties) and the dispute can then proceed to arbitration pursuant to Section 5.2 below.

**5.2 Arbitration.** Disputes arising under or in connection with this Agreement that are not resolved pursuant to Section 5.1, including requests for specific performance, will be resolved through binding arbitration conducted pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. The arbitration will be conducted in the English language and will occur in Los Angeles County, California. Any arbitration will be in front of a single arbitrator, unless (i) ICANN is seeking punitive or exemplary damages, or operational sanctions, (ii) the parties agree in writing to a greater number of arbitrators, or (iii) the dispute arises under Section 7.6 or 7.7. In the case of clauses (i), (ii) or (iii) in the preceding sentence, the arbitration will be in front of three arbitrators with each party selecting one arbitrator and the two selected arbitrators selecting the third arbitrator. In order to expedite the arbitration and limit its cost, the arbitrator(s) shall establish page limits for the parties' filings in conjunction with the arbitration, and should the arbitrator(s) determine that a hearing is necessary, the hearing shall be limited to one (1) calendar day, provided that in any arbitration in which ICANN is seeking punitive or exemplary damages, or operational sanctions, the hearing may be extended for one (1) additional calendar day if agreed upon by the parties or ordered by the arbitrator(s) based on the arbitrator(s) independent determination or the reasonable request of one of the parties thereto. The prevailing party in the arbitration will have the right to recover its costs and reasonable attorneys' fees, which the arbitrator(s) shall include in the awards. In the event the arbitrators determine that Registry Operator has been repeatedly and willfully in fundamental and material breach of its obligations set forth in Article 2, Article 6 or Section 5.4 of this Agreement, ICANN may request the arbitrators award punitive or exemplary damages, or operational sanctions (including without limitation an order temporarily restricting Registry Operator's right to sell new registrations). Each party shall treat information received from the other party pursuant to the arbitration that is appropriately marked as confidential (as required by Section 7.15) as



Confidential Information of such other party in accordance with Section 7.15. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles County, California; however, the parties will also have the right to enforce a judgment of such a court in any court of competent jurisdiction.

**5.3 Limitation of Liability.** ICANN's aggregate monetary liability for violations of this Agreement will not exceed an amount equal to the Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to this Agreement (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any). Registry Operator's aggregate monetary liability to ICANN for breaches of this Agreement will be limited to an amount equal to the fees paid to ICANN during the preceding twelve-month period (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any), and punitive and exemplary damages, if any, awarded in accordance with Section 5.2, except with respect to Registry Operator's indemnification obligations pursuant to Section 7.1 and Section 7.2. In no event shall either party be liable for special, punitive, exemplary or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided in Section 5.2. Except as otherwise provided in this Agreement, neither party makes any warranty, express or implied, with respect to the services rendered by itself, its servants or agents, or the results obtained from their work, including, without limitation, any implied warranty of merchantability, non-infringement or fitness for a particular purpose.

**5.4 Specific Performance.** Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrator or court of competent jurisdiction specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

## ARTICLE 6.

### FEES

#### 6.1 Registry-Level Fees.

(a) Registry Operator shall pay ICANN a registry-level fee equal to (i) the registry fixed fee of US\$6,250 per calendar quarter and (ii) the registry-level transaction fee (collectively, the "Registry-Level Fees"). The registry-level transaction fee will be equal to the number of annual increments of an initial or renewal domain name registration (at one or more levels, and including renewals associated with transfers from one ICANN-accredited registrar to another, each a "Transaction"), during the applicable calendar quarter multiplied by US\$0.25; provided, however that the registry-level transaction fee shall not apply until and unless more than 50,000 Transactions have occurred in the TLD during any calendar quarter or any consecutive four calendar quarter period in the

aggregate (the “Transaction Threshold”) and shall apply to each Transaction that occurred during each quarter in which the Transaction Threshold has been met, but shall not apply to each quarter in which the Transaction Threshold has not been met. Registry Operator’s obligation to pay the quarterly registry-level fixed fee will begin on the date on which the TLD is delegated in the DNS to Registry Operator. The first quarterly payment of the registry-level fixed fee will be prorated based on the number of calendar days between the delegation date and the end of the calendar quarter in which the delegation date falls.

(b) Subject to Section 6.1(a), Registry Operator shall pay the Registry-Level Fees on a quarterly basis to an account designated by ICANN within thirty (30) calendar days following the date of the invoice provided by ICANN.

**6.2 Cost Recovery for RSTEP.** Requests by Registry Operator for the approval of Additional Services pursuant to Section 2.1 may be referred by ICANN to the Registry Services Technical Evaluation Panel (“RSTEP”) pursuant to that process at <http://www.icann.org/en/registries/rsep/>. In the event that such requests are referred to RSTEP, Registry Operator shall remit to ICANN the invoiced cost of the RSTEP review within fourteen (14) calendar days of receipt of a copy of the RSTEP invoice from ICANN, unless ICANN determines, in its sole and absolute discretion, to pay all or any portion of the invoiced cost of such RSTEP review.

### **6.3 Variable Registry-Level Fee.**

(a) If the ICANN accredited registrars (accounting, in the aggregate, for payment of two-thirds of all registrar-level fees (or such portion of ICANN accredited registrars necessary to approve variable accreditation fees under the then-current registrar accreditation agreement), do not approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for any ICANN fiscal year, upon delivery of notice from ICANN, Registry Operator shall pay to ICANN a variable registry-level fee, which shall be paid on a fiscal quarter basis, and shall accrue as of the beginning of the first fiscal quarter of such ICANN fiscal year (the “Variable Registry-Level Fee”). The fee will be calculated and invoiced by ICANN on a quarterly basis, and shall be paid by Registry Operator within sixty (60) calendar days with respect to the first quarter of such ICANN fiscal year and within twenty (20) calendar days with respect to each remaining quarter of such ICANN fiscal year, of receipt of the invoiced amount by ICANN. The Registry Operator may invoice and collect the Variable Registry-Level Fees from the registrars that are party to a registry-registrar agreement with Registry Operator (which agreement may specifically provide for the reimbursement of Variable Registry-Level Fees paid by Registry Operator pursuant to this Section 6.3); provided, that the fees shall be invoiced to all ICANN accredited registrars if invoiced to any. The Variable Registry-Level Fee, if collectible by ICANN, shall be an obligation of Registry Operator and shall be due and payable as provided in this Section 6.3 irrespective of Registry Operator’s ability to seek and obtain reimbursement of such fee from registrars. In the event ICANN later collects variable accreditation fees for which Registry Operator has paid ICANN a Variable Registry-Level Fee, ICANN shall reimburse the Registry Operator an appropriate amount of the Variable Registry-Level Fee, as reasonably

determined by ICANN. If the ICANN accredited registrars (as a group) do approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for a fiscal year, ICANN shall not be entitled to a Variable-Level Fee hereunder for such fiscal year, irrespective of whether the ICANN accredited registrars comply with their payment obligations to ICANN during such fiscal year.

(b) The amount of the Variable Registry-Level Fee will be specified for each registrar, and may include both a per-registrar component and a transactional component. The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year. The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year but shall not exceed US\$0.25 per domain name registration (including renewals associated with transfers from one ICANN accredited registrar to another) per year.

**6.4 Pass Through Fees.** Registry Operator shall pay to ICANN (i) a one-time fee equal to US\$5,000 for access to and use of the Trademark Clearinghouse as described in Specification 7 (the “RPM Access Fee”) and (ii) an amount specified by ICANN not to exceed US\$0.25 per Sunrise Registration and Claims Registration (as such terms are used in Trademark Clearinghouse RPMs incorporated herein pursuant to Specification 7) (the “RPM Registration Fee”). The RPM Access Fee will be invoiced as of the Effective Date of this Agreement, and Registry Operator shall pay such fee to an account specified by ICANN within thirty (30) calendar days following the date of the invoice. ICANN will invoice Registry Operator quarterly for the RPM Registration Fee, which shall be due in accordance with the invoicing and payment procedure specified in Section 6.1.

**6.5 Adjustments to Fees.** Notwithstanding any of the fee limitations set forth in this Article 6, commencing upon the expiration of the first year of this Agreement, and upon the expiration of each year thereafter during the Term, the then-current fees set forth in Section 6.1 and Section 6.3 may be adjusted, at ICANN’s discretion, by a percentage equal to the percentage change, if any, in (i) the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index (the “CPI”) for the month which is one (1) month prior to the commencement of the applicable year, over (ii) the CPI published for the month which is one (1) month prior to the commencement of the immediately prior year. In the event of any such increase, ICANN shall provide notice to Registry Operator specifying the amount of such adjustment. Any fee adjustment under this Section 6.5 shall be effective as of the first day of the first calendar quarter following at least thirty (30) days after ICANN’s delivery to Registry Operator of such fee adjustment notice.

**6.6 Additional Fee on Late Payments.** For any payments thirty (30) calendar days or more overdue under this Agreement, Registry Operator shall pay an additional fee on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.



## ARTICLE 7.

### MISCELLANEOUS

#### 7.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify and defend ICANN and its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or relating to intellectual property ownership rights with respect to the TLD, the delegation of the TLD to Registry Operator, Registry Operator's operation of the registry for the TLD or Registry Operator's provision of Registry Services, provided that Registry Operator shall not be obligated to indemnify or defend any Indemnitee to the extent the claim, damage, liability, cost or expense arose: (i) due to the actions or omissions of ICANN, its subcontractors, panelists or evaluators specifically related to and occurring during the registry TLD application process (other than actions or omissions requested by or for the benefit of Registry Operator), or (ii) due to a breach by ICANN of any obligation contained in this Agreement or any willful misconduct by ICANN. This Section shall not be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for costs associated with the negotiation or execution of this Agreement, or with monitoring or management of the parties' respective obligations hereunder. Further, this Section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties, which shall be governed by Article 5 or otherwise awarded by a court of competent jurisdiction or arbitrator.

(b) For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the same actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Article 6 hereof for any applicable quarter) by the total number of domain names under registration within all top level domains for which the registry operators thereof are engaging in the same acts or omissions giving rise to such claim. For the purposes of reducing Registry Operator's liability under Section 7.1(a) pursuant to this Section 7.1(b), Registry Operator shall have the burden of identifying the other registry operators that are engaged in the same actions or omissions that gave rise to the claim, and demonstrating, to ICANN's reasonable satisfaction, such other registry operators' culpability for such actions or omissions. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in Section 7.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

**7.2 Indemnification Procedures.** If any third-party claim is commenced that is indemnified under Section 7.1 above, ICANN shall provide notice thereof to Registry

Operator as promptly as practicable. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to ICANN to handle and defend the same, at Registry Operator's sole cost and expense, provided that in all events ICANN will be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN's policies, Bylaws or conduct. ICANN shall cooperate, at Registry Operator's cost and expense, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom, and may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is fully indemnified by Registry Operator will be entered into without the consent of ICANN. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section 7.2, ICANN will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Registry Operator and Registry Operator shall cooperate in such defense.

**7.3 Defined Terms.** For purposes of this Agreement, unless such definitions are amended pursuant to a Consensus Policy at a future date, in which case the following definitions shall be deemed amended and restated in their entirety as set forth in such Consensus Policy, Security and Stability shall be defined as follows:

(a) For the purposes of this Agreement, an effect on "Security" shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of registry data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

(b) For purposes of this Agreement, an effect on "Stability" shall refer to (1) lack of compliance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice Requests for Comments ("RFCs") sponsored by the Internet Engineering Task Force; or (2) the creation of a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems operating in accordance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice RFCs, and relying on Registry Operator's delegated information or provisioning of services.

**7.4 No Offset.** All payments due under this Agreement will be made in a timely manner throughout the Term and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

**7.5 Change of Control; Assignment and Subcontracting.** Except as set forth in this Section 7.5, neither party may assign any of its rights and obligations under this Agreement without the prior written approval of the other party, which approval will not

be unreasonably withheld. For purposes of this Section 7.5, a direct or indirect change of control of Registry Operator or any subcontracting arrangement that relates to any Critical Function (as identified in Section 6 of Specification 10) for the TLD (a “Material Subcontracting Arrangement”) shall be deemed an assignment.

(a) Registry Operator must provide no less than thirty (30) calendar days advance notice to ICANN of any assignment or Material Subcontracting Arrangement, and any agreement to assign or subcontract any portion of the operations of the TLD (whether or not a Material Subcontracting Arrangement) must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder, and Registry Operator shall continue to be bound by such covenants, obligations and agreements. Registry Operator must also provide no less than thirty (30) calendar days advance notice to ICANN prior to the consummation of any transaction anticipated to result in a direct or indirect change of control of Registry Operator.

(b) Within thirty (30) calendar days of either such notification pursuant to Section 7.5(a), ICANN may request additional information from Registry Operator establishing (i) compliance with this Agreement and (ii) that the party acquiring such control or entering into such assignment or Material Subcontracting Arrangement (in any case, the “Contracting Party”) and the ultimate parent entity of the Contracting Party meets the ICANN-adopted specification or policy on registry operator criteria then in effect (including with respect to financial resources and operational and technical capabilities), in which case Registry Operator must supply the requested information within fifteen (15) calendar days.

(c) Registry Operator agrees that ICANN’s consent to any assignment, change of control or Material Subcontracting Arrangement will also be subject to background checks on any proposed Contracting Party (and such Contracting Party’s Affiliates).

(d) If ICANN fails to expressly provide or withhold its consent to any assignment, direct or indirect change of control of Registry Operator or any Material Subcontracting Arrangement within thirty (30) calendar days of ICANN’s receipt of notice of such transaction (or, if ICANN has requested additional information from Registry Operator as set forth above, thirty (30) calendar days of the receipt of all requested written information regarding such transaction) from Registry Operator, ICANN shall be deemed to have consented to such transaction.

(e) In connection with any such assignment, change of control or Material Subcontracting Arrangement, Registry Operator shall comply with the Registry Transition Process.

(f) Notwithstanding the foregoing, (i) any consummated change of control shall not be voidable by ICANN; provided, however, that, if ICANN reasonably determines to withhold its consent to such transaction, ICANN may terminate this Agreement pursuant to Section 4.3(g), (ii) ICANN may assign this Agreement without the

consent of Registry Operator upon approval of the ICANN Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of ICANN upon such assignee's express assumption of the terms and conditions of this Agreement, (iii) Registry Operator may assign this Agreement without the consent of ICANN directly to a wholly-owned subsidiary of Registry Operator, or, if Registry Operator is a wholly-owned subsidiary, to its direct parent or to another wholly-owned subsidiary of its direct parent, upon such subsidiary's or parent's, as applicable, express assumption of the terms and conditions of this Agreement, and (iv) ICANN shall be deemed to have consented to any assignment, Material Subcontracting Arrangement or change of control transaction in which the Contracting Party is an existing operator of a generic top-level domain pursuant to a registry agreement between such Contracting Party and ICANN (provided that such Contracting Party is then in compliance with the terms and conditions of such registry agreement in all material respects), unless ICANN provides to Registry Operator a written objection to such transaction within ten (10) calendar days of ICANN's receipt of notice of such transaction pursuant to this Section 7.5. Notwithstanding Section 7.5(a), in the event an assignment is made pursuant to clauses (ii) or (iii) of this Section 7.5(f), the assigning party will provide the other party with prompt notice following any such assignment.

#### **7.6 Amendments and Waivers.**

(a) If the ICANN Board of Directors determines that an amendment to this Agreement (including to the Specifications referred to herein) and all other registry agreements between ICANN and the Applicable Registry Operators (the "Applicable Registry Agreements") is desirable (each, a "Special Amendment"), ICANN may adopt a Special Amendment pursuant to the requirements of and process set forth in this Section 7.6; provided that a Special Amendment may not be a Restricted Amendment.

(b) Prior to submitting a Special Amendment for Registry Operator Approval, ICANN shall first consult in good faith with the Working Group regarding the form and substance of such Special Amendment. The duration of such consultation shall be reasonably determined by ICANN based on the substance of the Special Amendment. Following such consultation, ICANN may propose the adoption of a Special Amendment by publicly posting such amendment on its website for no less than thirty (30) calendar days (the "Posting Period") and providing notice of such proposed amendment to the Applicable Registry Operators in accordance with Section 7.9. ICANN will consider the public comments submitted on a Special Amendment during the Posting Period (including comments submitted by the Applicable Registry Operators).

(c) If, within one hundred eighty (180) calendar days following the expiration of the Posting Period (the "Approval Period"), the ICANN Board of Directors approves a Special Amendment (which may be in a form different than submitted for public comment, but must address the subject matter of the Special Amendment posted for public comment, as modified to reflect and/or address input from the Working Group and public comments), ICANN shall provide notice of, and submit, such Special Amendment for approval or disapproval by the Applicable Registry Operators. If, during the sixty (60) calendar day period following the date ICANN provides such notice to the Applicable

Registry Operators, such Special Amendment receives Registry Operator Approval, such Special Amendment shall be deemed approved (an "Approved Amendment") by the Applicable Registry Operators, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Approved Amendment to Registry Operator (the "Amendment Effective Date"). In the event that a Special Amendment does not receive Registry Operator Approval, the Special Amendment shall be deemed not approved by the Applicable Registry Operators (a "Rejected Amendment"). A Rejected Amendment will have no effect on the terms and conditions of this Agreement, except as set forth below.

(d) If the ICANN Board of Directors reasonably determines that a Rejected Amendment falls within the subject matter categories set forth in Section 1.2 of Specification 1, the ICANN Board of Directors may adopt a resolution (the date such resolution is adopted is referred to herein as the "Resolution Adoption Date") requesting an Issue Report (as such term is defined in ICANN's Bylaws) by the Generic Names Supporting Organization (the "GNSO") regarding the substance of such Rejected Amendment. The policy development process undertaken by the GNSO pursuant to such requested Issue Report is referred to herein as a "PDP." If such PDP results in a Final Report supported by a GNSO Supermajority (as defined in ICANN's Bylaws) that either (i) recommends adoption of the Rejected Amendment as Consensus Policy or (ii) recommends against adoption of the Rejected Amendment as Consensus Policy, and, in the case of (i) above, the Board adopts such Consensus Policy, Registry Operator shall comply with its obligations pursuant to Section 2.2 of this Agreement. In either case, ICANN will abandon the Rejected Amendment and it will have no effect on the terms and conditions of this Agreement. Notwithstanding the foregoing provisions of this Section 7.6(d), the ICANN Board of Directors shall not be required to initiate a PDP with respect to a Rejected Amendment if, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject matter of such Rejected Amendment was the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation.

(e) If (a) a Rejected Amendment does not fall within the subject matter categories set forth in Section 1.2 of Specification 1, (b) the subject matter of a Rejected Amendment was, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation, or (c) a PDP does not result in a Final Report supported by a GNSO Supermajority that either (A) recommends adoption of the Rejected Amendment as Consensus Policy or (B) recommends against adoption of the Rejected Amendment as Consensus Policy (or such PDP has otherwise been abandoned or terminated for any reason), then, in any such case, such Rejected Amendment may still be adopted and become effective in the manner described below. In order for the Rejected Amendment to be adopted, the following requirements must be satisfied:



(i) the subject matter of the Rejected Amendment must be within the scope of ICANN's mission and consistent with a balanced application of its core values (as described in ICANN's Bylaws);

(ii) the Rejected Amendment must be justified by a Substantial and Compelling Reason in the Public Interest, must be likely to promote such interest, taking into account competing public and private interests that are likely to be affected by the Rejected Amendment, and must be narrowly tailored and no broader than reasonably necessary to address such Substantial and Compelling Reason in the Public Interest;

(iii) to the extent the Rejected Amendment prohibits or requires conduct or activities, imposes material costs on the Applicable Registry Operators, and/or materially reduces public access to domain name services, the Rejected Amendment must be the least restrictive means reasonably available to address the Substantial and Compelling Reason in the Public Interest;

(iv) the ICANN Board of Directors must submit the Rejected Amendment, along with a written explanation of the reasoning related to its determination that the Rejected Amendment meets the requirements set out in subclauses (i) through (iii) above, for public comment for a period of no less than thirty (30) calendar days; and

(v) following such public comment period, the ICANN Board of Directors must (a) engage in consultation (or direct ICANN management to engage in consultation) with the Working Group, subject matter experts, members of the GNSO, relevant advisory committees and other interested stakeholders with respect to such Rejected Amendment for a period of no less than sixty (60) calendar days; and (b) following such consultation, reapprove the Rejected Amendment (which may be in a form different than submitted for Registry Operator Approval, but must address the subject matter of the Rejected Amendment, as modified to reflect and/or address input from the Working Group and public comments) by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN's Conflict of Interest Policy (a "Board Amendment").

Such Board Amendment shall, subject to Section 7.6(f), be deemed an Approved Amendment, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Board Amendment to Registry Operator (which effective date shall be deemed the Amendment Effective Date hereunder). Notwithstanding the foregoing, a Board Amendment may not amend the registry fees charged by ICANN hereunder, or amend this Section 7.6.

(f) Notwithstanding the provisions of Section 7.6(e), a Board Amendment shall not be deemed an Approved Amendment if, during the thirty (30) calendar day period following the approval by the ICANN Board of Directors of the Board Amendment, the Working Group, on the behalf of the Applicable Registry Operators, submits to the ICANN Board of Directors an alternative to the Board Amendment (an “Alternative Amendment”) that meets the following requirements:

(i) sets forth the precise text proposed by the Working Group to amend this Agreement in lieu of the Board Amendment;

(ii) addresses the Substantial and Compelling Reason in the Public Interest identified by the ICANN Board of Directors as the justification for the Board Amendment; and

(iii) compared to the Board Amendment is: (a) more narrowly tailored to address such Substantial and Compelling Reason in the Public Interest, and (b) to the extent the Alternative Amendment prohibits or requires conduct or activities, imposes material costs on Affected Registry Operators, or materially reduces access to domain name services, is a less restrictive means to address the Substantial and Compelling Reason in the Public Interest.

Any proposed amendment that does not meet the requirements of subclauses (i) through (iii) in the immediately preceding sentence shall not be considered an Alternative Amendment hereunder and therefore shall not supersede or delay the effectiveness of the Board Amendment. If, following the submission of the Alternative Amendment to the ICANN Board of Directors, the Alternative Amendment receives Registry Operator Approval, the Alternative Amendment shall supersede the Board Amendment and shall be deemed an Approved Amendment hereunder (and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Alternative Amendment to Registry Operator, which effective date shall be deemed the Amendment Effective Date hereunder), unless, within a period of sixty (60) calendar days following the date that the Working Group notifies the ICANN Board of Directors of Registry Operator Approval of such Alternative Amendment (during which time ICANN shall engage with the Working Group with respect to the Alternative Amendment), the ICANN Board of Directors by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN’s Conflict of Interest Policy, rejects the Alternative Amendment. If (A) the Alternative Amendment does not receive Registry Operator Approval within thirty (30) calendar days of submission of such Alternative Amendment to the Applicable Registry Operators (and the Working Group shall notify ICANN of the date of such submission), or (B) the ICANN Board of Directors rejects the Alternative Amendment by such two-thirds vote, the Board Amendment (and not the Alternative Amendment) shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice to Registry Operator (which

effective date shall be deemed the Amendment Effective Date hereunder). If the ICANN Board of Directors rejects an Alternative Amendment, the board shall publish a written rationale setting forth its analysis of the criteria set forth in Sections 7.6(f)(i) through 7.6(f)(iii). The ability of the ICANN Board of Directors to reject an Alternative Amendment hereunder does not relieve the Board of the obligation to ensure that any Board Amendment meets the criteria set forth in Section 7.6(e)(i) through 7.6(e)(v).

(g) In the event that Registry Operator believes an Approved Amendment does not meet the substantive requirements set out in this Section 7.6 or has been adopted in contravention of any of the procedural provisions of this Section 7.6, Registry Operator may challenge the adoption of such Special Amendment pursuant to the dispute resolution provisions set forth in Article 5, except that such arbitration shall be conducted by a three-person arbitration panel. Any such challenge must be brought within sixty (60) calendar days following the date ICANN provided notice to Registry Operator of the Approved Amendment, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. The Approved Amendment will be deemed not to have amended this Agreement during the pendency of the dispute resolution process.

(h) Registry Operator may apply in writing to ICANN for an exemption from the Approved Amendment (each such request submitted by Registry Operator hereunder, an "Exemption Request") during the thirty (30) calendar day period following the date ICANN provided notice to Registry Operator of such Approved Amendment. Each Exemption Request will set forth the basis for such request and provide detailed support for an exemption from the Approved Amendment. An Exemption Request may also include a detailed description and support for any alternatives to, or a variation of, the Approved Amendment proposed by such Registry Operator. An Exemption Request may only be granted upon a clear and convincing showing by Registry Operator that compliance with the Approved Amendment conflicts with applicable laws or would have a material adverse effect on the long-term financial condition or results of operations of Registry Operator. No Exemption Request will be granted if ICANN determines, in its reasonable discretion, that granting such Exemption Request would be materially harmful to registrants or result in the denial of a direct benefit to registrants. Within ninety (90) calendar days of ICANN's receipt of an Exemption Request, ICANN shall either approve (which approval may be conditioned or consist of alternatives to or a variation of the Approved Amendment) or deny the Exemption Request in writing, during which time the Approved Amendment will not amend this Agreement. If the Exemption Request is approved by ICANN, the Approved Amendment will not amend this Agreement; provided, that any conditions, alternatives or variations of the Approved Amendment required by ICANN shall be effective and, to the extent applicable, will amend this Agreement as of the Amendment Effective Date. If such Exemption Request is denied by ICANN, the Approved Amendment will amend this Agreement as of the Amendment Effective Date (or, if such date has passed, such Approved Amendment shall be deemed effective immediately on the date of such denial), provided that Registry Operator may, within thirty (30) calendar days following receipt of ICANN's determination, appeal ICANN's decision to deny the Exemption Request pursuant to the dispute resolution procedures set forth in Article 5. The Approved Amendment will be



deemed not to have amended this Agreement during the pendency of the dispute resolution process. For avoidance of doubt, only Exemption Requests submitted by Registry Operator that are approved by ICANN pursuant to this Section 7.6(j), agreed to by ICANN following mediation pursuant to Section 5.1 or through an arbitration decision pursuant to Section 5.2 shall exempt Registry Operator from any Approved Amendment, and no Exemption Request granted to any other Applicable Registry Operator (whether by ICANN or through arbitration) shall have any effect under this Agreement or exempt Registry Operator from any Approved Amendment.

(i) Except as set forth in this Section 7.6, Section 7.7 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 7.6 or Section 7.7 shall restrict ICANN and Registry Operator from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Sections 7.6 or 7.7 shall be deemed to limit Registry Operator's obligation to comply with Section 2.2.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "Applicable Registry Operators" means, collectively, the registry operators of top-level domains party to a registry agreement that contains a provision similar to this Section 7.6, including Registry Operator.

(ii) "Registry Operator Approval" means the receipt of each of the following: (A) the affirmative approval of the Applicable Registry Operators whose payments to ICANN accounted for two-thirds of the total amount of fees (converted to U.S. dollars, if applicable, at the prevailing exchange rate published the prior day in the U.S. Edition of the Wall Street Journal for the date such calculation is made by ICANN) paid to ICANN by all the Applicable Registry Operators during the immediately previous calendar year pursuant to the Applicable Registry Agreements, and (B) the affirmative approval of a majority of the Applicable Registry Operators at the time such approval is obtained. For the avoidance of doubt, with respect to clause (B), each Applicable Registry Operator shall have one vote for each top-level domain operated by such Registry Operator pursuant to an Applicable Registry Agreement.

(iii) "Restricted Amendment" means the following: (A) an amendment of Specification 1, (B) except to the extent addressed in Section

2.10 hereof, an amendment that specifies the price charged by Registry Operator to registrars for domain name registrations, (C) an amendment to the definition of Registry Services as set forth in the first paragraph of Section 2.1 of Specification 6, or (D) an amendment to the length of the Term.

(iv) “Substantial and Compelling Reason in the Public Interest” means a reason that is justified by an important, specific, and articulated public interest goal that is within ICANN's mission and consistent with a balanced application of ICANN's core values as defined in ICANN's Bylaws.

(v) “Working Group” means representatives of the Applicable Registry Operators and other members of the community that the Registry Stakeholders Group appoints, from time to time, to serve as a working group to consult on amendments to the Applicable Registry Agreements (excluding bilateral amendments pursuant to Section 7.6(i)).

(k) Notwithstanding anything in this Section 7.6 to the contrary, (i) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for Approved Amendment to become effective with respect to Registry Operator, and (ii) no Approved Amendment adopted pursuant to Section 7.6 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

## **7.7 Negotiation Process.**

(a) If either the Chief Executive Officer of ICANN (“CEO”) or the Chairperson of the Registry Stakeholder Group (“Chair”) desires to discuss any revision(s) to this Agreement, the CEO or Chair, as applicable, shall provide written notice to the other person, which shall set forth in reasonable detail the proposed revisions to this Agreement (a “Negotiation Notice”). Notwithstanding the foregoing, neither the CEO nor the Chair may (i) propose revisions to this Agreement that modify any Consensus Policy then existing, (ii) propose revisions to this Agreement pursuant to this Section 7.7 on or before June 30, 2014, or (iii) propose revisions or submit a Negotiation Notice more than once during any twelve (12) month period beginning on July 1, 2014.

(b) Following receipt of the Negotiation Notice by either the CEO or the Chair, ICANN and the Working Group (as defined in Section 7.6) shall consult in good faith negotiations regarding the form and substance of the proposed revisions to this Agreement, which shall be in the form of a proposed amendment to this Agreement (the “Proposed Revisions”), for a period of at least ninety (90) calendar days (unless a resolution is earlier reached) and attempt to reach a mutually acceptable agreement relating to the Proposed Revisions (the “Discussion Period”).

(c) If, following the conclusion of the Discussion Period, an agreement is reached on the Proposed Revisions, ICANN shall post the mutually agreed Proposed

Revisions on its website for public comment for no less than thirty (30) calendar days (the "Posting Period") and provide notice of such revisions to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval (as defined in Section 7.6) and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(d) If, following the conclusion of the Discussion Period, an agreement is not reached between ICANN and the Working Group on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (the "Mediation Notice") requiring each party to attempt to resolve the disagreements related to the Proposed Revisions through impartial, facilitative (non-evaluative) mediation in accordance with the terms and conditions set forth below. In the event that a Mediation Notice is provided, ICANN and the Working Group shall, within fifteen (15) calendar days thereof, simultaneously post the text of their desired version of the Proposed Revisions and a position paper with respect thereto on ICANN's website.

(i) The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, who has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or an Applicable Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 7.7(d)(i).

(ii) The mediator shall conduct the mediation in accordance with the rules and procedures for facilitative mediation that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute.

(iii) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

(iv) If an agreement is reached during the mediation, ICANN shall post the mutually agreed Proposed Revisions on its website for the Posting Period and provide notice to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the agreed Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(v) If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the mediation shall automatically terminate (unless extended by agreement of the parties). The mediator shall deliver to the parties a definition of the issues that could be considered in future arbitration, if invoked. Those issues are subject to the limitations set forth in Section 7.7(e)(ii) below.

(e) If, following mediation, ICANN and the Working Group have not reached an agreement on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (an "Arbitration Notice") requiring ICANN and the Applicable Registry Operators to resolve the dispute through binding arbitration in accordance with the arbitration provisions of Section 5.2, subject to the requirements and limitations of this Section 7.7(e).

(i) If an Arbitration Notice is sent, the mediator's definition of issues, along with the Proposed Revisions (be those from ICANN, the Working Group or both) shall be posted for public comment on ICANN's website for a period of no less than thirty (30) calendar days. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators), and information regarding such comments and consideration shall be provided to a three (3) person arbitrator panel. Each party may modify its Proposed Revisions before and after the Posting Period. The arbitration proceeding may not commence prior to the closing of such public comment period, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. Except as set forth in this Section 7.7, the arbitration shall be conducted pursuant to Section 5.2.

(ii) No dispute regarding the Proposed Revisions may be submitted for arbitration to the extent the subject matter of the Proposed

Revisions (i) relates to Consensus Policy, (ii) falls within the subject matter categories set forth in Section 1.2 of Specification 1, or (iii) seeks to amend any of the following provisions or Specifications of this Agreement: Articles 1, 3 and 6; Sections 2.1, 2.2, 2.5, 2.7, 2.9, 2.10, 2.16, 2.17, 2.19, 4.1, 4.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16; Section 2.8 and Specification 7 (but only to the extent such Proposed Revisions seek to implement an RPM not contemplated by Sections 2.8 and Specification 7); Exhibit A; and Specifications 1, 4, 6, 10 and 11.

(iii) The mediator will brief the arbitrator panel regarding ICANN and the Working Group's respective proposals relating to the Proposed Revisions.

(iv) No amendment to this Agreement relating to the Proposed Revisions may be submitted for arbitration by either the Working Group or ICANN, unless, in the case of the Working Group, the proposed amendment has received Registry Operator Approval and, in the case of ICANN, the proposed amendment has been approved by the ICANN Board of Directors.

(v) In order for the arbitrator panel to approve either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions, the arbitrator panel must conclude that such proposed amendment is consistent with a balanced application of ICANN's core values (as described in ICANN's Bylaws) and reasonable in light of the balancing of the costs and benefits to the business interests of the Applicable Registry Operators and ICANN (as applicable), and the public benefit sought to be achieved by the Proposed Revisions as set forth in such amendment. If the arbitrator panel concludes that either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions meets the foregoing standard, such amendment shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator and deemed an Approved Amendment hereunder.

(f) With respect to an Approved Amendment relating to an amendment proposed by ICANN, Registry may apply in writing to ICANN for an exemption from such amendment pursuant to the provisions of Section 7.6.

(g) Notwithstanding anything in this Section 7.7 to the contrary, (a) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for the Approved Amendment to become effective with respect to Registry Operator, and (b) no Approved Amendment adopted pursuant to Section 7.7 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).



**7.8 No Third-Party Beneficiaries.** This Agreement will not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

**7.9 General Notices.** Except for notices pursuant to Sections 7.6 and 7.7, all notices to be given under or in relation to this Agreement will be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this Agreement. All notices under Sections 7.6 and 7.7 shall be given by both posting of the applicable information on ICANN's web site and transmission of such information to Registry Operator by electronic mail. Any change in the contact information for notice below will be given by the party within thirty (30) calendar days of such change. Other than notices under Sections 7.6 or 7.7, any notice required by this Agreement will be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within three (3) calendar days. Any notice required by Sections 7.6 or 7.7 will be deemed to have been given when electronically posted on ICANN's website and upon confirmation of receipt by the email server. In the event other means of notice become practically achievable, such as notice via a secure website, the parties will work together to implement such notice means under this Agreement.

If to ICANN, addressed to:  
Internet Corporation for Assigned Names and Numbers  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536  
USA  
Telephone: +1-310-301-5800  
Facsimile: +1-310-823-8649  
Attention: President and CEO

With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:  
DERRent, LLC  
8900 W. Olympic Blvd  
Beverly Hills, CA 90211  
USA  
Telephone: +1-203-610-2683  
Attention: Grant Carpenter, General Counsel  
Email: gc@xyz.com

**7.10 Entire Agreement.** This Agreement (including those specifications and documents incorporated by reference to URL locations which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.

**7.11 English Language Controls.** Notwithstanding any translated version of this Agreement and/or specifications that may be provided to Registry Operator, the English language version of this Agreement and all referenced specifications are the official versions that bind the parties hereto. In the event of any conflict or discrepancy between any translated version of this Agreement and the English language version, the English language version controls. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

**7.12 Ownership Rights.** Nothing contained in this Agreement shall be construed as (a) establishing or granting to Registry Operator any property ownership rights or interests of Registry Operator in the TLD or the letters, words, symbols or other characters making up the TLD string, or (b) affecting any existing intellectual property or ownership rights of Registry Operator.

**7.13 Severability; Conflicts with Laws.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the balance of this Agreement or of any other term hereof, which shall remain in full force and effect. If any of the provisions hereof are determined to be invalid or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible. ICANN and the Working Group will mutually cooperate to develop an ICANN procedure for ICANN's review and consideration of alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement. Until such procedure is developed and implemented by ICANN, ICANN will review and consider alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement in a manner similar to ICANN's Procedure For Handling WHOIS Conflicts with Privacy Law.

**7.14 Court Orders.** ICANN will respect any order from a court of competent jurisdiction, including any orders from any jurisdiction where the consent or non-objection of the government was a requirement for the delegation of the TLD. Notwithstanding any other provision of this Agreement, ICANN's implementation of any such order will not be a breach of this Agreement

#### **7.15 Confidentiality**

(a) Subject to Section 7.15(c), during the Term and for a period of three (3) years thereafter, each party shall, and shall cause its and its Affiliates' officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to any third party, directly or indirectly, any information that is, and the disclosing party has marked as, or has otherwise designated in writing to the receiving party as, "confidential

trade secret,” “confidential commercial information” or “confidential financial information” (collectively, “Confidential Information”), except to the extent such disclosure is permitted by the terms of this Agreement.

(b) The confidentiality obligations under Section 7.15(a) shall not apply to any Confidential Information that (i) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no fault of the receiving party in breach of this Agreement, (ii) can be demonstrated by documentation or other competent proof to have been in the receiving party’s possession prior to disclosure by the disclosing party without any obligation of confidentiality with respect to such information, (iii) is subsequently received by the receiving party from a third party who is not bound by any obligation of confidentiality with respect to such information, (iv) has been published by a third party or otherwise enters the public domain through no fault of the receiving party, or (v) can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving party without reference to the disclosing party’s Confidential Information.

(c) Each party shall have the right to disclose Confidential Information to the extent that such disclosure is (i) made in response to a valid order of a court of competent jurisdiction or, if in the reasonable opinion of the receiving party’s legal counsel, such disclosure is otherwise required by applicable law; provided, however, that the receiving party shall first have given notice to the disclosing party and given the disclosing party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment order requiring that the Confidential Information that is the subject of such order or other applicable law be held in confidence by such court or other third party recipient, unless the receiving party is not permitted to provide such notice under such order or applicable law, or (ii) made by the receiving party or any of its Affiliates to its or their attorneys, auditors, advisors, consultants, contractors or other third parties for use by such person or entity as may be necessary or useful in connection with the performance of the activities under this Agreement, provided that such third party is bound by confidentiality obligations at least as stringent as those set forth herein, either by written agreement or through professional responsibility standards.

\* \* \* \* \*



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
Akram Atallah  
President, Global Domains Division

**DERRENT, LLC**

By: \_\_\_\_\_  
Daniel Negari  
CEO

## **EXHIBIT A**

### **Approved Services**

The ICANN gTLD Applicant Guidebook (located at <http://newgtlds.icann.org/en/applicants/agb>) and the RSEP specify processes for consideration of proposed registry services. Registry Operator may provide any service that is required by the terms of this Agreement. In addition, the following services (if any) are specifically identified as having been approved by ICANN prior to the effective date of the Agreement, and Registry Operator may provide such services:

#### **1. DNS Service – TLD Zone Contents**

Notwithstanding anything else in this Agreement, as indicated in section 2.2.3.3 of the gTLD Applicant Guidebook, permissible contents for the TLD's zone are:

- 1.1.** Apex SOA record
- 1.2.** Apex NS records and in-bailiwick glue for the TLD's DNS servers
- 1.3.** NS records and in-bailiwick glue for DNS servers of registered names in the TLD
- 1.4.** DS records for registered names in the TLD
- 1.5.** Records associated with signing the TLD zone (i.e., RRSIG, DNSKEY, NSEC, and NSEC3)

(Note: The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g., apex A, AAAA, MX records) in the TLD zone.)

If Registry Operator wishes to place any DNS resource record type into its TLD DNS zone (other than those listed in Sections 1.1 through 1.5 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS. Registry Operator recognizes and acknowledges that a service based on the use of less-common DNS resource records in the TLD zone, even if approved, might not work as intended for all users due to lack of software support.

#### **2. Anti-Abuse**

Registry Operator may suspend, delete or otherwise make changes to domain names in compliance with its anti-abuse policy.

#### **3. Searchable Whois**

Notwithstanding anything else in this Agreement, Registry Operator must offer a searchable Whois service compliant with the requirements described in Section 1.10 of Specification 4 of this Agreement. Registry Operator must make available the services only to authenticated users after they logged in by supplying proper credentials (e.g., user name and password).

Registry Operator must issue such credentials exclusively to eligible users and institutions that supply sufficient proof of their legitimate interest in this feature (e.g., law enforcement agencies). Registry Operator shall use rate-limiting to prevent abuse of the searchable Whois service.

## SPECIFICATION 1

### CONSENSUS POLICIES AND TEMPORARY POLICIES SPECIFICATION

#### 1. Consensus Policies.

- 1.1. “*Consensus Policies*” are those policies established (1) pursuant to the procedure set forth in ICANN’s Bylaws and due process, and (2) covering those topics listed in Section 1.2 of this Specification. The Consensus Policy development process and procedure set forth in ICANN’s Bylaws may be revised from time to time in accordance with the process set forth therein.
- 1.2. Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following:
  - 1.2.1 issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or Domain Name System (“DNS”);
  - 1.2.2 functional and performance specifications for the provision of Registry Services;
  - 1.2.3 Security and Stability of the registry database for the TLD;
  - 1.2.4 registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars;
  - 1.2.5 resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names); or
  - 1.2.6 restrictions on cross-ownership of registry operators and registrars or registrar resellers and regulations and restrictions with respect to registry operations and the use of registry and registrar data in the event that a registry operator and a registrar or registrar reseller are affiliated.
- 1.3. Such categories of issues referred to in Section 1.2 of this Specification shall include, without limitation:
  - 1.3.1 principles for allocation of registered names in the TLD (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - 1.3.2 prohibitions on warehousing of or speculation in domain names by registries or registrars;

- 1.3.3 reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (i) avoidance of confusion among or misleading of users, (ii) intellectual property, or (iii) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration); and
    - 1.3.4 maintenance of and access to accurate and up-to-date information concerning domain name registrations; and procedures to avoid disruptions of domain name registrations due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination.
  - 1.4. In addition to the other limitations on Consensus Policies, they shall not:
    - 1.4.1 prescribe or limit the price of Registry Services;
    - 1.4.2 modify the terms or conditions for the renewal or termination of the Registry Agreement;
    - 1.4.3 modify the limitations on Temporary Policies (defined below) or Consensus Policies;
    - 1.4.4 modify the provisions in the registry agreement regarding fees paid by Registry Operator to ICANN; or
    - 1.4.5 modify ICANN's obligations to ensure equitable treatment of registry operators and act in an open and transparent manner.
2. **Temporary Policies.** Registry Operator shall comply with and implement all specifications or policies established by the Board on a temporary basis, if adopted by the Board by a vote of at least two-thirds of its members, so long as the Board reasonably determines that such modifications or amendments are justified and that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the stability or security of Registry Services or the DNS ("**Temporary Policies**").
  - 2.1. Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any Temporary Policy, the Board shall state the period of time for which the Temporary Policy is adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws.
    - 2.1.1 ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the Temporary Policy and why

the Board believes such Temporary Policy should receive the consensus support of Internet stakeholders.

2.1.2 If the period of time for which the Temporary Policy is adopted exceeds ninety (90) calendar days, the Board shall reaffirm its temporary adoption every ninety (90) calendar days for a total period not to exceed one (1) year, in order to maintain such Temporary Policy in effect until such time as it becomes a Consensus Policy. If the one (1) year period expires or, if during such one (1) year period, the Temporary Policy does not become a Consensus Policy and is not reaffirmed by the Board, Registry Operator shall no longer be required to comply with or implement such Temporary Policy.

3. **Notice and Conflicts.** Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Policy in which to comply with such policy or specification, taking into account any urgency involved. In the event of a conflict between Registry Services and Consensus Policies or any Temporary Policy, the Consensus Policies or Temporary Policy shall control, but only with respect to subject matter in conflict.

## SPECIFICATION 2

### DATA ESCROW REQUIREMENTS

Registry Operator will engage an independent entity to act as data escrow agent (“**Escrow Agent**”) for the provision of data escrow services related to the Registry Agreement. The following Technical Specifications set forth in Part A, and Legal Requirements set forth in Part B, will be included in any data escrow agreement between Registry Operator and the Escrow Agent, under which ICANN must be named a third-party beneficiary. In addition to the following requirements, the data escrow agreement may contain other provisions that are not contradictory or intended to subvert the required terms provided below.

#### PART A – TECHNICAL SPECIFICATIONS

1. **Deposits.** There will be two types of Deposits: Full and Differential. For both types, the universe of Registry objects to be considered for data escrow are those objects necessary in order to offer all of the approved Registry Services.
  - 1.1. “**Full Deposit**” will consist of data that reflects the state of the registry as of 00:00:00 UTC (Coordinated Universal Time) on the day that such Full Deposit is submitted to Escrow Agent.
  - 1.2. “**Differential Deposit**” means data that reflects all transactions that were not reflected in the last previous Full or Differential Deposit, as the case may be. Each Differential Deposit will contain all database transactions since the previous Deposit was completed as of 00:00:00 UTC of each day, but Sunday. Differential Deposits must include complete Escrow Records as specified below that were not included or changed since the most recent full or Differential Deposit (i.e., newly added or modified domain names).
2. **Schedule for Deposits.** Registry Operator will submit a set of escrow files on a daily basis as follows:
  - 2.1. Each Sunday, a Full Deposit must be submitted to the Escrow Agent by 23:59 UTC.
  - 2.2. The other six (6) days of the week, a Full Deposit or the corresponding Differential Deposit must be submitted to Escrow Agent by 23:59 UTC.
3. **Escrow Format Specification.**
  - 3.1. **Deposit’s Format.** Registry objects, such as domains, contacts, name servers, registrars, etc. will be compiled into a file constructed as described in draft-arias-noguchi-registry-data-escrow, see Part A, Section 9, reference 1 of this Specification and draft-arias-noguchi-dnrd-objects-mapping, see Part A, Section 9, reference 2 of this Specification (collectively, the “DNDE Specification”). The DNDE Specification describes some elements as

optional; Registry Operator will include those elements in the Deposits if they are available. If not already an RFC, Registry Operator will use the most recent draft version of the DNDE Specification available at the Effective Date. Registry Operator may at its election use newer versions of the DNDE Specification after the Effective Date. Once the DNDE Specification is published as an RFC, Registry Operator will implement that version of the DNDE Specification, no later than one hundred eighty (180) calendar days after. UTF-8 character encoding will be used.

- 3.2. **Extensions.** If a Registry Operator offers additional Registry Services that require submission of additional data, not included above, additional “extension schemas” shall be defined in a case by case basis to represent that data. These “extension schemas” will be specified as described in Part A, Section 9, reference 2 of this Specification. Data related to the “extensions schemas” will be included in the deposit file described in Part A, Section 3.1 of this Specification. ICANN and the respective Registry Operator shall work together to agree on such new objects’ data escrow specifications.
4. **Processing of Deposit files.** The use of compression is recommended in order to reduce electronic data transfer times, and storage capacity requirements. Data encryption will be used to ensure the privacy of registry escrow data. Files processed for compression and encryption will be in the binary OpenPGP format as per OpenPGP Message Format - RFC 4880, see Part A, Section 9, reference 3 of this Specification. Acceptable algorithms for Public-key cryptography, Symmetric-key cryptography, Hash and Compression are those enumerated in RFC 4880, not marked as deprecated in OpenPGP IANA Registry, see Part A, Section 9, reference 4 of this Specification, that are also royalty-free. The process to follow for the data file in original text format is:
  - (1) The XML file of the deposit as described in Part A, Section 9, reference 1 of this Specification must be named as the containing file as specified in Section 5 but with the extension xml.
  - (2) The data file(s) are aggregated in a tarball file named the same as (1) but with extension tar.
  - (3) A compressed and encrypted OpenPGP Message is created using the tarball file as sole input. The suggested algorithm for compression is ZIP as per RFC 4880. The compressed data will be encrypted using the escrow agent’s public key. The suggested algorithms for Public-key encryption are Elgamal and RSA as per RFC 4880. The suggested algorithms for Symmetric-key encryption are TripleDES, AES128 and CAST5 as per RFC 4880.
  - (4) The file may be split as necessary if, once compressed and encrypted, it is larger than the file size limit agreed with the escrow agent. Every part of a



split file, or the whole file if not split, will be called a processed file in this section.

- (5) A digital signature file will be generated for every processed file using the Registry Operator's private key. The digital signature file will be in binary OpenPGP format as per RFC 4880 Section 9, reference 3, and will not be compressed or encrypted. The suggested algorithms for Digital signatures are DSA and RSA as per RFC 4880. The suggested algorithm for Hashes in Digital signatures is SHA256.
- (6) The processed files and digital signature files will then be transferred to the Escrow Agent through secure electronic mechanisms, such as, SFTP, SCP, HTTPS file upload, etc. as agreed between the Escrow Agent and the Registry Operator. Non-electronic delivery through a physical medium such as CD-ROMs, DVD-ROMs, or USB storage devices may be used if authorized by ICANN.
- (7) The Escrow Agent will then validate every (processed) transferred data file using the procedure described in Part A, Section 8 of this Specification.

5. **File Naming Conventions.** Files will be named according to the following convention: {gTLD}\_{YYYY-MM-DD}\_{type}\_S{#}\_R{rev}.{ext} where:

- 5.1. {gTLD} is replaced with the gTLD name; in case of an IDN-TLD, the ASCII-compatible form (A-Label) must be used;
- 5.2. {YYYY-MM-DD} is replaced by the date corresponding to the time used as a timeline watermark for the transactions; i.e. for the Full Deposit corresponding to 2009-08-02T00:00Z, the string to be used would be "2009-08-02";
- 5.3. {type} is replaced by:
  - (1) "full", if the data represents a Full Deposit;
  - (2) "diff", if the data represents a Differential Deposit;
  - (3) "thin", if the data represents a Bulk Registration Data Access file, as specified in Section 3 of Specification 4;
- 5.4. {#} is replaced by the position of the file in a series of files, beginning with "1"; in case of a lone file, this must be replaced by "1".
- 5.5. {rev} is replaced by the number of revision (or resend) of the file beginning with "0":

5.6. {ext} is replaced by “sig” if it is a digital signature file of the quasi-homonymous file. Otherwise it is replaced by “ryde”.

6. **Distribution of Public Keys.** Each of Registry Operator and Escrow Agent will distribute its public key to the other party (Registry Operator or Escrow Agent, as the case may be) via email to an email address to be specified. Each party will confirm receipt of the other party’s public key with a reply email, and the distributing party will subsequently reconfirm the authenticity of the key transmitted via offline methods, like in person meeting, telephone, etc. In this way, public key transmission is authenticated to a user able to send and receive mail via a mail server operated by the distributing party. Escrow Agent, Registry Operator and ICANN will exchange public keys by the same procedure.
7. **Notification of Deposits.** Along with the delivery of each Deposit, Registry Operator will deliver to Escrow Agent and to ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification (the “Interface Specification”)) a written statement (which may be by authenticated e-mail) that includes a copy of the report generated upon creation of the Deposit and states that the Deposit has been inspected by Registry Operator and is complete and accurate. Registry Operator will include the Deposit’s “id” and “resend” attributes in its statement. The attributes are explained in Part A, Section 9, reference 1 of this Specification.

If not already an RFC, Registry Operator will use the most recent draft version of the Interface Specification at the Effective Date. Registry Operator may at its election use newer versions of the Interface Specification after the Effective Date. Once the Interface Specification is published as an RFC, Registry Operator will implement that version of the Interface Specification, no later than one hundred eighty (180) calendar days after such publishing.

8. **Verification Procedure.**
  - (1) The signature file of each processed file is validated.
  - (2) If processed files are pieces of a bigger file, the latter is put together.
  - (3) Each file obtained in the previous step is then decrypted and uncompressed.
  - (4) Each data file contained in the previous step is then validated against the format defined in Part A, Section 9, reference 1 of this Specification.
  - (5) If Part A, Section 9, reference 1 of this Specification includes a verification process, that will be applied at this step.

If any discrepancy is found in any of the steps, the Deposit will be considered incomplete.

9. **References.**

- (1) Domain Name Data Escrow Specification (work in progress),  
<http://tools.ietf.org/html/draft-arias-noguchi-registry-data-escrow>
- (2) Domain Name Registration Data (DNRD) Objects Mapping,  
<http://tools.ietf.org/html/draft-arias-noguchi-dnrd-objects-mapping>
- (3) OpenPGP Message Format, <http://www.rfc-editor.org/rfc/rfc4880.txt>
- (4) OpenPGP parameters,  
<http://www.iana.org/assignments/pgp-parameters/pgp-parameters.xhtml>
- (5) ICANN interfaces for registries and data escrow agents,  
<http://tools.ietf.org/html/draft-lozano-icann-registry-interfaces>

## PART B – LEGAL REQUIREMENTS

1. **Escrow Agent.** Prior to entering into an escrow agreement, the Registry Operator must provide notice to ICANN as to the identity of the Escrow Agent, and provide ICANN with contact information and a copy of the relevant escrow agreement, and all amendments thereto. In addition, prior to entering into an escrow agreement, Registry Operator must obtain the consent of ICANN to (a) use the specified Escrow Agent, and (b) enter into the form of escrow agreement provided. ICANN must be expressly designated as a third-party beneficiary of the escrow agreement. ICANN reserves the right to withhold its consent to any Escrow Agent, escrow agreement, or any amendment thereto, all in its sole discretion.
2. **Fees.** Registry Operator must pay, or have paid on its behalf, fees to the Escrow Agent directly. If Registry Operator fails to pay any fee by the due date(s), the Escrow Agent will give ICANN written notice of such non-payment and ICANN may pay the past-due fee(s) within fifteen (15) calendar days after receipt of the written notice from Escrow Agent. Upon payment of the past-due fees by ICANN, ICANN shall have a claim for such amount against Registry Operator, which Registry Operator shall be required to submit to ICANN together with the next fee payment due under the Registry Agreement.
3. **Ownership.** Ownership of the Deposits during the effective term of the Registry Agreement shall remain with Registry Operator at all times. Thereafter, Registry Operator shall assign any such ownership rights (including intellectual property rights, as the case may be) in such Deposits to ICANN. In the event that during the term of the Registry Agreement any Deposit is released from escrow to ICANN, any intellectual property rights held by Registry Operator in the Deposits will automatically be licensed to ICANN or to a party designated in writing by ICANN on a non-exclusive, perpetual, irrevocable, royalty-free, paid-up basis, for any use related to the operation, maintenance or transition of the TLD.
4. **Integrity and Confidentiality.** Escrow Agent will be required to (i) hold and maintain the Deposits in a secure, locked, and environmentally safe facility, which is accessible only to authorized representatives of Escrow Agent, (ii) protect the integrity and confidentiality of the Deposits using commercially reasonable measures and (iii) keep and safeguard each Deposit for one (1) year. ICANN and Registry Operator will be provided the right to inspect Escrow Agent’s applicable records upon reasonable prior notice and during normal business hours. Registry Operator and ICANN will be provided with the right to designate a third-party auditor to audit Escrow Agent’s compliance with the technical specifications and maintenance requirements of this Specification 2 from time to time.

If Escrow Agent receives a subpoena or any other order from a court or other judicial tribunal pertaining to the disclosure or release of the Deposits, Escrow Agent will promptly notify the Registry Operator and ICANN unless prohibited by law. After notifying the Registry Operator and ICANN, Escrow Agent shall allow

sufficient time for Registry Operator or ICANN to challenge any such order, which shall be the responsibility of Registry Operator or ICANN; provided, however, that Escrow Agent does not waive its rights to present its position with respect to any such order. Escrow Agent will cooperate with the Registry Operator or ICANN to support efforts to quash or limit any subpoena, at such party's expense. Any party requesting additional assistance shall pay Escrow Agent's standard charges or as quoted upon submission of a detailed request.

5. **Copies.** Escrow Agent may be permitted to duplicate any Deposit, in order to comply with the terms and provisions of the escrow agreement.
6. **Release of Deposits.** Escrow Agent will make available for electronic download (unless otherwise requested) to ICANN or its designee, within twenty-four (24) hours, at the Registry Operator's expense, all Deposits in Escrow Agent's possession in the event that the Escrow Agent receives a request from Registry Operator to effect such delivery to ICANN, or receives one of the following written notices by ICANN stating that:
  - 6.1. the Registry Agreement has expired without renewal, or been terminated; or
  - 6.2. ICANN has not received a notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent within five (5) calendar days after the Deposit's scheduled delivery date; (a) ICANN gave notice to Escrow Agent and Registry Operator of that failure; and (b) ICANN has not, within seven (7) calendar days after such notice, received the notification from Escrow Agent; or
  - 6.3. ICANN has received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of failed verification of the latest escrow deposit for a specific date or a notification of a missing deposit, and the notification is for a deposit that should have been made on Sunday (i.e., a Full Deposit); (a) ICANN gave notice to Registry Operator of that receipt; and (b) ICANN has not, within seven (7) calendar days after such notice, received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of verification of a remediated version of such Full Deposit; or
  - 6.4. ICANN has received five notifications from Escrow Agent within the last thirty (30) calendar days notifying ICANN of either missing or failed escrow deposits that should have been made Monday through Saturday (i.e., a Differential Deposit), and (x) ICANN provided notice to Registry Operator of the receipt of such notifications; and (y) ICANN has not, within seven (7) calendar days after delivery of such notice to Registry Operator, received notification from Escrow Agent of verification of a remediated version of such Differential Deposit; or

- 6.5. Registry Operator has: (i) ceased to conduct its business in the ordinary course; or (ii) filed for bankruptcy, become insolvent or anything analogous to any of the foregoing under the laws of any jurisdiction anywhere in the world; or
- 6.6. Registry Operator has experienced a failure of critical registry functions and ICANN has asserted its rights pursuant to Section 2.13 of the Agreement; or
- 6.7. a competent court, arbitral, legislative, or government agency mandates the release of the Deposits to ICANN; or
- 6.8. pursuant to Contractual and Operational Compliance Audits as specified under Section 2.11 of the Agreement.

Unless Escrow Agent has previously released the Registry Operator's Deposits to ICANN or its designee, Escrow Agent will deliver all Deposits to ICANN upon expiration or termination of the Registry Agreement or the Escrow Agreement.

7. **Verification of Deposits.**

- 7.1. Within twenty-four (24) hours after receiving each Deposit or corrected Deposit, Escrow Agent must verify the format and completeness of each Deposit and deliver to ICANN a notification generated for each Deposit. Reports will be delivered electronically using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification.
- 7.2. If Escrow Agent discovers that any Deposit fails the verification procedures or if Escrow Agent does not receive any scheduled Deposit, Escrow Agent must notify Registry Operator either by email, fax or phone and ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification) of such nonconformity or non-receipt within twenty-four (24) hours after receiving the non-conformant Deposit or the deadline for such Deposit, as applicable. Upon notification of such verification or delivery failure, Registry Operator must begin developing modifications, updates, corrections, and other fixes of the Deposit necessary for the Deposit to be delivered and pass the verification procedures and deliver such fixes to Escrow Agent as promptly as possible.

8. **Amendments.** Escrow Agent and Registry Operator shall amend the terms of the Escrow Agreement to conform to this Specification 2 within ten (10) calendar days of any amendment or modification to this Specification 2. In the event of a conflict between this Specification 2 and the Escrow Agreement, this Specification 2 shall control.

9. **Indemnity.** Escrow Agent shall indemnify and hold harmless Registry Operator and ICANN, and each of their respective directors, officers, agents, employees, members,

and stockholders (“Indemnitees”) absolutely and forever from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys’ fees and costs, that may be asserted by a third party against any Indemnitee in connection with the misrepresentation, negligence or misconduct of Escrow Agent, its directors, officers, agents, employees and contractors.

## SPECIFICATION 3

### FORMAT AND CONTENT FOR REGISTRY OPERATOR MONTHLY REPORTING

Registry Operator shall provide one set of monthly reports per gTLD, using the API described in draft-lozano-icann-registry-interfaces, see Specification 2, Part A, Section 9, reference 5, with the following content.

ICANN may request in the future that the reports be delivered by other means and using other formats. ICANN will use reasonable commercial efforts to preserve the confidentiality of the information reported until three (3) months after the end of the month to which the reports relate. Unless set forth in this Specification 3, any reference to a specific time refers to Coordinated Universal Time (UTC). Monthly reports shall consist of data that reflects the state of the registry at the end of the month (UTC).

1. **Per-Registrar Transactions Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-transactions-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields per registrar:

Field #	Field name	Description
01	registrar-name	Registrar’s full corporate name as registered with IANA
02	iana-id	For cases where the registry operator acts as registrar (i.e., without the use of an ICANN accredited registrar) 9999 should be used, otherwise the sponsoring Registrar IANA id should be used as specified in <a href="http://www.iana.org/assignments/registrar-ids">http://www.iana.org/assignments/registrar-ids</a>
03	total-domains	total domain names under sponsorship in any EPP status but pendingCreate that have not been purged
04	total-nameservers	total name servers (either host objects or name server hosts as domain name attributes) associated with domain names registered for the TLD in any EPP status but pendingCreate that have not been purged
05	net-adds-1-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of one (1) year (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
06	net-adds-2-yr	number of domains successfully registered (i.e., not



		in EPP pendingCreate status) with an initial term of two(2) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
07	net-adds-3-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of three (3) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
08	net-adds-4-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of four (4) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
09	net-adds-5-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of five (5) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
10	net-adds-6-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of six (6) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
11	net-adds-7-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of seven (7) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
12	net-adds-8-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of eight (8) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
13	net-adds-9-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of nine (9) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
14	net-adds-10-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of ten (10) years (and not deleted within the add grace period). A transaction must be reported in the month

		the add grace period ends.
15	net-renews-1-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of one (1) year (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
16	net-renews-2-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of two (2) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
17	net-renews-3-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of three (3) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
18	net-renews-4-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of four (4) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
19	net-renews-5-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of five (5) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
20	net-renews-6-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of six (6) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.

21	net-renews-7-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of seven (7) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
22	net-renews-8-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of eight (8) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
23	net-renews-9-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of nine (9) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
24	net-renews-10-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of ten (10) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
25	transfer-gaining-successful	number of domain transfers initiated by this registrar that were successfully completed (either explicitly or automatically approved) and not deleted within the transfer grace period. A transaction must be reported in the month the transfer grace period ends.
26	transfer-gaining-nacked	number of domain transfers initiated by this registrar that were rejected (e.g., EPP transfer op="reject") by the other registrar
27	transfer-losing-successful	number of domain transfers initiated by another registrar that were successfully completed (either explicitly or automatically approved)
28	transfer-losing-nacked	number of domain transfers initiated by another registrar that this registrar rejected (e.g., EPP transfer op="reject")

29	transfer-disputed-won	number of transfer disputes in which this registrar prevailed (reported in the month where the determination happened)
30	transfer-disputed-lost	number of transfer disputes this registrar lost (reported in the month where the determination happened)
31	transfer-disputed-nodecision	number of transfer disputes involving this registrar with a split or no decision (reported in the month where the determination happened)
32	deleted-domains-grace	domains deleted within the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
33	deleted-domains-nograce	domains deleted outside the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
34	restored-domains	domain names restored from redemption period
35	restored-noreport	total number of restored names for which the registrar failed to submit a restore report
36	agp-exemption-requests	total number of AGP (add grace period) exemption requests
37	agp-exemptions-granted	total number of AGP (add grace period) exemption requests granted
38	agp-exempted-domains	total number of names affected by granted AGP (add grace period) exemption requests
39	attempted-adds	number of attempted (both successful and failed) domain name create commands

The first line shall include the field names exactly as described in the table above as a “header line” as described in section 2 of RFC 4180. The last line of each report shall include totals for each column across all registrars; the first field of this line shall read “Totals” while the second field shall be left empty in that line. No other lines besides the ones described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

2. **Registry Functions Activity Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-activity-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields:

Field #	Field Name	Description
01	operational-registrars	number of operational registrars at the end of the reporting period
02	ramp-up-registrars	number of registrars that have received a password for access to OT&E at the end of the reporting period
03	pre-ramp-up-registrars	number of registrars that have requested access, but have not yet entered the ramp-up period at the end of the reporting period
04	zfa-passwords	number of active zone file access passwords at the end of the reporting period
05	whois-43-queries	number of WHOIS (port-43) queries responded during the reporting period
06	web-whois-queries	number of Web-based Whois queries responded during the reporting period, not including searchable Whois
07	searchable-whois-queries	number of searchable Whois queries responded during the reporting period, if offered
08	dns-udp-queries-received	number of DNS queries received over UDP transport during the reporting period
09	dns-udp-queries-responded	number of DNS queries received over UDP transport that were responded during the reporting period
10	dns-tcp-queries-received	number of DNS queries received over TCP transport during the reporting period
11	dns-tcp-queries-responded	number of DNS queries received over TCP transport that were responded during the reporting period
12	srs-dom-check	number of SRS (EPP and any other interface) domain name "check" requests responded during the reporting period
13	srs-dom-create	number of SRS (EPP and any other interface) domain name "create" requests responded during the reporting period
14	srs-dom-delete	number of SRS (EPP and any other interface) domain name "delete" requests responded during the reporting period
15	srs-dom-info	number of SRS (EPP and any other interface) domain name "info" requests responded during the reporting period

Field #	Field Name	Description
16	srs-dom-renew	number of SRS (EPP and any other interface) domain name "renew" requests responded during the reporting period
17	srs-dom-rgp-restore-report	number of SRS (EPP and any other interface) domain name RGP "restore" requests delivering a restore report responded during the reporting period
18	srs-dom-rgp-restore-request	number of SRS (EPP and any other interface) domain name RGP "restore" requests responded during the reporting period
19	srs-dom-transfer-approve	number of SRS (EPP and any other interface) domain name "transfer" requests to approve transfers responded during the reporting period
20	srs-dom-transfer-cancel	number of SRS (EPP and any other interface) domain name "transfer" requests to cancel transfers responded during the reporting period
21	srs-dom-transfer-query	number of SRS (EPP and any other interface) domain name "transfer" requests to query about a transfer responded during the reporting period
22	srs-dom-transfer-reject	number of SRS (EPP and any other interface) domain name "transfer" requests to reject transfers responded during the reporting period
23	srs-dom-transfer-request	number of SRS (EPP and any other interface) domain name "transfer" requests to request transfers responded during the reporting period
24	srs-dom-update	number of SRS (EPP and any other interface) domain name "update" requests (not including RGP restore requests) responded during the reporting period
25	srs-host-check	number of SRS (EPP and any other interface) host "check" requests responded during the reporting period
26	srs-host-create	number of SRS (EPP and any other interface) host "create" requests responded during the reporting period
27	srs-host-delete	number of SRS (EPP and any other interface) host "delete" requests responded during the reporting period

Field #	Field Name	Description
28	srs-host-info	number of SRS (EPP and any other interface) host "info" requests responded during the reporting period
29	srs-host-update	number of SRS (EPP and any other interface) host "update" requests responded during the reporting period
30	srs-cont-check	number of SRS (EPP and any other interface) contact "check" requests responded during the reporting period
31	srs-cont-create	number of SRS (EPP and any other interface) contact "create" requests responded during the reporting period
32	srs-cont-delete	number of SRS (EPP and any other interface) contact "delete" requests responded during the reporting period
33	srs-cont-info	number of SRS (EPP and any other interface) contact "info" requests responded during the reporting period
34	srs-cont-transfer-approve	number of SRS (EPP and any other interface) contact "transfer" requests to approve transfers responded during the reporting period
35	srs-cont-transfer-cancel	number of SRS (EPP and any other interface) contact "transfer" requests to cancel transfers responded during the reporting period
36	srs-cont-transfer-query	number of SRS (EPP and any other interface) contact "transfer" requests to query about a transfer responded during the reporting period
37	srs-cont-transfer-reject	number of SRS (EPP and any other interface) contact "transfer" requests to reject transfers responded during the reporting period
38	srs-cont-transfer-request	number of SRS (EPP and any other interface) contact "transfer" requests to request transfers responded during the reporting period
39	srs-cont-update	number of SRS (EPP and any other interface) contact "update" requests responded during the reporting period

The first line shall include the field names exactly as described in the table above as a "header line" as described in section 2 of RFC 4180. No other lines besides the ones

described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

For gTLDs that are part of a single-instance Shared Registry System, the Registry Functions Activity Report may include the total contact or host transactions for all the gTLDs in the system.



## SPECIFICATION 4

### REGISTRATION DATA PUBLICATION SERVICES

1. **Registration Data Directory Services.** Until ICANN requires a different protocol, Registry Operator will operate a WHOIS service available via port 43 in accordance with RFC 3912, and a web-based Directory Service at <whois.nic.TLD> providing free public query-based access to at least the following elements in the following format. ICANN reserves the right to specify alternative formats and protocols, and upon such specification, the Registry Operator will implement such alternative specification as soon as reasonably practicable.

Registry Operator shall implement a new standard supporting access to domain name registration data (SAC 051) no later than one hundred thirty-five (135) days after it is requested by ICANN if: 1) the IETF produces a standard (i.e., it is published, at least, as a Proposed Standard RFC as specified in RFC 2026); and 2) its implementation is commercially reasonable in the context of the overall operation of the registry.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registry Operator, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and registrant information, together.
- 1.4. The fields specified below set forth the minimum output requirements. Registry Operator may output data fields in addition to those specified below, subject to approval by ICANN, which approval shall not be unreasonably withheld.
- 1.5. **Domain Name Data:**
  - 1.5.1 **Query format:** whois EXAMPLE.TLD
  - 1.5.2 **Response format:**

Domain Name: EXAMPLE.TLD  
Domain ID: D1234567-TLD

WHOIS Server: whois.example.tld  
Referral URL: http://www.example.tld  
Updated Date: 2009-05-29T20:13:00Z  
Creation Date: 2000-10-08T00:45:00Z  
Registry Expiry Date: 2010-10-08T00:44:59Z  
Sponsoring Registrar: EXAMPLE REGISTRAR LLC  
Sponsoring Registrar IANA ID: 5555555  
Domain Status: clientDeleteProhibited  
Domain Status: clientRenewProhibited  
Domain Status: clientTransferProhibited  
Domain Status: serverUpdateProhibited  
Registrant ID: 5372808-ERL  
Registrant Name: EXAMPLE REGISTRANT  
Registrant Organization: EXAMPLE ORGANIZATION  
Registrant Street: 123 EXAMPLE STREET  
Registrant City: ANYTOWN  
Registrant State/Province: AP  
Registrant Postal Code: A1A1A1  
Registrant Country: EX  
Registrant Phone: +1.5555551212  
Registrant Phone Ext: 1234  
Registrant Fax: +1.5555551213  
Registrant Fax Ext: 4321  
Registrant Email: EMAIL@EXAMPLE.TLD  
Admin ID: 5372809-ERL  
Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE  
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION  
Admin Street: 123 EXAMPLE STREET  
Admin City: ANYTOWN  
Admin State/Province: AP  
Admin Postal Code: A1A1A1  
Admin Country: EX  
Admin Phone: +1.5555551212  
Admin Phone Ext: 1234  
Admin Fax: +1.5555551213  
Admin Fax Ext:  
Admin Email: EMAIL@EXAMPLE.TLD  
Tech ID: 5372811-ERL  
Tech Name: EXAMPLE REGISTRAR TECHNICAL  
Tech Organization: EXAMPLE REGISTRAR LLC  
Tech Street: 123 EXAMPLE STREET  
Tech City: ANYTOWN  
Tech State/Province: AP  
Tech Postal Code: A1A1A1  
Tech Country: EX  
Tech Phone: +1.1235551234

Tech Phone Ext: 1234  
Tech Fax: +1.5555551213  
Tech Fax Ext: 93  
Tech Email: EMAIL@EXAMPLE.TLD  
Name Server: NS01.EXAMPLEREGISTRAR.TLD  
Name Server: NS02.EXAMPLEREGISTRAR.TLD  
DNSSEC: signedDelegation  
DNSSEC: unsigned  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.6. Registrar Data:

1.6.1 **Query format:** whois "registrar Example Registrar, Inc."

1.6.2 **Response format:**

Registrar Name: Example Registrar, Inc.  
Street: 1234 Admiralty Way  
City: Marina del Rey  
State/Province: CA  
Postal Code: 90292  
Country: US  
Phone Number: +1.3105551212  
Fax Number: +1.3105551213  
Email: registrar@example.tld  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
Admin Contact: Joe Registrar  
Phone Number: +1.3105551213  
Fax Number: +1.3105551213  
Email: joeregistrar@example-registrar.tld  
Admin Contact: Jane Registrar  
Phone Number: +1.3105551214  
Fax Number: +1.3105551213  
Email: janeregistrar@example-registrar.tld  
Technical Contact: John Geek  
Phone Number: +1.3105551215  
Fax Number: +1.3105551216  
Email: johngeek@example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.7. Nameserver Data:

1.7.1 **Query format:** whois "NS1.EXAMPLE.TLD", whois "nameserver (nameserver name)", or whois "nameserver (IP Address)"

### 1.7.2 Response format:

Server Name: NS1.EXAMPLE.TLD  
IP Address: 192.0.2.123  
IP Address: 2001:0DB8::1  
Registrar: Example Registrar, Inc.  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

- 1.8. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers (the extension will be provided as a separate field as shown above), email addresses, date and times should conform to the mappings specified in EPP RFCs 5730-5734 so that the display of this information (or values return in WHOIS responses) can be uniformly processed and understood.
- 1.9. In order to be compatible with ICANN's common interface for WHOIS (InterNIC), WHOIS output shall be in the format outline above.
- 1.10. **Searchability.** Offering searchability capabilities on the Directory Services is optional but if offered by the Registry Operator it shall comply with the specification described in this section.
  - 1.10.1 Registry Operator will offer searchability on the web-based Directory Service.
  - 1.10.2 Registry Operator will offer partial match capabilities, at least, on the following fields: domain name, contacts and registrant's name, and contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.).
  - 1.10.3 Registry Operator will offer exact-match capabilities, at least, on the following fields: registrar id, name server name, and name server's IP address (only applies to IP addresses stored by the registry, i.e., glue records).
  - 1.10.4 Registry Operator will offer Boolean search capabilities supporting, at least, the following logical operators to join a set of search criteria: AND, OR, NOT.
  - 1.10.5 Search results will include domain names matching the search criteria.
  - 1.10.6 Registry Operator will: 1) implement appropriate measures to avoid abuse of this feature (e.g., permitting access only to legitimate

authorized users); and 2) ensure the feature is in compliance with any applicable privacy laws or policies.

- 1.11. Registry Operator shall provide a link on the primary website for the TLD (i.e., the website provided to ICANN for publishing on the ICANN website) to a web page designated by ICANN containing WHOIS policy and educational materials.

## 2. **Zone File Access**

### 2.1. **Third-Party Access**

- 2.1.1 **Zone File Access Agreement.** Registry Operator will enter into an agreement with any Internet user, which will allow such user to access an Internet host server or servers designated by Registry Operator and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider, which may be ICANN or an ICANN designee (the "CZDA Provider"). Registry Operator (optionally through the CZDA Provider) will provide access to zone file data per Section 2.1.3 of this Specification and do so using the file format described in Section 2.1.4 of this Specification. Notwithstanding the foregoing, (a) the CZDA Provider may reject the request for access of any user that does not satisfy the credentialing requirements in Section 2.1.2 below; (b) Registry Operator may reject the request for access of any user that does not provide correct or legitimate credentials under Section 2.1.2 below or where Registry Operator reasonably believes will violate the terms of Section 2.1.5. below; and, (c) Registry Operator may revoke access of any user if Registry Operator has evidence to support that the user has violated the terms of Section 2.1.5 below.
- 2.1.2 **Credentialing Requirements.** Registry Operator, through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address and IP address.
- 2.1.3 **Grant of Access.** Each Registry Operator (optionally through the CZDA Provider) will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL (specifically, <TLD>.zda.icann.org where <TLD> is the TLD for which the registry is responsible) for the user to access the Registry's zone data archives. Registry Operator will grant the user a non-exclusive, nontransferable, limited right to access Registry Operator's (optionally CZDA Provider's) Zone File hosting server, and to transfer

a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN. For every zone file access server, the zone files are in the top-level directory called <zone>.zone.gz, with <zone>.zone.gz.md5 and <zone>.zone.gz.sig to verify downloads. If the Registry Operator (or the CZDA Provider) also provides historical data, it will use the naming pattern <zone>-yyyymmdd.zone.gz, etc.

2.1.4 **File Format Standard.** Registry Operator (optionally through the CZDA Provider) will provide zone files using a subformat of the standard Master File format as originally defined in RFC 1035, Section 5, including all the records present in the actual zone used in the public DNS. Sub-format is as follows:

1. Each record must include all fields in one line as: <domain-name> <TTL> <class> <type> <RDATA>.
2. Class and Type must use the standard mnemonics and must be in lower case.
3. TTL must be present as a decimal integer.
4. Use of /X and /DDD inside domain names is allowed.
5. All domain names must be in lower case.
6. Must use exactly one tab as separator of fields inside a record.
7. All domain names must be fully qualified.
8. No \$ORIGIN directives.
9. No use of "@" to denote current origin.
10. No use of "blank domain names" at the beginning of a record to continue the use of the domain name in the previous record.
11. No \$INCLUDE directives.
12. No \$TTL directives.
13. No use of parentheses, e.g., to continue the list of fields in a record across a line boundary.
14. No use of comments.
15. No blank lines.

16. The SOA record should be present at the top and (duplicated at) the end of the zone file.
17. With the exception of the SOA record, all the records in a file must be in alphabetical order.
18. One zone per file. If a TLD divides its DNS data into multiple zones, each goes into a separate file named as above, with all the files combined using tar into a file called <tld>.zone.tar.

2.1.5 **Use of Data by User.** Registry Operator will permit user to use the zone file for lawful purposes; provided that (a) user takes all reasonable steps to protect against unauthorized access to and use and disclosure of the data and (b) under no circumstances will Registry Operator be required or permitted to allow user to use the data to, (i) allow, enable, or otherwise support the transmission by email, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than user's own existing customers, or (ii) enable high volume, automated, electronic processes that send queries or data to the systems of Registry Operator or any ICANN-accredited registrar.

2.1.6 **Term of Use.** Registry Operator, through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. Registry Operator will allow users to renew their Grant of Access.

2.1.7 **No Fee for Access.** Registry Operator will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

## 2.2. **Co-operation**

2.2.1 **Assistance.** Registry Operator will co-operate and provide reasonable assistance to ICANN and the CZDA Provider to facilitate and maintain the efficient access of zone file data by permitted users as contemplated under this Schedule.

2.3. **ICANN Access.** Registry Operator shall provide bulk access to the zone files for the TLD to ICANN or its designee on a continuous basis in the manner ICANN may reasonably specify from time to time. Access will be provided at least daily. Zone files will include SRS data committed as close as possible to 00:00:00 UTC.

2.4. **Emergency Operator Access.** Registry Operator shall provide bulk access to the zone files for the TLD to the Emergency Operators designated by ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.



### 3. Bulk Registration Data Access to ICANN

- 3.1. **Periodic Access to Thin Registration Data.** In order to verify and ensure the operational stability of Registry Services as well as to facilitate compliance checks on accredited registrars, Registry Operator will provide ICANN on a weekly basis (the day to be designated by ICANN) with up-to-date Registration Data as specified below. Data will include data committed as of 00:00:00 UTC on the day previous to the one designated for retrieval by ICANN.
- 3.1.1 **Contents.** Registry Operator will provide, at least, the following data for all registered domain names: domain name, domain name repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars, at least, it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar.
- 3.1.2 **Format.** The data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the previous section, i.e., the file will only contain Domain and Registrar objects with the fields mentioned above. Registry Operator has the option to provide a full deposit file instead as specified in Specification 2.
- 3.1.3 **Access.** Registry Operator will have the file(s) ready for download as of 00:00:00 UTC on the day designated for retrieval by ICANN. The file(s) will be made available for download by SFTP, though ICANN may request other means in the future.
- 3.2. **Exceptional Access to Thick Registration Data.** In case of a registrar failure, deaccreditation, court order, etc. that prompts the temporary or definitive transfer of its domain names to another registrar, at the request of ICANN, Registry Operator will provide ICANN with up-to-date data for the domain names of the losing registrar. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. Registry Operator will provide the data as soon as commercially practicable, but in no event later than five (5) calendar days following ICANN's request. Unless otherwise agreed by Registry Operator and ICANN, the file will be made available for download by ICANN in the same manner as the data specified in Section 3.1 of this Specification.



## SPECIFICATION 5

### SCHEDULE OF RESERVED NAMES

Except to the extent that ICANN otherwise expressly authorizes in writing, and subject to the terms and conditions of this Specification, Registry Operator shall reserve the following labels from initial (i.e., other than renewal) registration within the TLD. If using self-allocation, the Registry Operator must show the registration in the RDDS. In the case of IDN names (as indicated below), IDN variants will be identified according to the registry operator IDN registration policy, where applicable.

1. **Example.** The ASCII label “EXAMPLE” shall be withheld from registration or allocated to Registry Operator at the second level and at all other levels within the TLD at which Registry Operator offers registrations (such second level and all other levels are collectively referred to herein as, “All Levels”). Such label may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, such withheld or allocated label shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such name without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
2. **Two-character labels.** All two-character ASCII labels shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Such labels may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator, provided that such two-character label strings may be released to the extent that Registry Operator reaches agreement with the related government and country-code manager of the string as specified in the ISO 3166-1 alpha-2 standard. The Registry Operator may also propose the release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes, subject to approval by ICANN. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, all such labels that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
3. **Reservations for Registry Operations.**
  - 3.1. The following ASCII labels must be withheld from registration or allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: WWW, RDDS and WHOIS. The following ASCII label must be allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: NIC. Registry Operator may activate WWW, RDDS and WHOIS in the DNS, but must activate NIC in the

DNS, as necessary for the operation of the TLD. None of WWW, RDDS, WHOIS or NIC may be released or registered to any person (other than Registry Operator) or third party. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD all such withheld or allocated names shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

- 3.2. Registry Operator may activate in the DNS at All Levels up to one hundred (100) names (plus their IDN variants, where applicable) necessary for the operation or the promotion of the TLD. Registry Operator must act as the Registered Name Holder of such names as that term is defined in the then-current ICANN Registrar Accreditation Agreement (RAA). These activations will be considered Transactions for purposes of Section 6.1 of the Agreement. Registry Operator must either (i) register such names through an ICANN-accredited registrar; or (ii) self-allocate such names and with respect to those names submit to and be responsible to ICANN for compliance with ICANN Consensus Policies and the obligations set forth in Subsections 3.7.7.1 through 3.7.7.12 of the then-current RAA (or any other replacement clause setting out the terms of the registration agreement between a registrar and a registered name holder). At Registry Operator's discretion and in compliance with all other terms of this Agreement, such names may be released for registration to another person or entity.
- 3.3. Registry Operator may withhold from registration or allocate to Registry Operator names (including their IDN variants, where applicable) at All Levels in accordance with Section 2.6 of the Agreement. Such names may not be activated in the DNS, but may be released for registration to another person or entity at Registry Operator's discretion. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Upon ICANN's request, Registry Operator shall provide a listing of all names withheld or allocated to Registry Operator pursuant to Section 2.6 of the Agreement. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
4. **Country and Territory Names.** The country and territory names (including their IDN variants, where applicable) contained in the following internationally recognized lists shall be withheld from registration or allocated to Registry Operator at All Levels:
  - 4.1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European

Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union

<[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)>;

- 4.2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- 4.3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names;

provided, that the reservation of specific country and territory names (including their IDN variants according to the registry operator IDN registration policy, where applicable) may be released to the extent that Registry Operator reaches agreement with the applicable government(s). Registry Operator must not activate such names in the DNS; provided, that Registry Operator may propose the release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

5. **International Olympic Committee; International Red Cross and Red Crescent Movement.** As instructed from time to time by ICANN, the names (including their IDN variants, where applicable) relating to the International Olympic Committee, International Red Cross and Red Crescent Movement listed at <http://www.icann.org/en/resources/registries/reserved> shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Additional International Olympic Committee, International Red Cross and Red Crescent Movement names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Such names may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
6. **Intergovernmental Organizations.** As instructed from time to time by ICANN, Registry Operator will implement the protections mechanism determined by the

ICANN Board of Directors relating to the protection of identifiers for Intergovernmental Organizations. A list of reserved names for this Section 6 is available at <http://www.icann.org/en/resources/registries/reserved>. Additional names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Any such protected identifiers for Intergovernmental Organizations may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such protected identifiers shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

## SPECIFICATION 6

### REGISTRY INTEROPERABILITY AND CONTINUITY SPECIFICATIONS

#### 1. Standards Compliance

- 1.1. **DNS.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF), including all successor standards, modifications or additions thereto relating to the DNS and name server operations including without limitation RFCs 1034, 1035, 1123, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, and 5966. DNS labels may only include hyphens in the third and fourth position if they represent valid IDNs (as specified above) in their ASCII encoding (e.g., “xn--ndk061n”).
- 1.2. **EPP.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF) including all successor standards, modifications or additions thereto relating to the provisioning and management of domain names using the Extensible Provisioning Protocol (EPP) in conformance with RFCs 5910, 5730, 5731, 5732 (if using host objects), 5733 and 5734. If Registry Operator implements Registry Grace Period (RGP), it will comply with RFC 3915 and its successors. If Registry Operator requires the use of functionality outside the base EPP RFCs, Registry Operator must document EPP extensions in Internet-Draft format following the guidelines described in RFC 3735. Registry Operator will provide and update the relevant documentation of all the EPP Objects and Extensions supported to ICANN prior to deployment.
- 1.3. **DNSSEC.** Registry Operator shall sign its TLD zone files implementing Domain Name System Security Extensions (“DNSSEC”). During the Term, Registry Operator shall comply with RFCs 4033, 4034, 4035, 4509 and their successors, and follow the best practices described in RFC 4641 and its successors. If Registry Operator implements Hashed Authenticated Denial of Existence for DNS Security Extensions, it shall comply with RFC 5155 and its successors. Registry Operator shall accept public-key material from child domain names in a secure manner according to industry best practices. Registry shall also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants’ public-key material. Registry Operator shall publish its DPS following the format described in RFC 6841.
- 1.4. **IDN.** If the Registry Operator offers Internationalized Domain Names (“IDNs”), it shall comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registry Operator shall comply with the ICANN IDN Guidelines at <<http://www.icann.org/en/topics/idn/implementation-guidelines.htm>>,

as they may be amended, modified, or superseded from time to time. Registry Operator shall publish and keep updated its IDN Tables and IDN Registration Rules in the IANA Repository of IDN Practices as specified in the ICANN IDN Guidelines.

- 1.5. **IPv6.** Registry Operator shall be able to accept IPv6 addresses as glue records in its Registry System and publish them in the DNS. Registry Operator shall offer public IPv6 transport for, at least, two of the Registry's name servers listed in the root zone with the corresponding IPv6 addresses registered with IANA. Registry Operator should follow "DNS IPv6 Transport Operational Guidelines" as described in BCP 91 and the recommendations and considerations described in RFC 4472. Registry Operator shall offer public IPv6 transport for its Registration Data Publication Services as defined in Specification 4 of this Agreement; e.g., Whois (RFC 3912), Web based Whois. Registry Operator shall offer public IPv6 transport for its Shared Registration System (SRS) to any Registrar, no later than six (6) months after receiving the first request in writing from a gTLD accredited Registrar willing to operate with the SRS over IPv6.

## 2. Registry Services

- 2.1. **Registry Services.** "Registry Services" are, for purposes of the Agreement, defined as the following: (a) those services that are operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry DNS servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy as defined in Specification 1; (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above.
- 2.2. **Wildcard Prohibition.** For domain names which are either not registered, or the registrant has not supplied valid records such as NS records for listing in the DNS zone file, or their status does not allow them to be published in the DNS, the use of DNS wildcard Resource Records as described in RFCs 1034 and 4592 or any other method or technology for synthesizing DNS Resources Records or using redirection within the DNS by the Registry is prohibited. When queried for such domain names the authoritative name servers must return a "Name Error" response (also known as NXDOMAIN), RCODE 3 as described in RFC 1035 and related RFCs. This provision applies for all DNS zone files at all levels in the DNS tree for which the Registry



Operator (or an affiliate engaged in providing Registration Services) maintains data, arranges for such maintenance, or derives revenue from such maintenance.

### 3. **Registry Continuity**

- 3.1. **High Availability.** Registry Operator will conduct its operations using network and geographically diverse, redundant servers (including network-level redundancy, end-node level redundancy and the implementation of a load balancing scheme where applicable) to ensure continued operation in the case of technical failure (widespread or local), or an extraordinary occurrence or circumstance beyond the control of the Registry Operator. Registry Operator's emergency operations department shall be available at all times to respond to extraordinary occurrences.
- 3.2. **Extraordinary Event.** Registry Operator will use commercially reasonable efforts to restore the critical functions of the registry within twenty-four (24) hours after the termination of an extraordinary event beyond the control of the Registry Operator and restore full system functionality within a maximum of forty-eight (48) hours following such event, depending on the type of critical function involved. Outages due to such an event will not be considered a lack of service availability.
- 3.3. **Business Continuity.** Registry Operator shall maintain a business continuity plan, which will provide for the maintenance of Registry Services in the event of an extraordinary event beyond the control of the Registry Operator or business failure of Registry Operator, and may include the designation of a Registry Services continuity provider. If such plan includes the designation of a Registry Services continuity provider, Registry Operator shall provide the name and contact information for such Registry Services continuity provider to ICANN. In the case of an extraordinary event beyond the control of the Registry Operator where the Registry Operator cannot be contacted, Registry Operator consents that ICANN may contact the designated Registry Services continuity provider, if one exists. Registry Operator shall conduct Registry Services Continuity testing at least once per year.

### 4. **Abuse Mitigation**

- 4.1. **Abuse Contact.** Registry Operator shall provide to ICANN and publish on its website its accurate contact details including a valid email and mailing address as well as a primary contact for handling inquiries related to malicious conduct in the TLD, and will provide ICANN with prompt notice of any changes to such contact details.
- 4.2. **Malicious Use of Orphan Glue Records.** Registry Operator shall take action to remove orphan glue records (as defined at <http://www.icann.org/en/committees/security/sac048.pdf>) when provided

with evidence in written form that such records are present in connection with malicious conduct.

## 5. **Supported Initial and Renewal Registration Periods**

- 5.1. **Initial Registration Periods.** Initial registrations of registered names may be made in the registry in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, initial registrations of registered names may not exceed ten (10) years.
- 5.2. **Renewal Periods.** Renewal of registered names may be made in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, renewal of registered names may not extend their registration period beyond ten (10) years from the time of the renewal.

## 6. **Name Collision Occurrence Management**

- 6.1. **No-Activation Period.** Registry Operator shall not activate any names in the DNS zone for the Registry TLD (except for "NIC") until at least 120 calendar days after the effective date of this agreement. Registry Operator may allocate names (subject to subsection 6.2 below) during this period only if Registry Operator causes registrants to be clearly informed of the inability to activate names until the No-Activation Period ends.

### 6.2. **Name Collision Occurrence Assessment**

- 6.2.1 Registry Operator shall not activate any names in the DNS zone for the Registry TLD except in compliance with a Name Collision Occurrence Assessment provided by ICANN regarding the Registry TLD. Registry Operator will either (A) implement the mitigation measures described in its Name Collision Occurrence Assessment before activating any second-level domain name, or (B) block those second-level domain names for which the mitigation measures as described in the Name Collision Occurrence Assessment have not been implemented and proceed with activating names that are not listed in the Assessment.
- 6.2.2 Notwithstanding subsection 6.2.1, Registry Operator may proceed with activation of names in the DNS zone without implementation of the measures set forth in Section 6.2.1 only if (A) ICANN determines that the Registry TLD is eligible for this alternative path to activation of names; and (B) Registry Operator blocks all second-level domain names identified by ICANN and set forth at <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-17nov13-en> as such list may be modified by ICANN from time to time. Registry Operator may activate names pursuant to this subsection and later activate names pursuant to subsection 6.2.1.



- 6.2.3 The sets of names subject to mitigation or blocking pursuant to Sections 6.2.1 and 6.2.2 will be based on ICANN analysis of DNS information including "Day in the Life of the Internet" data maintained by the DNS Operations, Analysis, and Research Center (DNS-OARC) <<https://www.dns-oarc.net/oarc/data/ditl>>.
- 6.2.4 Registry Operator may participate in the development by the ICANN community of a process for determining whether and how these blocked names may be released.
- 6.2.5 If ICANN determines that the TLD is ineligible for the alternative path to activation of names, ICANN may elect not to delegate the TLD pending completion of the final Name Collision Occurrence Assessment for the TLD, and Registry Operator's completion of all required mitigation measures. Registry Operator understands that the mitigation measures required by ICANN as a condition to activation of names in the DNS zone for the TLD may include, without limitation, mitigation measures such as those described in Section 3.2 of the New gTLD Name Collision Occurrence Management Plan approved by the ICANN Board New gTLD Program Committee (NGPC) on 7 October 2013 as found at <<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-07oct13-en.pdf>>.

### 6.3. **Name Collision Report Handling**

- 6.3.1 During the first two years after delegation of the TLD, Registry Operator's emergency operations department shall be available to receive reports, relayed by ICANN, alleging demonstrably severe harm from collisions with overlapping use of the names outside of the authoritative DNS.
- 6.3.2 Registry Operator shall develop an internal process for handling in an expedited manner reports received pursuant to subsection 6.3.1 under which Registry Operator may, to the extent necessary and appropriate, remove a recently activated name from the TLD zone for a period of up to two years in order to allow the affected party to make changes to its systems.

## SPECIFICATION 7

### MINIMUM REQUIREMENTS FOR RIGHTS PROTECTION MECHANISMS

1. **Rights Protection Mechanisms.** Registry Operator shall implement and adhere to the rights protection mechanisms (“RPMs”) specified in this Specification. In addition to such RPMs, Registry Operator may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party’s legal rights. Registry Operator will include all RPMs required by this Specification 7 and any additional RPMs developed and implemented by Registry Operator in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD. Registry Operator shall implement in accordance with requirements set forth therein each of the mandatory RPMs set forth in the Trademark Clearinghouse as of the date hereof, as posted at [url to be inserted] (the “Trademark Clearinghouse Requirements”), which may be revised in immaterial respects by ICANN from time to time. Registry Operator shall not mandate that any owner of applicable intellectual property rights use any other trademark information aggregation, notification, or validation service in addition to or instead of the ICANN-designated Trademark Clearinghouse. If there is a conflict between the terms and conditions of this Agreement and the Trademark Clearinghouse Requirements, the terms and conditions of this Agreement shall control.
2. **Dispute Resolution Mechanisms.** Registry Operator will comply with the following dispute resolution mechanisms as they may be revised from time to time:
  - a. the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) and the Registration Restriction Dispute Resolution Procedure (RRDRP) adopted by ICANN (posted at [urls to be inserted when final procedure is adopted]). Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PDDRP or RRDRP panel and to be bound by any such determination; and
  - b. the Uniform Rapid Suspension system (“URS”) adopted by ICANN (posted at [url to be inserted]), including the implementation of determinations issued by URS examiners.

## SPECIFICATION 8

### CONTINUED OPERATIONS INSTRUMENT

1. The Continued Operations Instrument shall (a) provide for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6<sup>th</sup>) anniversary of the Effective Date, and (b) be in the form of either (i) an irrevocable standby letter of credit, or (ii) an irrevocable cash escrow deposit, each meeting the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof (which is hereby incorporated by reference into this Specification 8). Registry Operator shall use its best efforts to take all actions necessary or advisable to maintain in effect the Continued Operations Instrument for a period of six (6) years from the Effective Date, and to maintain ICANN as a third party beneficiary thereof. If Registry Operator elects to obtain an irrevocable standby letter of credit but the term required above is unobtainable, Registry Operator may obtain a letter of credit with a one-year term and an “evergreen provision,” providing for annual extensions, without amendment, for an indefinite number of additional periods until the issuing bank informs ICANN of its final expiration or until ICANN releases the letter of credit as evidenced in writing, if the letter of credit otherwise meets the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof; provided, however, that if the issuing bank informs ICANN of the expiration of such letter of credit prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, such letter of credit must provide that ICANN is entitled to draw the funds secured by the letter of credit prior to such expiration. The letter of credit must require the issuing bank to give ICANN at least thirty (30) calendar days’ notice of any such expiration or non-renewal. If the letter of credit expires or is terminated at any time prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, Registry Operator will be required to obtain a replacement Continued Operations Instrument. ICANN may draw the funds under the original letter of credit, if the replacement Continued Operations Instrument is not in place prior to the expiration of the original letter of credit. Registry Operator shall provide to ICANN copies of all final documents relating to the Continued Operations Instrument and shall keep ICANN reasonably informed of material developments relating to the Continued Operations Instrument. Registry Operator shall not agree to, or permit, any amendment of, or waiver under, the Continued Operations Instrument or other documentation relating thereto without the prior written consent of ICANN (such consent not to be unreasonably withheld).

2. If, notwithstanding the use of best efforts by Registry Operator to satisfy its obligations under the preceding paragraph, the Continued Operations Instrument expires or is terminated by another party thereto, in whole or in part, for any reason, prior to the sixth anniversary of the Effective Date, Registry Operator shall promptly (i) notify ICANN of such expiration or termination and the reasons therefor and (ii) arrange for an alternative instrument that provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date (an "Alternative Instrument"). Any such Alternative Instrument shall be on terms no less favorable to ICANN than the Continued Operations Instrument and shall otherwise be in form and substance reasonably acceptable to ICANN.
3. Notwithstanding anything to the contrary contained in this Specification 8, at any time, Registry Operator may replace the Continued Operations Instrument with an Alternative Instrument that (i) provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date, and (ii) contains terms no less favorable to ICANN than the Continued Operations Instrument and is otherwise in form and substance reasonably acceptable to ICANN. In the event Registry Operator replaces the Continued Operations Instrument either pursuant to paragraph 2 or this paragraph 3, the terms of this Specification 8 shall no longer apply with respect to the original Continuing Operations Instrument, but shall thereafter apply with respect to such Alternative Instrument(s), and such instrument shall thereafter be considered the Continued Operations Instrument for purposes of this Agreement.

## SPECIFICATION 9

### REGISTRY OPERATOR CODE OF CONDUCT

1. In connection with the operation of the registry for the TLD, Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity, to the extent such party is engaged in the provision of Registry Services with respect to the TLD (each, a “Registry Related Party”), to:
  - a. directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services, unless comparable opportunities to qualify for such preferences or considerations are made available to all registrars on substantially similar terms and subject to substantially similar conditions;
  - b. register domain names in its own right, except for names registered through an ICANN accredited registrar; provided, however, that Registry Operator may (a) reserve names from registration pursuant to Section 2.6 of the Agreement and (b) may withhold from registration or allocate to Registry Operator up to one hundred (100) names pursuant to Section 3.2 of Specification 5;
  - c. register names in the TLD or sub-domains of the TLD based upon proprietary access to information about searches or resolution requests by consumers for domain names not yet registered (commonly known as, “front-running”);  
or
  - d. allow any Affiliated registrar to disclose Personal Data about registrants to Registry Operator or any Registry Related Party, except as reasonably necessary for the management and operations of the TLD, unless all unrelated third parties (including other registry operators) are given equivalent access to such user data on substantially similar terms and subject to substantially similar conditions.
2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will, or will cause such Registry Related Party to, ensure that such services are offered through a legal entity separate from Registry Operator, and maintain separate books of accounts with respect to its registrar or registrar-reseller operations.
3. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to

Registry Operator's compliance with this Code of Conduct, via email to an address to be provided by ICANN. (ICANN may specify in the future the form and contents of such reports or that the reports be delivered by other reasonable means.) Registry Operator agrees that ICANN may publicly post such results and certification; provided, however, ICANN shall not disclose Confidential Information contained in such results except in accordance with Section 7.15 of the Agreement.

4. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.
5. Nothing set forth herein shall limit the ability of Registry Operator or any Registry Related Party, to enter into arms-length transactions in the ordinary course of business with a registrar or reseller with respect to products and services unrelated in all respects to the TLD.
6. Registry Operator may request an exemption to this Code of Conduct, and such exemption may be granted by ICANN in ICANN's reasonable discretion, if Registry Operator demonstrates to ICANN's reasonable satisfaction that (i) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator for the exclusive use of Registry Operator or its Affiliates, (ii) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (iii) application of this Code of Conduct to the TLD is not necessary to protect the public interest.

## SPECIFICATION 10

### REGISTRY PERFORMANCE SPECIFICATIONS

#### 1. Definitions

- 1.1. **DNS.** Refers to the Domain Name System as specified in RFCs 1034, 1035, and related RFCs.
- 1.2. **DNSSEC proper resolution.** There is a valid DNSSEC chain of trust from the root trust anchor to a particular domain name, e.g., a TLD, a domain name registered under a TLD, etc.
- 1.3. **EPP.** Refers to the Extensible Provisioning Protocol as specified in RFC 5730 and related RFCs.
- 1.4. **IP address.** Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- 1.5. **Probes.** Network hosts used to perform (DNS, EPP, etc.) tests (see below) that are located at various global locations.
- 1.6. **RDDS.** Registration Data Directory Services refers to the collective of WHOIS and Web-based WHOIS services as defined in Specification 4 of this Agreement.
- 1.7. **RTT.** Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- 1.8. **SLR.** Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

#### 2. Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
<b>DNS</b>	DNS service availability	0 min downtime = 100% availability
	DNS name server availability	≤ 432 min of downtime (≈ 99%)
	TCP DNS resolution RTT	≤ 1500 ms, for at least 95% of the queries
	UDP DNS resolution RTT	≤ 500 ms, for at least 95% of the queries
	DNS update time	≤ 60 min, for at least 95% of the probes
<b>RDDS</b>	RDDS availability	≤ 864 min of downtime (≈ 98%)



	RDDS query RTT	≤ 2000 ms, for at least 95% of the queries
	RDDS update time	≤ 60 min, for at least 95% of the probes
<b>EPP</b>	EPP service availability	≤ 864 min of downtime (≈ 98%)
	EPP session-command RTT	≤ 4000 ms, for at least 90% of the commands
	EPP query-command RTT	≤ 2000 ms, for at least 90% of the commands
	EPP transform-command RTT	≤ 4000 ms, for at least 90% of the commands

Registry Operator is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. However, note that there is no provision for planned outages or similar periods of unavailable or slow service; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

### 3. DNS

- 3.1. **DNS service availability.** Refers to the ability of the group of listed-as-authoritative name servers of a particular domain name (e.g., a TLD), to answer DNS queries from DNS probes. For the service to be considered available at a particular moment, at least, two of the delegated name servers registered in the DNS must have successful results from “**DNS tests**” to each of their public-DNS registered “**IP addresses**” to which the name server resolves. If 51% or more of the DNS testing probes see the service as unavailable during a given time, the DNS service will be considered unavailable.
- 3.2. **DNS name server availability.** Refers to the ability of a public-DNS registered “**IP address**” of a particular name server listed as authoritative for a domain name, to answer DNS queries from an Internet user. All the public DNS-registered “**IP address**” of all name servers of the domain name being monitored shall be tested individually. If 51% or more of the DNS testing probes get undefined/unanswered results from “**DNS tests**” to a name server “**IP address**” during a given time, the name server “**IP address**” will be considered unavailable.
- 3.3. **UDP DNS resolution RTT.** Refers to the **RTT** of the sequence of two packets, the UDP DNS query and the corresponding UDP DNS response. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.4. **TCP DNS resolution RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the DNS response for only one DNS query. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.5. **DNS resolution RTT.** Refers to either “**UDP DNS resolution RTT**” or “**TCP DNS resolution RTT**”.



- 3.6. **DNS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, until the name servers of the parent domain name answer “**DNS queries**” with data consistent with the change made. This only applies for changes to DNS information.
- 3.7. **DNS test.** Means one non-recursive DNS query sent to a particular “**IP address**” (via UDP or TCP). If DNSSEC is offered in the queried DNS zone, for a query to be considered answered, the signatures must be positively verified against a corresponding DS record published in the parent zone or, if the parent is not signed, against a statically configured Trust Anchor. The answer to the query must contain the corresponding information from the Registry System, otherwise the query will be considered unanswered. A query with a “**DNS resolution RTT**” 5 times higher than the corresponding SLR, will be considered unanswered. The possible results to a DNS test are: a number in milliseconds corresponding to the “**DNS resolution RTT**” or, undefined/unanswered.
- 3.8. **Measuring DNS parameters.** Every minute, every DNS probe will make an UDP or TCP “**DNS test**” to each of the public-DNS registered “**IP addresses**” of the name servers of the domain name being monitored. If a “**DNS test**” result is undefined/unanswered, the tested IP will be considered unavailable from that probe until it is time to make a new test.
- 3.9. **Collating the results from DNS probes.** The minimum number of active testing probes to consider a measurement valid is 20 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 3.10. **Distribution of UDP and TCP queries.** DNS probes will send UDP or TCP “**DNS test**” approximating the distribution of these queries.
- 3.11. **Placement of DNS probes.** Probes for measuring DNS parameters shall be placed as near as possible to the DNS resolvers on the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

#### 4. **RDDS**

- 4.1. **RDDS availability.** Refers to the ability of all the RDDS services for the TLD, to respond to queries from an Internet user with appropriate data from the relevant Registry System. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.

- 4.2. **WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.3. **Web-based-WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registry Operator implements a multiple-step process to get to the information, only the last step shall be measured. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.4. **RDDS query RTT.** Refers to the collective of “**WHOIS query RTT**” and “**Web-based- WHOIS query RTT**”.
- 4.5. **RDDS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 4.6. **RDDS test.** Means one query sent to a particular “**IP address**” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the Registry System and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an **RTT** 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the **RTT** or undefined/unanswered.
- 4.7. **Measuring RDDS parameters.** Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “**IP addresses**” of the servers for each RDDS service of the TLD being monitored and make an “**RDDS test**” to each one. If an “**RDDS test**” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 4.8. **Collating the results from RDDS probes.** The minimum number of active testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 4.9. **Placement of RDDS probes.** Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 5. EPP

- 5.1. **EPP service availability.** Refers to the ability of the TLD EPP servers as a group, to respond to commands from the Registry accredited Registrars, who already have credentials to the servers. The response shall include appropriate data from the Registry System. An EPP command with “**EPP command RTT**” 5 times higher than the corresponding SLR will be considered as unanswered. If 51% or more of the EPP testing probes see the EPP service as unavailable during a given time, the EPP service will be considered unavailable.
- 5.2. **EPP session-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a session command plus the reception of the EPP response for only one EPP session command. For the login command it will include packets needed for starting the TCP session. For the logout command it will include packets needed for closing the TCP session. EPP session commands are those described in section 2.9.1 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.3. **EPP query-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a query command plus the reception of the EPP response for only one EPP query command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP query commands are those described in section 2.9.2 of EPP RFC 5730. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.4. **EPP transform-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a transform command plus the reception of the EPP response for only one EPP transform command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP transform commands are those described in section 2.9.3 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.5. **EPP command RTT.** Refers to “**EPP session-command RTT**”, “**EPP query-command RTT**” or “**EPP transform-command RTT**”.
- 5.6. **EPP test.** Means one EPP command sent to a particular “**IP address**” for one of the EPP servers. Query and transform commands, with the exception of “create”, shall be about existing objects in the Registry System. The response shall include appropriate data from the Registry System. The possible results to an EPP test are: a number in milliseconds corresponding to the “**EPP command RTT**” or undefined/unanswered.

- 5.7. **Measuring EPP parameters.** Every 5 minutes, EPP probes will select one “IP address” of the EPP servers of the TLD being monitored and make an “EPP test”; every time they should alternate between the 3 different types of commands and between the commands inside each category. If an “EPP test” result is undefined/unanswered, the EPP service will be considered as unavailable from that probe until it is time to make a new test.
- 5.8. **Collating the results from EPP probes.** The minimum number of active testing probes to consider a measurement valid is 5 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 5.9. **Placement of EPP probes.** Probes for measuring EPP parameters shall be placed inside or close to Registrars points of access to the Internet across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

6. **Emergency Thresholds**

The following matrix presents the emergency thresholds that, if reached by any of the services mentioned above for a TLD, would cause the emergency transition of the Registry for the TLD as specified in Section 2.13 of this Agreement.

Critical Function	Emergency Threshold
DNS Service (all servers)	4-hour total downtime / week
DNSSEC proper resolution	4-hour total downtime / week
EPP	24-hour total downtime / week
RDDS (WHOIS/Web-based WHOIS)	24-hour total downtime / week
Data Escrow	Breach of the Registry Agreement as described in Specification 2, Part B, Section 6.

7. **Emergency Escalation**

Escalation is strictly for purposes of notifying and investigating possible or potential issues in relation to monitored services. The initiation of any escalation and the subsequent cooperative investigations do not in themselves imply that a monitored service has failed its performance requirements.

Escalations shall be carried out between ICANN and Registry Operators, Registrars and Registry Operator, and Registrars and ICANN. Registry Operators and ICANN must provide said emergency operations departments. Current contacts must be maintained between

ICANN and Registry Operators and published to Registrars, where relevant to their role in escalations, prior to any processing of an Emergency Escalation by all related parties, and kept current at all times.

### 7.1. **Emergency Escalation initiated by ICANN**

Upon reaching 10% of the Emergency thresholds as described in Section 6 of this Specification, ICANN's emergency operations will initiate an Emergency Escalation with the relevant Registry Operator. An Emergency Escalation consists of the following minimum elements: electronic (i.e., email or SMS) and/or voice contact notification to the Registry Operator's emergency operations department with detailed information concerning the issue being escalated, including evidence of monitoring failures, cooperative troubleshooting of the monitoring failure between ICANN staff and the Registry Operator, and the commitment to begin the process of rectifying issues with either the monitoring service or the service being monitoring.

### 7.2. **Emergency Escalation initiated by Registrars**

Registry Operator will maintain an emergency operations department prepared to handle emergency requests from registrars. In the event that a registrar is unable to conduct EPP transactions with the registry for the TLD because of a fault with the Registry Service and is unable to either contact (through ICANN mandated methods of communication) the Registry Operator, or the Registry Operator is unable or unwilling to address the fault, the registrar may initiate an emergency escalation to the emergency operations department of ICANN. ICANN then may initiate an emergency escalation with the Registry Operator as explained above.

### 7.3. **Notifications of Outages and Maintenance**

In the event that a Registry Operator plans maintenance, it will provide notice to the ICANN emergency operations department, at least, twenty-four (24) hours ahead of that maintenance. ICANN's emergency operations department will note planned maintenance times, and suspend Emergency Escalation services for the monitored services during the expected maintenance outage period.

If Registry Operator declares an outage, as per its contractual obligations with ICANN, on services under a service level agreement and performance requirements, it will notify the ICANN emergency operations department. During that declared outage, ICANN's emergency operations department will note and suspend emergency escalation services for the monitored services involved.

## 8. **Covenants of Performance Measurement**

8.1. **No interference.** Registry Operator shall not interfere with measurement **Probes**, including any form of preferential treatment of the requests for the monitored services. Registry Operator shall respond to the measurement

tests described in this Specification as it would to any other request from an Internet user (for DNS and RDDS) or registrar (for EPP).

- 8.2. **ICANN testing registrar.** Registry Operator agrees that ICANN will have a testing registrar used for purposes of measuring the **SLRs** described above. Registry Operator agrees to not provide any differentiated treatment for the testing registrar other than no billing of the transactions. ICANN shall not use the registrar for registering domain names (or other registry objects) for itself or others, except for the purposes of verifying contractual compliance with the conditions described in this Agreement.

## SPECIFICATION 11

### PUBLIC INTEREST COMMITMENTS

1. Registry Operator will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on 27 June 2013 in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. (Intentionally omitted. Registry Operator has not included commitments, statements of intent or business plans provided for in its application to ICANN for the TLD.)
3. Registry Operator agrees to perform the following specific public interest commitments, which commitments shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at [url to be inserted when final procedure is adopted]), which may be revised in immaterial respects by ICANN from time to time (the "PICDRP"). Registry Operator shall comply with the PICDRP. Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PICDRP panel and to be bound by any such determination.
  - a. Registry Operator will include a provision in its Registry-Registrar Agreement that requires Registrars to include in their Registration Agreements a provision prohibiting Registered Name Holders from distributing malware, abusively operating botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity contrary to applicable law, and providing (consistent with applicable law and any related procedures) consequences for such activities including suspension of the domain name.
  - b. Registry Operator will periodically conduct a technical analysis to assess whether domains in the TLD are being used to perpetrate security threats, such as pharming, phishing, malware, and botnets. Registry Operator will maintain statistical reports on the number of security threats identified and the actions taken as a result of the periodic security checks. Registry Operator will maintain these reports for the term of the Agreement unless a shorter period is required by law or approved by ICANN, and will provide them to ICANN upon request.
  - c. Registry Operator will operate the TLD in a transparent manner consistent with general principles of openness and non-discrimination by establishing, publishing and adhering to clear registration policies.

- d. Registry Operator of a “Generic String” TLD may not impose eligibility criteria for registering names in the TLD that limit registrations exclusively to a single person or entity and/or that person’s or entity’s “Affiliates” (as defined in Section 2.9(c) of the Registry Agreement). “Generic String” means a string consisting of a word or term that denominates or describes a general class of goods, services, groups, organizations or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others.



# **EXHIBIT AC-11**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

### .RENT Registry Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT of the .RENT Registry Agreement ("Assignment and Assumption Agreement") is entered into as of 10 March, 2015 (the "Effective Date") by and between DERRent, LLC, a Virginia limited liability company with its principal place of business at 2121 E TROPICANA AVE, STE2, LAS VEGAS, NV 89119 ("Assignor") and XYZ.COM LLC a Nevada limited liability company with its principal place of business at 2121 E TROPICANA AVE, STE2, LAS VEGAS, NV 89119 ("Assignee"). The parties to this Agreement shall be referred to individually as a "Party" and collectively as the "Parties."

#### RECITALS

- A. Assignor is a party to that certain Registry Agreement entered into , by and between Assignor and the Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN") for the . RENT (the "Registry Agreement").
- B. Pursuant to Section 7.5 of the Registry Agreement, in its letter dated February 23, 2015, Assignor requested ICANN's prior written consent of an assignment of the Registry Agreement from Assignor to Assignee.
- C. On March 10, 2015, ICANN granted its conditional written consent ("ICANN's Consent") to Assignor for assignment of the Registry Agreement to Assignee.
- D. Having received ICANN's Consent as aforementioned, and both Parties having represented herein below its fulfillment of all conditions of ICANN's Consent, Assignor hereby desires to assign its rights and obligations under the Registry Agreement to Assignee, and Assignee hereby desires to assume Assignor' rights and obligations under the Registry Agreement via assignment, pursuant to the terms and conditions of this Agreement.

#### AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor' rights, obligations, title, and interest in and to the Registry Agreement.
2. Assignee hereby accepts the assignment of the Registry Agreement and assumes all liabilities of Assignor relating thereto, whether contingent or accrued, and further agrees to assume and perform all of the covenants, obligations and agreements of Assignor under the Registry Agreement.
3. The Parties hereby agree that Assignee shall be substituted for Assignor for all purposes of the Registry Agreement.
4. Notwithstanding the foregoing, Assignor shall continue to be bound by the covenants, obligations and agreements set forth in the Registry Agreement.
5. The Parties hereby represent that all conditions set forth in ICANN's Consent have been fulfilled as of the Effective Date of this Assignment and Assumption Agreement.
6. The Parties hereby acknowledge that ICANN's Consent to Assignor' assignment of the Registry Agreement does not waive any rights ICANN may have to take action with respect to any breaches of the Registry Agreement by Assignor occurring prior to the Effective Date.

7. Each Party shall, upon the reasonable request of the other Party, make, execute, acknowledge, and deliver any and all further documents and instruments, and do and cause to be done all such further acts, to evidence and/or in any manner perfect Assignor's assignment of the Registry Agreement to Assignee pursuant to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Assignment and Assumption Agreement to be executed and delivered as of the Effective Date first stated above.

DERRent, LLC

By: [REDACTED]  
Name: Daniel Negari  
Title: CEO of DERRent, LLC's Manager, XYZ.COM LLC

XYZ.COM LLC

By: [REDACTED]  
Name: Daniel Negari  
Title: CEO

# **EXHIBIT AC-12**

# .security Registry Agreement

14 May 2015

On 14 May 2015, ICANN (Internet Corporation for Assigned Names and Numbers) and Symantec Corporation, entered into a Registry Agreement under which Symantec Corporation, operated the .security top-level domain. Effective 11 June 2015, the Registry Agreement was assigned by Symantec Corporation to XYZ.COM LLC which now operates the .security top-level domain. The agreement may be viewed by following the links below:

## Registry Agreement

- [DOCX \(/sites/default/files/tlds/security/security\\_agmt\\_docx\\_14may15-en.docx\)](/sites/default/files/tlds/security/security_agmt_docx_14may15-en.docx) | [Redline \(/sites/default/files/tlds/security/security-agmt-docx-redline\\_14may15-en.docx\)](/sites/default/files/tlds/security/security-agmt-docx-redline_14may15-en.docx)
- [PDF \(/sites/default/files/tlds/security/security-agmt-pdf-14may15-en.pdf\)](/sites/default/files/tlds/security/security-agmt-pdf-14may15-en.pdf) | [Redline \(/sites/default/files/tlds/security/security-agmt-pdf-redline-14may15-en.pdf\)](/sites/default/files/tlds/security/security-agmt-pdf-redline-14may15-en.pdf)
- [HTML \(/sites/default/files/tlds/security/security-agmt-html-14may15-en.htm\)](/sites/default/files/tlds/security/security-agmt-html-14may15-en.htm) | [Redline \(/sites/default/files/tlds/security/security\\_agmt\\_html\\_redline-14may15-en.htm\)](/sites/default/files/tlds/security/security_agmt_html_redline-14may15-en.htm)

## 2017 Global Amendment to the base Registry Agreement

The 2017 Global Amendment to the base New gTLD (generic Top Level Domain) Registry Agreement is effective as of 31 July 2017. For additional information, please visit the [Global Amendment webpage \(/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en\)](/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en).

- [DOCX \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx) | [PDF \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf) | [HTML \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html)

## Assignment and Assumption Agreement(s)

Symantec Corporation to XYZ.COM LLC (11 June 2015)

- [PDF \(/sites/default/files/tlds/security/security-assign-pdf-11jun15-en.pdf\)](/sites/default/files/tlds/security/security-assign-pdf-11jun15-en.pdf)

## Authorization(s) for Release of Reserved Names

- [All Digit/Digit, Letter/Digit, and Digit/Letter Two-Character ASCII Labels at the Second Level \(/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf\)](/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf) (01 December 2014)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/security/security-auth-ltr-ltr-28sep15-en.pdf\)](/sites/default/files/tlds/security/security-auth-ltr-ltr-28sep15-en.pdf) (28 September 2015)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/security/security-auth-ltr-ltr-03aug16-en.pdf\)](/sites/default/files/tlds/security/security-auth-ltr-ltr-03aug16-en.pdf) (03 August 2016)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/security/security-auth-ltr-ltr-01sep16-en.pdf\)](/sites/default/files/tlds/security/security-auth-ltr-ltr-01sep16-en.pdf) (01 September 2016)
- [Authorization for Release of Letter/Letter Two-Character ASCII Labels at the Second Level \(/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf\)](/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf) (13 December 2016)

## Updates to General Notices Contact (24 August 2015)

- [PDF \(/sites/default/files/tlds/security/security-contacts-24aug15-en.pdf\)](/sites/default/files/tlds/security/security-contacts-24aug15-en.pdf)

## Amendments

- [Amendment No.4 \(/sites/default/files/tlds/security/security-amend-4-pdf-28oct17-en.pdf\)](/sites/default/files/tlds/security/security-amend-4-pdf-28oct17-en.pdf) (28 October 2017)
- [Amendment No.3 \(/sites/default/files/tlds/security/security-amend-3-pdf-15aug17-en.pdf\)](/sites/default/files/tlds/security/security-amend-3-pdf-15aug17-en.pdf) (15 August 2017)
- [Amendment No.2 \(/sites/default/files/tlds/security/security-amend-2-pdf-01mar16-en.pdf\)](/sites/default/files/tlds/security/security-amend-2-pdf-01mar16-en.pdf) (01 March 2016)

- [Amendment No.1 \(/sites/default/files/tlds/security/security-amend-1-pdf-31aug15\\_en.pdf\)](/sites/default/files/tlds/security/security-amend-1-pdf-31aug15_en.pdf) (31 August 2015)

Note: If multiple versions are provided above, the official document is the Word version. The HTML version is machine generated and may not display correctly.

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## Name Collision Occurrence Management Documents

- [Name Collision Occurrence Assessment \(/resources/pages/registries-2012-02-25-en#name-collision-assessment\)](/resources/pages/registries-2012-02-25-en#name-collision-assessment)
- 

## TLD (Top Level Domain) Startup Information

- [TLD \(Top Level Domain\) Startup Information Page \(http://newgtlds.icann.org/en/program\\_status/sunrise\\_claims\\_periods/security\)](http://newgtlds.icann.org/en/program_status/sunrise_claims_periods/security)
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## Registry Agreement Archive

### Authorization(s) for Release of Reserved Names

- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/security/security\\_auth\\_ltr\\_ltr\\_14mar16\\_en.pdf\)](/sites/default/files/tlds/security/security_auth_ltr_ltr_14mar16_en.pdf) (14 March 2016)

# **EXHIBIT AC-13**



## REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this "Agreement") is entered into as of \_\_\_\_\_ (the "Effective Date") between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN"), and Symantec Corporation, a Delaware corporation ("Registry Operator").

### ARTICLE 1.

#### DELEGATION AND OPERATION OF TOP-LEVEL DOMAIN; REPRESENTATIONS AND WARRANTIES

**1.1 Domain and Designation.** The Top-Level Domain to which this Agreement applies is **.security** (the "TLD"). Upon the Effective Date and until the earlier of the expiration of the Term (as defined in Section 4.1) or the termination of this Agreement pursuant to Article 4, ICANN designates Registry Operator as the registry operator for the TLD, subject to the requirements and necessary approvals for delegation of the TLD and entry into the root-zone.

**1.2 Technical Feasibility of String.** While ICANN has encouraged and will continue to encourage universal acceptance of all top-level domain strings across the Internet, certain top-level domain strings may encounter difficulty in acceptance by ISPs and webhosters and/or validation by web applications. Registry Operator shall be responsible for ensuring to its satisfaction the technical feasibility of the TLD string prior to entering into this Agreement.

#### **1.3 Representations and Warranties.**

(a) Registry Operator represents and warrants to ICANN as follows:

(i) all material information provided and statements made in the registry TLD application, and statements made in writing during the negotiation of this Agreement, were true and correct in all material respects at the time made, and such information or statements continue to be true and correct in all material respects as of the Effective Date except as otherwise previously disclosed in writing by Registry Operator to ICANN;

(ii) Registry Operator is duly organized, validly existing and in good standing under the laws of the jurisdiction set forth in the preamble hereto, and Registry Operator has all requisite power and authority and has obtained all necessary approvals to enter into and duly execute and deliver this Agreement; and

(iii) Registry Operator has delivered to ICANN a duly executed instrument that secures the funds required to perform registry functions for the TLD in the event of the termination or expiration of this Agreement (the "Continued Operations Instrument"), and such instrument is a binding

obligation of the parties thereto, enforceable against the parties thereto in accordance with its terms.

(b) ICANN represents and warrants to Registry Operator that ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America. ICANN has all requisite power and authority and has obtained all necessary corporate approvals to enter into and duly execute and deliver this Agreement.

## ARTICLE 2.

### COVENANTS OF REGISTRY OPERATOR

Registry Operator covenants and agrees with ICANN as follows:

**2.1 Approved Services; Additional Services.** Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in the Specification 6 attached hereto ("Specification 6") and such other Registry Services set forth on Exhibit A (collectively, the "Approved Services"). If Registry Operator desires to provide any Registry Service that is not an Approved Service or is a material modification to an Approved Service (each, an "Additional Service"), Registry Operator shall submit a request for approval of such Additional Service pursuant to the Registry Services Evaluation Policy at <http://www.icann.org/en/registries/rsep/rsep.html>, as such policy may be amended from time to time in accordance with the bylaws of ICANN (as amended from time to time, the "ICANN Bylaws") applicable to Consensus Policies (the "RSEP"). Registry Operator may offer Additional Services only with the written approval of ICANN, and, upon any such approval, such Additional Services shall be deemed Registry Services under this Agreement. In its reasonable discretion, ICANN may require an amendment to this Agreement reflecting the provision of any Additional Service which is approved pursuant to the RSEP, which amendment shall be in a form reasonably acceptable to the parties.

**2.2 Compliance with Consensus Policies and Temporary Policies.** Registry Operator shall comply with and implement all Consensus Policies and Temporary Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with the ICANN Bylaws, provided such future Consensus Policies and Temporary Policies are adopted in accordance with the procedure and relate to those topics and subject to those limitations set forth in Specification 1 attached hereto ("Specification 1").

**2.3 Data Escrow.** Registry Operator shall comply with the registry data escrow procedures set forth in Specification 2 attached hereto ("Specification 2").

**2.4 Monthly Reporting.** Within twenty (20) calendar days following the end of each calendar month, Registry Operator shall deliver to ICANN reports in the format set forth in Specification 3 attached hereto ("Specification 3").

**2.5 Publication of Registration Data.** Registry Operator shall provide public access to registration data in accordance with Specification 4 attached hereto (“Specification 4”).

**2.6 Reserved Names.** Except to the extent that ICANN otherwise expressly authorizes in writing, Registry Operator shall comply with the requirements set forth in Specification 5 attached hereto (“Specification 5”). Registry Operator may at any time establish or modify policies concerning Registry Operator’s ability to reserve (i.e., withhold from registration or allocate to Registry Operator, but not register to third parties, delegate, use, activate in the DNS or otherwise make available) or block additional character strings within the TLD at its discretion. Except as specified in Specification 5, if Registry Operator is the registrant for any domain names in the registry TLD, such registrations must be through an ICANN accredited registrar, and will be considered Transactions (as defined in Section 6.1) for purposes of calculating the Registry-level transaction fee to be paid to ICANN by Registry Operator pursuant to Section 6.1.

**2.7 Registry Interoperability and Continuity.** Registry Operator shall comply with the Registry Interoperability and Continuity Specifications as set forth in Specification 6 attached hereto (“Specification 6”).

**2.8 Protection of Legal Rights of Third Parties.** Registry Operator must specify, and comply with, the processes and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties as set forth Specification 7 attached hereto (“Specification 7”). Registry Operator may, at its election, implement additional protections of the legal rights of third parties. Any changes or modifications to the process and procedures required by Specification 7 following the Effective Date must be approved in advance by ICANN in writing. Registry Operator must comply with all remedies imposed by ICANN pursuant to Section 2 of Specification 7, subject to Registry Operator’s right to challenge such remedies as set forth in the applicable procedure described therein. Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.

**2.9 Registrars.**

(a) All domain name registrations in the TLD must be registered through an ICANN accredited registrar; provided, that Registry Operator need not use a registrar if it registers names in its own name in order to withhold such names from delegation or use in accordance with Section 2.6. Subject to the requirements of Specification 11, Registry Operator must provide non-discriminatory access to Registry Services to all ICANN accredited registrars that enter into and are in compliance with the registry-registrar agreement for the TLD; provided that Registry Operator may establish non-discriminatory criteria for qualification to register names in the TLD that are reasonably related to the proper functioning of the TLD. Registry Operator must use a uniform non-discriminatory

agreement with all registrars authorized to register names in the TLD (the “Registry-Registrar Agreement”). Registry Operator may amend the Registry-Registrar Agreement from time to time; provided, however, that any material revisions thereto must be approved by ICANN before any such revisions become effective and binding on any registrar. Registry Operator will provide ICANN and all registrars authorized to register names in the TLD at least fifteen (15) calendar days written notice of any revisions to the Registry-Registrar Agreement before any such revisions become effective and binding on any registrar. During such period, ICANN will determine whether such proposed revisions are immaterial, potentially material or material in nature. If ICANN has not provided Registry Operator with notice of its determination within such fifteen (15) calendar-day period, ICANN shall be deemed to have determined that such proposed revisions are immaterial in nature. If ICANN determines, or is deemed to have determined under this Section 2.9(a), that such revisions are immaterial, then Registry Operator may adopt and implement such revisions. If ICANN determines such revisions are either material or potentially material, ICANN will thereafter follow its procedure regarding review and approval of changes to Registry-Registrar Agreements at <http://www.icann.org/en/resources/registries/rra-amendment-procedure>, and such revisions may not be adopted and implemented until approved by ICANN.

(b) If Registry Operator (i) becomes an Affiliate or reseller of an ICANN accredited registrar, or (ii) subcontracts the provision of any Registry Services to an ICANN accredited registrar, registrar reseller or any of their respective Affiliates, then, in either such case of (i) or (ii) above, Registry Operator will give ICANN prompt notice of the contract, transaction or other arrangement that resulted in such affiliation, reseller relationship or subcontract, as applicable, including, if requested by ICANN, copies of any contract relating thereto; provided, that ICANN will treat such contract or related documents that are appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15 (except that ICANN may disclose such contract and related documents to relevant competition authorities). ICANN reserves the right, but not the obligation, to refer any such contract, related documents, transaction or other arrangement to relevant competition authorities in the event that ICANN determines that such contract, related documents, transaction or other arrangement might raise significant competition issues under applicable law. If feasible and appropriate under the circumstances, ICANN will give Registry Operator advance notice prior to making any such referral to a competition authority.

(c) For the purposes of this Agreement: (i) “Affiliate” means a person or entity that, directly or indirectly, through one or more intermediaries, or in combination with one or more other persons or entities, controls, is controlled by, or is under common control with, the person or entity specified, and (ii) “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.

## **2.10 Pricing for Registry Services.**

(a) With respect to initial domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying or other programs which had the effect of reducing the price charged to registrars, unless such refunds, rebates, discounts, product tying or other programs are of a limited duration that is clearly and conspicuously disclosed to the registrar when offered) of no less than thirty (30) calendar days. Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(b) With respect to renewal of domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying, Qualified Marketing Programs or other programs which had the effect of reducing the price charged to registrars) of no less than one hundred eighty (180) calendar days. Notwithstanding the foregoing sentence, with respect to renewal of domain name registrations: (i) Registry Operator need only provide thirty (30) calendar days notice of any price increase if the resulting price is less than or equal to (A) for the period beginning on the Effective Date and ending twelve (12) months following the Effective Date, the initial price charged for registrations in the TLD, or (B) for subsequent periods, a price for which Registry Operator provided a notice pursuant to the first sentence of this Section 2.10(b) within the twelve (12) month period preceding the effective date of the proposed price increase; and (ii) Registry Operator need not provide notice of any price increase for the imposition of the Variable Registry-Level Fee set forth in Section 6.3. Registry Operator shall offer registrars the option to obtain domain name registration renewals at the current price (i.e., the price in place prior to any noticed increase) for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(c) In addition, Registry Operator must have uniform pricing for renewals of domain name registrations ("Renewal Pricing"). For the purposes of determining Renewal Pricing, the price for each domain registration renewal must be identical to the price of all other domain name registration renewals in place at the time of such renewal, and such price must take into account universal application of any refunds, rebates, discounts, product tying or other programs in place at the time of renewal. The foregoing requirements of this Section 2.10(c) shall not apply for (i) purposes of determining Renewal Pricing if the registrar has provided Registry Operator with documentation that demonstrates that the applicable registrant expressly agreed in its registration agreement with registrar to higher Renewal Pricing at the time of the initial registration of the domain name following clear and conspicuous disclosure of such Renewal Pricing to such registrant, and (ii) discounted Renewal Pricing pursuant to a Qualified Marketing Program (as defined below). The parties acknowledge that the purpose of this Section 2.10(c) is to prohibit abusive and/or discriminatory Renewal Pricing practices imposed by Registry



Operator without the written consent of the applicable registrant at the time of the initial registration of the domain and this Section 2.10(c) will be interpreted broadly to prohibit such practices. For purposes of this Section 2.10(c), a “Qualified Marketing Program” is a marketing program pursuant to which Registry Operator offers discounted Renewal Pricing, provided that each of the following criteria is satisfied: (i) the program and related discounts are offered for a period of time not to exceed one hundred eighty (180) calendar days (with consecutive substantially similar programs aggregated for purposes of determining the number of calendar days of the program), (ii) all ICANN accredited registrars are provided the same opportunity to qualify for such discounted Renewal Pricing; and (iii) the intent or effect of the program is not to exclude any particular class(es) of registrations (e.g., registrations held by large corporations) or increase the renewal price of any particular class(es) of registrations. Nothing in this Section 2.10(c) shall limit Registry Operator’s obligations pursuant to Section 2.10(b).

(d) Registry Operator shall provide public query-based DNS lookup service for the TLD (that is, operate the Registry TLD zone servers) at its sole expense.

## **2.11 Contractual and Operational Compliance Audits.**

(a) ICANN may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct, contractual compliance audits to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. Such audits shall be tailored to achieve the purpose of assessing compliance, and ICANN will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by ICANN, and (b) use commercially reasonable efforts to conduct such audit during regular business hours and in such a manner as to not unreasonably disrupt the operations of Registry Operator. As part of such audit and upon request by ICANN, Registry Operator shall timely provide all responsive documents, data and any other information reasonably necessary to demonstrate Registry Operator’s compliance with this Agreement. Upon no less than ten (10) calendar days notice (unless otherwise agreed to by Registry Operator), ICANN may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. ICANN will treat any information obtained in connection with such audits that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15.

(b) Any audit conducted pursuant to Section 2.11(a) will be at ICANN’s expense, unless (i) Registry Operator (A) controls, is controlled by, is under common control or is otherwise Affiliated with, any ICANN accredited registrar or registrar reseller or any of their respective Affiliates, or (B) has subcontracted the provision of Registry Services to an ICANN accredited registrar or registrar reseller or any of their respective Affiliates, and, in either case of (A) or (B) above, the audit relates to Registry Operator’s compliance with Section 2.14, in which case Registry Operator shall reimburse ICANN for

all reasonable costs and expenses associated with the portion of the audit related to Registry Operator's compliance with Section 2.14, or (ii) the audit is related to a discrepancy in the fees paid by Registry Operator hereunder in excess of 5% in a given quarter to ICANN's detriment, in which case Registry Operator shall reimburse ICANN for all reasonable costs and expenses associated with the entirety of such audit. In either such case of (i) or (ii) above, such reimbursement will be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(c) Notwithstanding Section 2.11(a), if Registry Operator is found not to be in compliance with its representations and warranties contained in Article 1 of this Agreement or its covenants contained in Article 2 of this Agreement in two consecutive audits conducted pursuant to this Section 2.11, ICANN may increase the number of such audits to one per calendar quarter.

(d) Registry Operator will give ICANN immediate notice of Registry Operator's knowledge of the commencement of any of the proceedings referenced in Section 4.3(d) or the occurrence of any of the matters specified in Section 4.3(f).

**2.12 Continued Operations Instrument.** Registry Operator shall comply with the terms and conditions relating to the Continued Operations Instrument set forth in Specification 8 attached hereto ("Specification 8").

**2.13 Emergency Transition.** Registry Operator agrees that, in the event that any of the emergency thresholds for registry functions set forth in Section 6 of Specification 10 is reached, ICANN may designate an emergency interim registry operator of the registry for the TLD (an "Emergency Operator") in accordance with ICANN's registry transition process (available at <<http://www.icann.org/en/resources/registries/transition-processes>>) (as the same may be amended from time to time, the "Registry Transition Process") until such time as Registry Operator has demonstrated to ICANN's reasonable satisfaction that it can resume operation of the registry for the TLD without the reoccurrence of such failure. Following such demonstration, Registry Operator may transition back into operation of the registry for the TLD pursuant to the procedures set out in the Registry Transition Process, provided that Registry Operator pays all reasonable costs incurred (i) by ICANN as a result of the designation of the Emergency Operator and (ii) by the Emergency Operator in connection with the operation of the registry for the TLD, which costs shall be documented in reasonable detail in records that shall be made available to Registry Operator. In the event ICANN designates an Emergency Operator pursuant to this Section 2.13 and the Registry Transition Process, Registry Operator shall provide ICANN or any such Emergency Operator with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such Emergency Operator. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event that an Emergency Operator is designated pursuant to this Section 2.13. In addition, in the

event of such failure, ICANN shall retain and may enforce its rights under the Continued Operations Instrument.

**2.14 Registry Code of Conduct.** In connection with the operation of the registry for the TLD, Registry Operator shall comply with the Registry Code of Conduct as set forth in Specification 9 attached hereto (“Specification 9”).

**2.15 Cooperation with Economic Studies.** If ICANN initiates or commissions an economic study on the impact or functioning of new generic top-level domains on the Internet, the DNS or related matters, Registry Operator shall reasonably cooperate with such study, including by delivering to ICANN or its designee conducting such study all data related to the operation of the TLD reasonably necessary for the purposes of such study requested by ICANN or its designee, provided, that Registry Operator may withhold (a) any internal analyses or evaluations prepared by Registry Operator with respect to such data and (b) any data to the extent that the delivery of such data would be in violation of applicable law. Any data delivered to ICANN or its designee pursuant to this Section 2.15 that is appropriately marked as confidential (as required by Section 7.15) shall be treated as Confidential Information of Registry Operator in accordance with Section 7.15, provided that, if ICANN aggregates and makes anonymous such data, ICANN or its designee may disclose such data to any third party. Following completion of an economic study for which Registry Operator has provided data, ICANN will destroy all data provided by Registry Operator that has not been aggregated and made anonymous.

**2.16 Registry Performance Specifications.** Registry Performance Specifications for operation of the TLD will be as set forth in Specification 10 attached hereto (“Specification 10”). Registry Operator shall comply with such Performance Specifications and, for a period of at least one (1) year, shall keep technical and operational records sufficient to evidence compliance with such specifications for each calendar year during the Term.

**2.17 Additional Public Interest Commitments.** Registry Operator shall comply with the public interest commitments set forth in Specification 11 attached hereto (“Specification 11”).

**2.18 Personal Data.** Registry Operator shall (i) notify each ICANN-accredited registrar that is a party to the registry-registrar agreement for the TLD of the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to Registry Operator by such registrar is collected and used under this Agreement or otherwise and the intended recipients (or categories of recipients) of such Personal Data, and (ii) require such registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. Registry Operator shall take reasonable steps to protect Personal Data collected from such registrar from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.



## ARTICLE 3.

### COVENANTS OF ICANN

ICANN covenants and agrees with Registry Operator as follows:

**3.1 Open and Transparent.** Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

**3.2 Equitable Treatment.** ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

**3.3 TLD Nameservers.** ICANN will use commercially reasonable efforts to ensure that any changes to the TLD nameserver designations submitted to ICANN by Registry Operator (in a format and with required technical elements specified by ICANN at <http://www.iana.org/domains/root/> will be implemented by ICANN within seven (7) calendar days or as promptly as feasible following technical verifications.

**3.4 Root-zone Information Publication.** ICANN's publication of root-zone contact information for the TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN at <http://www.iana.org/domains/root/>.

**3.5 Authoritative Root Database.** To the extent that ICANN is authorized to set policy with regard to an authoritative root server system (the "Authoritative Root Server System"), ICANN shall use commercially reasonable efforts to (a) ensure that the authoritative root will point to the top-level domain nameservers designated by Registry Operator for the TLD, (b) maintain a stable, secure, and authoritative publicly available database of relevant information about the TLD, in accordance with ICANN publicly available policies and procedures, and (c) coordinate the Authoritative Root Server System so that it is operated and maintained in a stable and secure manner; provided, that ICANN shall not be in breach of this Agreement and ICANN shall have no liability in the event that any third party (including any governmental entity or internet service provider) blocks or restricts access to the TLD in any jurisdiction.

## ARTICLE 4.

### TERM AND TERMINATION

**4.1 Term.** The term of this Agreement will be ten (10) years from the Effective Date (as such term may be extended pursuant to Section 4.2, the "Term").

## **4.2 Renewal.**

(a) This Agreement will be renewed for successive periods of ten (10) years upon the expiration of the initial Term set forth in Section 4.1 and each successive Term, unless:

(i) Following notice by ICANN to Registry Operator of a fundamental and material breach of Registry Operator's covenants set forth in Article 2 or breach of its payment obligations under Article 6 of this Agreement, which notice shall include with specificity the details of the alleged breach, and such breach has not been cured within thirty (30) calendar days of such notice, (A) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator has been in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (B) Registry Operator has failed to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction; or

(ii) During the then current Term, Registry Operator shall have been found by an arbitrator (pursuant to Section 5.2 of this Agreement) or a court of competent jurisdiction on at least three (3) separate occasions to have been in (A) fundamental and material breach (whether or not cured) of Registry Operator's covenants set forth in Article 2 or (B) breach of its payment obligations under Article 6 of this Agreement.

(b) Upon the occurrence of the events set forth in Section 4.2(a) (i) or (ii), the Agreement shall terminate at the expiration of the then-current Term.

## **4.3 Termination by ICANN.**

(a) ICANN may, upon notice to Registry Operator, terminate this Agreement if: (i) Registry Operator fails to cure (A) any fundamental and material breach of Registry Operator's representations and warranties set forth in Article 1 or covenants set forth in Article 2, or (B) any breach of Registry Operator's payment obligations set forth in Article 6 of this Agreement, each within thirty (30) calendar days after ICANN gives Registry Operator notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (iii) Registry Operator fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) ICANN may, upon notice to Registry Operator, terminate this Agreement if Registry Operator fails to complete all testing and procedures (identified by ICANN in writing to Registry Operator prior to the date hereof) for delegation of the TLD

into the root zone within twelve (12) months of the Effective Date. Registry Operator may request an extension for up to additional twelve (12) months for delegation if it can demonstrate, to ICANN's reasonable satisfaction, that Registry Operator is working diligently and in good faith toward successfully completing the steps necessary for delegation of the TLD. Any fees paid by Registry Operator to ICANN prior to such termination date shall be retained by ICANN in full.

(c) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator fails to cure a material breach of Registry Operator's obligations set forth in Section 2.12 of this Agreement within thirty (30) calendar days of delivery of notice of such breach by ICANN, or if the Continued Operations Instrument is not in effect for greater than sixty (60) consecutive calendar days at any time following the Effective Date, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in material breach of such covenant, and (iii) Registry Operator fails to cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(d) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator makes an assignment for the benefit of creditors or similar act, (ii) attachment, garnishment or similar proceedings are commenced against Registry Operator, which proceedings are a material threat to Registry Operator's ability to operate the registry for the TLD, and are not dismissed within sixty (60) calendar days of their commencement, (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registry Operator or maintains control over any of Registry Operator's property, (iv) execution is levied upon any material property of Registry Operator, (v) proceedings are instituted by or against Registry Operator under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within sixty (60) calendar days of their commencement, or (vi) Registry Operator files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations or the operation of the TLD.

(e) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to Section 2 of Specification 7 or Sections 2 and 3 of Specification 11, subject to Registry Operator's right to challenge such termination as set forth in the applicable procedure described therein.

(f) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator knowingly employs any officer who is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) calendar days of Registry Operator's knowledge of the foregoing, or (ii) any member of Registry Operator's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of

competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registry Operator's board of directors or similar governing body within thirty (30) calendar days of Registry Operator's knowledge of the foregoing.

(g) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement as specified in Section 7.5.

#### **4.4 Termination by Registry Operator.**

(a) Registry Operator may terminate this Agreement upon notice to ICANN if (i) ICANN fails to cure any fundamental and material breach of ICANN's covenants set forth in Article 3, within thirty (30) calendar days after Registry Operator gives ICANN notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that ICANN is in fundamental and material breach of such covenants, and (iii) ICANN fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) Registry Operator may terminate this Agreement for any reason upon one hundred eighty (180) calendar day advance notice to ICANN.

**4.5 Transition of Registry upon Termination of Agreement.** Upon expiration of the Term pursuant to Section 4.1 or Section 4.2 or any termination of this Agreement pursuant to Section 4.3 or Section 4.4, Registry Operator shall provide ICANN or any successor registry operator that may be designated by ICANN for the TLD in accordance with this Section 4.5 with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such successor registry operator. After consultation with Registry Operator, ICANN shall determine whether or not to transition operation of the TLD to a successor registry operator in its sole discretion and in conformance with the Registry Transition Process; provided, however, that (i) ICANN will take into consideration any intellectual property rights of Registry Operator (as communicated to ICANN by Registry Operator) in determining whether to transition operation of the TLD to a successor registry operator and (ii) if Registry Operator demonstrates to ICANN's reasonable satisfaction that (A) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator or its Affiliates for their exclusive use, (B) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (C) transitioning operation of the TLD is not necessary to protect the public interest, then ICANN may not transition operation of the TLD to a successor registry operator upon the expiration or termination of this Agreement without the consent of Registry Operator (which shall not be unreasonably withheld, conditioned or delayed). For the avoidance of doubt, the foregoing sentence shall not prohibit ICANN from delegating the TLD pursuant

to a future application process for the delegation of top-level domains, subject to any processes and objection procedures instituted by ICANN in connection with such application process intended to protect the rights of third parties. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event of a transition of the TLD pursuant to this Section 4.5. In addition, ICANN or its designee shall retain and may enforce its rights under the Continued Operations Instrument for the maintenance and operation of the TLD, regardless of the reason for termination or expiration of this Agreement.

**4.6 Effect of Termination.** Upon any expiration of the Term or termination of this Agreement, the obligations and rights of the parties hereto shall cease, provided that such expiration or termination of this Agreement shall not relieve the parties of any obligation or breach of this Agreement accruing prior to such expiration or termination, including, without limitation, all accrued payment obligations arising under Article 6. In addition, Article 5, Article 7, Section 2.12, Section 4.5, and this Section 4.6 shall survive the expiration or termination of this Agreement. For the avoidance of doubt, the rights of Registry Operator to operate the registry for the TLD shall immediately cease upon any expiration of the Term or termination of this Agreement.

## ARTICLE 5.

### DISPUTE RESOLUTION

**5.1 Mediation.** In the event of any dispute arising under or in connection with this Agreement, before either party may initiate arbitration pursuant to Section 5.2 below, ICANN and Registry Operator must attempt to resolve the dispute through mediation in accordance with the following terms and conditions:

(a) A party shall submit a dispute to mediation by written notice to the other party. The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days of delivery of written notice pursuant to this Section 5.1, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 5.1(a).

(b) The mediator shall conduct the mediation in accordance with the rules and procedures that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated



as a settlement discussion and shall therefore be confidential and may not be used against either party in any later proceeding relating to the dispute, including any arbitration pursuant to Section 5.2. The mediator may not testify for either party in any later proceeding relating to the dispute.

(c) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. Each party shall treat information received from the other party pursuant to the mediation that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of such other party in accordance with Section 7.15.

(d) If the parties have engaged in good faith participation in the mediation but have not resolved the dispute for any reason, either party or the mediator may terminate the mediation at any time and the dispute can then proceed to arbitration pursuant to Section 5.2 below. If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following the date of the notice delivered pursuant to Section 5.1(a), the mediation shall automatically terminate (unless extended by agreement of the parties) and the dispute can then proceed to arbitration pursuant to Section 5.2 below.

**5.2 Arbitration.** Disputes arising under or in connection with this Agreement that are not resolved pursuant to Section 5.1, including requests for specific performance, will be resolved through binding arbitration conducted pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. The arbitration will be conducted in the English language and will occur in Los Angeles County, California. Any arbitration will be in front of a single arbitrator, unless (i) ICANN is seeking punitive or exemplary damages, or operational sanctions, (ii) the parties agree in writing to a greater number of arbitrators, or (iii) the dispute arises under Section 7.6 or 7.7. In the case of clauses (i), (ii) or (iii) in the preceding sentence, the arbitration will be in front of three arbitrators with each party selecting one arbitrator and the two selected arbitrators selecting the third arbitrator. In order to expedite the arbitration and limit its cost, the arbitrator(s) shall establish page limits for the parties' filings in conjunction with the arbitration, and should the arbitrator(s) determine that a hearing is necessary, the hearing shall be limited to one (1) calendar day, provided that in any arbitration in which ICANN is seeking punitive or exemplary damages, or operational sanctions, the hearing may be extended for one (1) additional calendar day if agreed upon by the parties or ordered by the arbitrator(s) based on the arbitrator(s) independent determination or the reasonable request of one of the parties thereto. The prevailing party in the arbitration will have the right to recover its costs and reasonable attorneys' fees, which the arbitrator(s) shall include in the awards. In the event the arbitrators determine that Registry Operator has been repeatedly and willfully in fundamental and material breach of its obligations set forth in Article 2, Article 6 or Section 5.4 of this Agreement, ICANN may request the arbitrators award punitive or exemplary damages, or operational sanctions (including without limitation an order temporarily restricting Registry Operator's right to sell new registrations). Each party shall treat information received from the other party pursuant to the arbitration that is appropriately marked as confidential (as required by Section 7.15) as

Confidential Information of such other party in accordance with Section 7.15. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles County, California; however, the parties will also have the right to enforce a judgment of such a court in any court of competent jurisdiction.

**5.3 Limitation of Liability.** ICANN's aggregate monetary liability for violations of this Agreement will not exceed an amount equal to the Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to this Agreement (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any). Registry Operator's aggregate monetary liability to ICANN for breaches of this Agreement will be limited to an amount equal to the fees paid to ICANN during the preceding twelve-month period (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any), and punitive and exemplary damages, if any, awarded in accordance with Section 5.2, except with respect to Registry Operator's indemnification obligations pursuant to Section 7.1 and Section 7.2. In no event shall either party be liable for special, punitive, exemplary or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided in Section 5.2. Except as otherwise provided in this Agreement, neither party makes any warranty, express or implied, with respect to the services rendered by itself, its servants or agents, or the results obtained from their work, including, without limitation, any implied warranty of merchantability, non-infringement or fitness for a particular purpose.

**5.4 Specific Performance.** Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrator or court of competent jurisdiction specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

## ARTICLE 6.

### FEES

#### 6.1 Registry-Level Fees.

(a) Registry Operator shall pay ICANN a registry-level fee equal to (i) the registry fixed fee of US\$6,250 per calendar quarter and (ii) the registry-level transaction fee (collectively, the "Registry-Level Fees"). The registry-level transaction fee will be equal to the number of annual increments of an initial or renewal domain name registration (at one or more levels, and including renewals associated with transfers from one ICANN-accredited registrar to another, each a "Transaction"), during the applicable calendar quarter multiplied by US\$0.25; provided, however that the registry-level transaction fee shall not apply until and unless more than 50,000 Transactions have occurred in the TLD during any calendar quarter or any consecutive four calendar quarter period in the

aggregate (the “Transaction Threshold”) and shall apply to each Transaction that occurred during each quarter in which the Transaction Threshold has been met, but shall not apply to each quarter in which the Transaction Threshold has not been met. Registry Operator’s obligation to pay the quarterly registry-level fixed fee will begin on the date on which the TLD is delegated in the DNS to Registry Operator. The first quarterly payment of the registry-level fixed fee will be prorated based on the number of calendar days between the delegation date and the end of the calendar quarter in which the delegation date falls.

(b) Subject to Section 6.1(a), Registry Operator shall pay the Registry-Level Fees on a quarterly basis to an account designated by ICANN within thirty (30) calendar days following the date of the invoice provided by ICANN.

**6.2 Cost Recovery for RSTEP.** Requests by Registry Operator for the approval of Additional Services pursuant to Section 2.1 may be referred by ICANN to the Registry Services Technical Evaluation Panel (“RSTEP”) pursuant to that process at <http://www.icann.org/en/registries/rsep/>. In the event that such requests are referred to RSTEP, Registry Operator shall remit to ICANN the invoiced cost of the RSTEP review within fourteen (14) calendar days of receipt of a copy of the RSTEP invoice from ICANN, unless ICANN determines, in its sole and absolute discretion, to pay all or any portion of the invoiced cost of such RSTEP review.

### **6.3 Variable Registry-Level Fee.**

(a) If the ICANN accredited registrars (accounting, in the aggregate, for payment of two-thirds of all registrar-level fees (or such portion of ICANN accredited registrars necessary to approve variable accreditation fees under the then-current registrar accreditation agreement), do not approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for any ICANN fiscal year, upon delivery of notice from ICANN, Registry Operator shall pay to ICANN a variable registry-level fee, which shall be paid on a fiscal quarter basis, and shall accrue as of the beginning of the first fiscal quarter of such ICANN fiscal year (the “Variable Registry-Level Fee”). The fee will be calculated and invoiced by ICANN on a quarterly basis, and shall be paid by Registry Operator within sixty (60) calendar days with respect to the first quarter of such ICANN fiscal year and within twenty (20) calendar days with respect to each remaining quarter of such ICANN fiscal year, of receipt of the invoiced amount by ICANN. The Registry Operator may invoice and collect the Variable Registry-Level Fees from the registrars that are party to a registry-registrar agreement with Registry Operator (which agreement may specifically provide for the reimbursement of Variable Registry-Level Fees paid by Registry Operator pursuant to this Section 6.3); provided, that the fees shall be invoiced to all ICANN accredited registrars if invoiced to any. The Variable Registry-Level Fee, if collectible by ICANN, shall be an obligation of Registry Operator and shall be due and payable as provided in this Section 6.3 irrespective of Registry Operator’s ability to seek and obtain reimbursement of such fee from registrars. In the event ICANN later collects variable accreditation fees for which Registry Operator has paid ICANN a Variable Registry-Level Fee, ICANN shall reimburse the Registry Operator an appropriate amount of the Variable Registry-Level Fee, as reasonably



determined by ICANN. If the ICANN accredited registrars (as a group) do approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for a fiscal year, ICANN shall not be entitled to a Variable-Level Fee hereunder for such fiscal year, irrespective of whether the ICANN accredited registrars comply with their payment obligations to ICANN during such fiscal year.

(b) The amount of the Variable Registry-Level Fee will be specified for each registrar, and may include both a per-registrar component and a transactional component. The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year. The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year but shall not exceed US\$0.25 per domain name registration (including renewals associated with transfers from one ICANN accredited registrar to another) per year.

**6.4 Pass Through Fees.** Registry Operator shall pay to ICANN (i) a one-time fee equal to US\$5,000 for access to and use of the Trademark Clearinghouse as described in Specification 7 (the “RPM Access Fee”) and (ii) an amount specified by ICANN not to exceed US\$0.25 per Sunrise Registration and Claims Registration (as such terms are used in Trademark Clearinghouse RPMs incorporated herein pursuant to Specification 7) (the “RPM Registration Fee”). The RPM Access Fee will be invoiced as of the Effective Date of this Agreement, and Registry Operator shall pay such fee to an account specified by ICANN within thirty (30) calendar days following the date of the invoice. ICANN will invoice Registry Operator quarterly for the RPM Registration Fee, which shall be due in accordance with the invoicing and payment procedure specified in Section 6.1.

**6.5 Adjustments to Fees.** Notwithstanding any of the fee limitations set forth in this Article 6, commencing upon the expiration of the first year of this Agreement, and upon the expiration of each year thereafter during the Term, the then-current fees set forth in Section 6.1 and Section 6.3 may be adjusted, at ICANN’s discretion, by a percentage equal to the percentage change, if any, in (i) the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index (the “CPI”) for the month which is one (1) month prior to the commencement of the applicable year, over (ii) the CPI published for the month which is one (1) month prior to the commencement of the immediately prior year. In the event of any such increase, ICANN shall provide notice to Registry Operator specifying the amount of such adjustment. Any fee adjustment under this Section 6.5 shall be effective as of the first day of the first calendar quarter following at least thirty (30) days after ICANN’s delivery to Registry Operator of such fee adjustment notice.

**6.6 Additional Fee on Late Payments.** For any payments thirty (30) calendar days or more overdue under this Agreement, Registry Operator shall pay an additional fee on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.

## ARTICLE 7.

### MISCELLANEOUS

#### 7.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify and defend ICANN and its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or relating to intellectual property ownership rights with respect to the TLD, the delegation of the TLD to Registry Operator, Registry Operator's operation of the registry for the TLD or Registry Operator's provision of Registry Services, provided that Registry Operator shall not be obligated to indemnify or defend any Indemnitee to the extent the claim, damage, liability, cost or expense arose: (i) due to the actions or omissions of ICANN, its subcontractors, panelists or evaluators specifically related to and occurring during the registry TLD application process (other than actions or omissions requested by or for the benefit of Registry Operator), or (ii) due to a breach by ICANN of any obligation contained in this Agreement or any willful misconduct by ICANN. This Section shall not be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for costs associated with the negotiation or execution of this Agreement, or with monitoring or management of the parties' respective obligations hereunder. Further, this Section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties, which shall be governed by Article 5 or otherwise awarded by a court of competent jurisdiction or arbitrator.

(b) For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the same actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Article 6 hereof for any applicable quarter) by the total number of domain names under registration within all top level domains for which the registry operators thereof are engaging in the same acts or omissions giving rise to such claim. For the purposes of reducing Registry Operator's liability under Section 7.1(a) pursuant to this Section 7.1(b), Registry Operator shall have the burden of identifying the other registry operators that are engaged in the same actions or omissions that gave rise to the claim, and demonstrating, to ICANN's reasonable satisfaction, such other registry operators' culpability for such actions or omissions. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in Section 7.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

**7.2 Indemnification Procedures.** If any third-party claim is commenced that is indemnified under Section 7.1 above, ICANN shall provide notice thereof to Registry

Operator as promptly as practicable. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to ICANN to handle and defend the same, at Registry Operator's sole cost and expense, provided that in all events ICANN will be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN's policies, Bylaws or conduct. ICANN shall cooperate, at Registry Operator's cost and expense, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom, and may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is fully indemnified by Registry Operator will be entered into without the consent of ICANN. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section 7.2, ICANN will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Registry Operator and Registry Operator shall cooperate in such defense.

**7.3 Defined Terms.** For purposes of this Agreement, unless such definitions are amended pursuant to a Consensus Policy at a future date, in which case the following definitions shall be deemed amended and restated in their entirety as set forth in such Consensus Policy, Security and Stability shall be defined as follows:

(a) For the purposes of this Agreement, an effect on "Security" shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of registry data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

(b) For purposes of this Agreement, an effect on "Stability" shall refer to (1) lack of compliance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice Requests for Comments ("RFCs") sponsored by the Internet Engineering Task Force; or (2) the creation of a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems operating in accordance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice RFCs, and relying on Registry Operator's delegated information or provisioning of services.

**7.4 No Offset.** All payments due under this Agreement will be made in a timely manner throughout the Term and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

**7.5 Change of Control; Assignment and Subcontracting.** Except as set forth in this Section 7.5, neither party may assign any of its rights and obligations under this Agreement without the prior written approval of the other party, which approval will not

be unreasonably withheld. For purposes of this Section 7.5, a direct or indirect change of control of Registry Operator or any subcontracting arrangement that relates to any Critical Function (as identified in Section 6 of Specification 10) for the TLD (a “Material Subcontracting Arrangement”) shall be deemed an assignment.

(a) Registry Operator must provide no less than thirty (30) calendar days advance notice to ICANN of any assignment or Material Subcontracting Arrangement, and any agreement to assign or subcontract any portion of the operations of the TLD (whether or not a Material Subcontracting Arrangement) must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder, and Registry Operator shall continue to be bound by such covenants, obligations and agreements. Registry Operator must also provide no less than thirty (30) calendar days advance notice to ICANN prior to the consummation of any transaction anticipated to result in a direct or indirect change of control of Registry Operator.

(b) Within thirty (30) calendar days of either such notification pursuant to Section 7.5(a), ICANN may request additional information from Registry Operator establishing (i) compliance with this Agreement and (ii) that the party acquiring such control or entering into such assignment or Material Subcontracting Arrangement (in any case, the “Contracting Party”) and the ultimate parent entity of the Contracting Party meets the ICANN-adopted specification or policy on registry operator criteria then in effect (including with respect to financial resources and operational and technical capabilities), in which case Registry Operator must supply the requested information within fifteen (15) calendar days.

(c) Registry Operator agrees that ICANN’s consent to any assignment, change of control or Material Subcontracting Arrangement will also be subject to background checks on any proposed Contracting Party (and such Contracting Party’s Affiliates).

(d) If ICANN fails to expressly provide or withhold its consent to any assignment, direct or indirect change of control of Registry Operator or any Material Subcontracting Arrangement within thirty (30) calendar days of ICANN’s receipt of notice of such transaction (or, if ICANN has requested additional information from Registry Operator as set forth above, thirty (30) calendar days of the receipt of all requested written information regarding such transaction) from Registry Operator, ICANN shall be deemed to have consented to such transaction.

(e) In connection with any such assignment, change of control or Material Subcontracting Arrangement, Registry Operator shall comply with the Registry Transition Process.

(f) Notwithstanding the foregoing, (i) any consummated change of control shall not be voidable by ICANN; provided, however, that, if ICANN reasonably determines to withhold its consent to such transaction, ICANN may terminate this Agreement pursuant to Section 4.3(g), (ii) ICANN may assign this Agreement without the

consent of Registry Operator upon approval of the ICANN Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of ICANN upon such assignee's express assumption of the terms and conditions of this Agreement, (iii) Registry Operator may assign this Agreement without the consent of ICANN directly to a wholly-owned subsidiary of Registry Operator, or, if Registry Operator is a wholly-owned subsidiary, to its direct parent or to another wholly-owned subsidiary of its direct parent, upon such subsidiary's or parent's, as applicable, express assumption of the terms and conditions of this Agreement, and (iv) ICANN shall be deemed to have consented to any assignment, Material Subcontracting Arrangement or change of control transaction in which the Contracting Party is an existing operator of a generic top-level domain pursuant to a registry agreement between such Contracting Party and ICANN (provided that such Contracting Party is then in compliance with the terms and conditions of such registry agreement in all material respects), unless ICANN provides to Registry Operator a written objection to such transaction within ten (10) calendar days of ICANN's receipt of notice of such transaction pursuant to this Section 7.5. Notwithstanding Section 7.5(a), in the event an assignment is made pursuant to clauses (ii) or (iii) of this Section 7.5(f), the assigning party will provide the other party with prompt notice following any such assignment.

#### **7.6 Amendments and Waivers.**

(a) If the ICANN Board of Directors determines that an amendment to this Agreement (including to the Specifications referred to herein) and all other registry agreements between ICANN and the Applicable Registry Operators (the "Applicable Registry Agreements") is desirable (each, a "Special Amendment"), ICANN may adopt a Special Amendment pursuant to the requirements of and process set forth in this Section 7.6; provided that a Special Amendment may not be a Restricted Amendment.

(b) Prior to submitting a Special Amendment for Registry Operator Approval, ICANN shall first consult in good faith with the Working Group regarding the form and substance of such Special Amendment. The duration of such consultation shall be reasonably determined by ICANN based on the substance of the Special Amendment. Following such consultation, ICANN may propose the adoption of a Special Amendment by publicly posting such amendment on its website for no less than thirty (30) calendar days (the "Posting Period") and providing notice of such proposed amendment to the Applicable Registry Operators in accordance with Section 7.9. ICANN will consider the public comments submitted on a Special Amendment during the Posting Period (including comments submitted by the Applicable Registry Operators).

(c) If, within one hundred eighty (180) calendar days following the expiration of the Posting Period (the "Approval Period"), the ICANN Board of Directors approves a Special Amendment (which may be in a form different than submitted for public comment, but must address the subject matter of the Special Amendment posted for public comment, as modified to reflect and/or address input from the Working Group and public comments), ICANN shall provide notice of, and submit, such Special Amendment for approval or disapproval by the Applicable Registry Operators. If, during the sixty (60) calendar day period following the date ICANN provides such notice to the Applicable



Registry Operators, such Special Amendment receives Registry Operator Approval, such Special Amendment shall be deemed approved (an "Approved Amendment") by the Applicable Registry Operators, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Approved Amendment to Registry Operator (the "Amendment Effective Date"). In the event that a Special Amendment does not receive Registry Operator Approval, the Special Amendment shall be deemed not approved by the Applicable Registry Operators (a "Rejected Amendment"). A Rejected Amendment will have no effect on the terms and conditions of this Agreement, except as set forth below.

(d) If the ICANN Board of Directors reasonably determines that a Rejected Amendment falls within the subject matter categories set forth in Section 1.2 of Specification 1, the ICANN Board of Directors may adopt a resolution (the date such resolution is adopted is referred to herein as the "Resolution Adoption Date") requesting an Issue Report (as such term is defined in ICANN's Bylaws) by the Generic Names Supporting Organization (the "GNSO") regarding the substance of such Rejected Amendment. The policy development process undertaken by the GNSO pursuant to such requested Issue Report is referred to herein as a "PDP." If such PDP results in a Final Report supported by a GNSO Supermajority (as defined in ICANN's Bylaws) that either (i) recommends adoption of the Rejected Amendment as Consensus Policy or (ii) recommends against adoption of the Rejected Amendment as Consensus Policy, and, in the case of (i) above, the Board adopts such Consensus Policy, Registry Operator shall comply with its obligations pursuant to Section 2.2 of this Agreement. In either case, ICANN will abandon the Rejected Amendment and it will have no effect on the terms and conditions of this Agreement. Notwithstanding the foregoing provisions of this Section 7.6(d), the ICANN Board of Directors shall not be required to initiate a PDP with respect to a Rejected Amendment if, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject matter of such Rejected Amendment was the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation.

(e) If (a) a Rejected Amendment does not fall within the subject matter categories set forth in Section 1.2 of Specification 1, (b) the subject matter of a Rejected Amendment was, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation, or (c) a PDP does not result in a Final Report supported by a GNSO Supermajority that either (A) recommends adoption of the Rejected Amendment as Consensus Policy or (B) recommends against adoption of the Rejected Amendment as Consensus Policy (or such PDP has otherwise been abandoned or terminated for any reason), then, in any such case, such Rejected Amendment may still be adopted and become effective in the manner described below. In order for the Rejected Amendment to be adopted, the following requirements must be satisfied:

(i) the subject matter of the Rejected Amendment must be within the scope of ICANN's mission and consistent with a balanced application of its core values (as described in ICANN's Bylaws);

(ii) the Rejected Amendment must be justified by a Substantial and Compelling Reason in the Public Interest, must be likely to promote such interest, taking into account competing public and private interests that are likely to be affected by the Rejected Amendment, and must be narrowly tailored and no broader than reasonably necessary to address such Substantial and Compelling Reason in the Public Interest;

(iii) to the extent the Rejected Amendment prohibits or requires conduct or activities, imposes material costs on the Applicable Registry Operators, and/or materially reduces public access to domain name services, the Rejected Amendment must be the least restrictive means reasonably available to address the Substantial and Compelling Reason in the Public Interest;

(iv) the ICANN Board of Directors must submit the Rejected Amendment, along with a written explanation of the reasoning related to its determination that the Rejected Amendment meets the requirements set out in subclauses (i) through (iii) above, for public comment for a period of no less than thirty (30) calendar days; and

(v) following such public comment period, the ICANN Board of Directors must (a) engage in consultation (or direct ICANN management to engage in consultation) with the Working Group, subject matter experts, members of the GNSO, relevant advisory committees and other interested stakeholders with respect to such Rejected Amendment for a period of no less than sixty (60) calendar days; and (b) following such consultation, reapprove the Rejected Amendment (which may be in a form different than submitted for Registry Operator Approval, but must address the subject matter of the Rejected Amendment, as modified to reflect and/or address input from the Working Group and public comments) by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN's Conflict of Interest Policy (a "Board Amendment").

Such Board Amendment shall, subject to Section 7.6(f), be deemed an Approved Amendment, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Board Amendment to Registry Operator (which effective date shall be deemed the Amendment Effective Date hereunder). Notwithstanding the foregoing, a Board Amendment may not amend the registry fees charged by ICANN hereunder, or amend this Section 7.6.

(f) Notwithstanding the provisions of Section 7.6(e), a Board Amendment shall not be deemed an Approved Amendment if, during the thirty (30) calendar day period following the approval by the ICANN Board of Directors of the Board Amendment, the Working Group, on the behalf of the Applicable Registry Operators, submits to the ICANN Board of Directors an alternative to the Board Amendment (an “Alternative Amendment”) that meets the following requirements:

(i) sets forth the precise text proposed by the Working Group to amend this Agreement in lieu of the Board Amendment;

(ii) addresses the Substantial and Compelling Reason in the Public Interest identified by the ICANN Board of Directors as the justification for the Board Amendment; and

(iii) compared to the Board Amendment is: (a) more narrowly tailored to address such Substantial and Compelling Reason in the Public Interest, and (b) to the extent the Alternative Amendment prohibits or requires conduct or activities, imposes material costs on Affected Registry Operators, or materially reduces access to domain name services, is a less restrictive means to address the Substantial and Compelling Reason in the Public Interest.

Any proposed amendment that does not meet the requirements of subclauses (i) through (iii) in the immediately preceding sentence shall not be considered an Alternative Amendment hereunder and therefore shall not supersede or delay the effectiveness of the Board Amendment. If, following the submission of the Alternative Amendment to the ICANN Board of Directors, the Alternative Amendment receives Registry Operator Approval, the Alternative Amendment shall supersede the Board Amendment and shall be deemed an Approved Amendment hereunder (and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Alternative Amendment to Registry Operator, which effective date shall be deemed the Amendment Effective Date hereunder), unless, within a period of sixty (60) calendar days following the date that the Working Group notifies the ICANN Board of Directors of Registry Operator Approval of such Alternative Amendment (during which time ICANN shall engage with the Working Group with respect to the Alternative Amendment), the ICANN Board of Directors by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN’s Conflict of Interest Policy, rejects the Alternative Amendment. If (A) the Alternative Amendment does not receive Registry Operator Approval within thirty (30) calendar days of submission of such Alternative Amendment to the Applicable Registry Operators (and the Working Group shall notify ICANN of the date of such submission), or (B) the ICANN Board of Directors rejects the Alternative Amendment by such two-thirds vote, the Board Amendment (and not the Alternative Amendment) shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice to Registry Operator (which



effective date shall be deemed the Amendment Effective Date hereunder). If the ICANN Board of Directors rejects an Alternative Amendment, the board shall publish a written rationale setting forth its analysis of the criteria set forth in Sections 7.6(f)(i) through 7.6(f)(iii). The ability of the ICANN Board of Directors to reject an Alternative Amendment hereunder does not relieve the Board of the obligation to ensure that any Board Amendment meets the criteria set forth in Section 7.6(e)(i) through 7.6(e)(v).

(g) In the event that Registry Operator believes an Approved Amendment does not meet the substantive requirements set out in this Section 7.6 or has been adopted in contravention of any of the procedural provisions of this Section 7.6, Registry Operator may challenge the adoption of such Special Amendment pursuant to the dispute resolution provisions set forth in Article 5, except that such arbitration shall be conducted by a three-person arbitration panel. Any such challenge must be brought within sixty (60) calendar days following the date ICANN provided notice to Registry Operator of the Approved Amendment, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. The Approved Amendment will be deemed not to have amended this Agreement during the pendency of the dispute resolution process.

(h) Registry Operator may apply in writing to ICANN for an exemption from the Approved Amendment (each such request submitted by Registry Operator hereunder, an "Exemption Request") during the thirty (30) calendar day period following the date ICANN provided notice to Registry Operator of such Approved Amendment. Each Exemption Request will set forth the basis for such request and provide detailed support for an exemption from the Approved Amendment. An Exemption Request may also include a detailed description and support for any alternatives to, or a variation of, the Approved Amendment proposed by such Registry Operator. An Exemption Request may only be granted upon a clear and convincing showing by Registry Operator that compliance with the Approved Amendment conflicts with applicable laws or would have a material adverse effect on the long-term financial condition or results of operations of Registry Operator. No Exemption Request will be granted if ICANN determines, in its reasonable discretion, that granting such Exemption Request would be materially harmful to registrants or result in the denial of a direct benefit to registrants. Within ninety (90) calendar days of ICANN's receipt of an Exemption Request, ICANN shall either approve (which approval may be conditioned or consist of alternatives to or a variation of the Approved Amendment) or deny the Exemption Request in writing, during which time the Approved Amendment will not amend this Agreement. If the Exemption Request is approved by ICANN, the Approved Amendment will not amend this Agreement; provided, that any conditions, alternatives or variations of the Approved Amendment required by ICANN shall be effective and, to the extent applicable, will amend this Agreement as of the Amendment Effective Date. If such Exemption Request is denied by ICANN, the Approved Amendment will amend this Agreement as of the Amendment Effective Date (or, if such date has passed, such Approved Amendment shall be deemed effective immediately on the date of such denial), provided that Registry Operator may, within thirty (30) calendar days following receipt of ICANN's determination, appeal ICANN's decision to deny the Exemption Request pursuant to the dispute resolution procedures set forth in Article 5. The Approved Amendment will be

deemed not to have amended this Agreement during the pendency of the dispute resolution process. For avoidance of doubt, only Exemption Requests submitted by Registry Operator that are approved by ICANN pursuant to this Section 7.6(j), agreed to by ICANN following mediation pursuant to Section 5.1 or through an arbitration decision pursuant to Section 5.2 shall exempt Registry Operator from any Approved Amendment, and no Exemption Request granted to any other Applicable Registry Operator (whether by ICANN or through arbitration) shall have any effect under this Agreement or exempt Registry Operator from any Approved Amendment.

(i) Except as set forth in this Section 7.6, Section 7.7 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 7.6 or Section 7.7 shall restrict ICANN and Registry Operator from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Sections 7.6 or 7.7 shall be deemed to limit Registry Operator's obligation to comply with Section 2.2.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "Applicable Registry Operators" means, collectively, the registry operators of top-level domains party to a registry agreement that contains a provision similar to this Section 7.6, including Registry Operator.

(ii) "Registry Operator Approval" means the receipt of each of the following: (A) the affirmative approval of the Applicable Registry Operators whose payments to ICANN accounted for two-thirds of the total amount of fees (converted to U.S. dollars, if applicable, at the prevailing exchange rate published the prior day in the U.S. Edition of the Wall Street Journal for the date such calculation is made by ICANN) paid to ICANN by all the Applicable Registry Operators during the immediately previous calendar year pursuant to the Applicable Registry Agreements, and (B) the affirmative approval of a majority of the Applicable Registry Operators at the time such approval is obtained. For the avoidance of doubt, with respect to clause (B), each Applicable Registry Operator shall have one vote for each top-level domain operated by such Registry Operator pursuant to an Applicable Registry Agreement.

(iii) "Restricted Amendment" means the following: (A) an amendment of Specification 1, (B) except to the extent addressed in Section

2.10 hereof, an amendment that specifies the price charged by Registry Operator to registrars for domain name registrations, (C) an amendment to the definition of Registry Services as set forth in the first paragraph of Section 2.1 of Specification 6, or (D) an amendment to the length of the Term.

(iv) “Substantial and Compelling Reason in the Public Interest” means a reason that is justified by an important, specific, and articulated public interest goal that is within ICANN's mission and consistent with a balanced application of ICANN's core values as defined in ICANN's Bylaws.

(v) “Working Group” means representatives of the Applicable Registry Operators and other members of the community that the Registry Stakeholders Group appoints, from time to time, to serve as a working group to consult on amendments to the Applicable Registry Agreements (excluding bilateral amendments pursuant to Section 7.6(i)).

(k) Notwithstanding anything in this Section 7.6 to the contrary, (i) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for Approved Amendment to become effective with respect to Registry Operator, and (ii) no Approved Amendment adopted pursuant to Section 7.6 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

## **7.7 Negotiation Process.**

(a) If either the Chief Executive Officer of ICANN (“CEO”) or the Chairperson of the Registry Stakeholder Group (“Chair”) desires to discuss any revision(s) to this Agreement, the CEO or Chair, as applicable, shall provide written notice to the other person, which shall set forth in reasonable detail the proposed revisions to this Agreement (a “Negotiation Notice”). Notwithstanding the foregoing, neither the CEO nor the Chair may (i) propose revisions to this Agreement that modify any Consensus Policy then existing, (ii) propose revisions to this Agreement pursuant to this Section 7.7 on or before June 30, 2014, or (iii) propose revisions or submit a Negotiation Notice more than once during any twelve (12) month period beginning on July 1, 2014.

(b) Following receipt of the Negotiation Notice by either the CEO or the Chair, ICANN and the Working Group (as defined in Section 7.6) shall consult in good faith negotiations regarding the form and substance of the proposed revisions to this Agreement, which shall be in the form of a proposed amendment to this Agreement (the “Proposed Revisions”), for a period of at least ninety (90) calendar days (unless a resolution is earlier reached) and attempt to reach a mutually acceptable agreement relating to the Proposed Revisions (the “Discussion Period”).

(c) If, following the conclusion of the Discussion Period, an agreement is reached on the Proposed Revisions, ICANN shall post the mutually agreed Proposed

Revisions on its website for public comment for no less than thirty (30) calendar days (the "Posting Period") and provide notice of such revisions to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval (as defined in Section 7.6) and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(d) If, following the conclusion of the Discussion Period, an agreement is not reached between ICANN and the Working Group on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (the "Mediation Notice") requiring each party to attempt to resolve the disagreements related to the Proposed Revisions through impartial, facilitative (non-evaluative) mediation in accordance with the terms and conditions set forth below. In the event that a Mediation Notice is provided, ICANN and the Working Group shall, within fifteen (15) calendar days thereof, simultaneously post the text of their desired version of the Proposed Revisions and a position paper with respect thereto on ICANN's website.

(i) The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, who has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or an Applicable Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 7.7(d)(i).

(ii) The mediator shall conduct the mediation in accordance with the rules and procedures for facilitative mediation that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute.

(iii) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

(iv) If an agreement is reached during the mediation, ICANN shall post the mutually agreed Proposed Revisions on its website for the Posting Period and provide notice to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the agreed Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(v) If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the mediation shall automatically terminate (unless extended by agreement of the parties). The mediator shall deliver to the parties a definition of the issues that could be considered in future arbitration, if invoked. Those issues are subject to the limitations set forth in Section 7.7(e)(ii) below.

(e) If, following mediation, ICANN and the Working Group have not reached an agreement on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (an "Arbitration Notice") requiring ICANN and the Applicable Registry Operators to resolve the dispute through binding arbitration in accordance with the arbitration provisions of Section 5.2, subject to the requirements and limitations of this Section 7.7(e).

(i) If an Arbitration Notice is sent, the mediator's definition of issues, along with the Proposed Revisions (be those from ICANN, the Working Group or both) shall be posted for public comment on ICANN's website for a period of no less than thirty (30) calendar days. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators), and information regarding such comments and consideration shall be provided to a three (3) person arbitrator panel. Each party may modify its Proposed Revisions before and after the Posting Period. The arbitration proceeding may not commence prior to the closing of such public comment period, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. Except as set forth in this Section 7.7, the arbitration shall be conducted pursuant to Section 5.2.

(ii) No dispute regarding the Proposed Revisions may be submitted for arbitration to the extent the subject matter of the Proposed



Revisions (i) relates to Consensus Policy, (ii) falls within the subject matter categories set forth in Section 1.2 of Specification 1, or (iii) seeks to amend any of the following provisions or Specifications of this Agreement: Articles 1, 3 and 6; Sections 2.1, 2.2, 2.5, 2.7, 2.9, 2.10, 2.16, 2.17, 2.19, 4.1, 4.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16; Section 2.8 and Specification 7 (but only to the extent such Proposed Revisions seek to implement an RPM not contemplated by Sections 2.8 and Specification 7); Exhibit A; and Specifications 1, 4, 6, 10 and 11.

(iii) The mediator will brief the arbitrator panel regarding ICANN and the Working Group's respective proposals relating to the Proposed Revisions.

(iv) No amendment to this Agreement relating to the Proposed Revisions may be submitted for arbitration by either the Working Group or ICANN, unless, in the case of the Working Group, the proposed amendment has received Registry Operator Approval and, in the case of ICANN, the proposed amendment has been approved by the ICANN Board of Directors.

(v) In order for the arbitrator panel to approve either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions, the arbitrator panel must conclude that such proposed amendment is consistent with a balanced application of ICANN's core values (as described in ICANN's Bylaws) and reasonable in light of the balancing of the costs and benefits to the business interests of the Applicable Registry Operators and ICANN (as applicable), and the public benefit sought to be achieved by the Proposed Revisions as set forth in such amendment. If the arbitrator panel concludes that either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions meets the foregoing standard, such amendment shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator and deemed an Approved Amendment hereunder.

(f) With respect to an Approved Amendment relating to an amendment proposed by ICANN, Registry may apply in writing to ICANN for an exemption from such amendment pursuant to the provisions of Section 7.6.

(g) Notwithstanding anything in this Section 7.7 to the contrary, (a) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for the Approved Amendment to become effective with respect to Registry Operator, and (b) no Approved Amendment adopted pursuant to Section 7.7 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

**7.8 No Third-Party Beneficiaries.** This Agreement will not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

**7.9 General Notices.** Except for notices pursuant to Sections 7.6 and 7.7, all notices to be given under or in relation to this Agreement will be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this Agreement. All notices under Sections 7.6 and 7.7 shall be given by both posting of the applicable information on ICANN's web site and transmission of such information to Registry Operator by electronic mail. Any change in the contact information for notice below will be given by the party within thirty (30) calendar days of such change. Other than notices under Sections 7.6 or 7.7, any notice required by this Agreement will be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within three (3) calendar days. Any notice required by Sections 7.6 or 7.7 will be deemed to have been given when electronically posted on ICANN's website and upon confirmation of receipt by the email server. In the event other means of notice become practically achievable, such as notice via a secure website, the parties will work together to implement such notice means under this Agreement.

If to ICANN, addressed to:  
Internet Corporation for Assigned Names and Numbers  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536  
USA  
Telephone: +1-310-301-5800  
Facsimile: +1-310-823-8649  
Attention: President and CEO

With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:  
Symantec Corporation c/o FairWinds Partners  
1000 Potomac Street #350  
Washington, DC 20007  
USA  
Telephone: + 1 202 223 9252  
Facsimile: + 1 202 223 9256  
Attention: Philip Lodico, Managing Partner  
Email: lodico.sm@fairwindspartners.com

**7.10 Entire Agreement.** This Agreement (including those specifications and documents incorporated by reference to URL locations which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.

**7.11 English Language Controls.** Notwithstanding any translated version of this Agreement and/or specifications that may be provided to Registry Operator, the English language version of this Agreement and all referenced specifications are the official versions that bind the parties hereto. In the event of any conflict or discrepancy between any translated version of this Agreement and the English language version, the English language version controls. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

**7.12 Ownership Rights.** Nothing contained in this Agreement shall be construed as (a) establishing or granting to Registry Operator any property ownership rights or interests of Registry Operator in the TLD or the letters, words, symbols or other characters making up the TLD string, or (b) affecting any existing intellectual property or ownership rights of Registry Operator.

**7.13 Severability; Conflicts with Laws.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the balance of this Agreement or of any other term hereof, which shall remain in full force and effect. If any of the provisions hereof are determined to be invalid or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible. ICANN and the Working Group will mutually cooperate to develop an ICANN procedure for ICANN's review and consideration of alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement. Until such procedure is developed and implemented by ICANN, ICANN will review and consider alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement in a manner similar to ICANN's Procedure For Handling WHOIS Conflicts with Privacy Law.

**7.14 Court Orders.** ICANN will respect any order from a court of competent jurisdiction, including any orders from any jurisdiction where the consent or non-objection of the government was a requirement for the delegation of the TLD. Notwithstanding any other provision of this Agreement, ICANN's implementation of any such order will not be a breach of this Agreement

#### **7.15 Confidentiality**

(a) Subject to Section 7.15(c), during the Term and for a period of three (3) years thereafter, each party shall, and shall cause its and its Affiliates' officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to any third party, directly or indirectly, any information that is, and the disclosing party has



marked as, or has otherwise designated in writing to the receiving party as, “confidential trade secret,” “confidential commercial information” or “confidential financial information” (collectively, “Confidential Information”), except to the extent such disclosure is permitted by the terms of this Agreement.

(b) The confidentiality obligations under Section 7.15(a) shall not apply to any Confidential Information that (i) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no fault of the receiving party in breach of this Agreement, (ii) can be demonstrated by documentation or other competent proof to have been in the receiving party’s possession prior to disclosure by the disclosing party without any obligation of confidentiality with respect to such information, (iii) is subsequently received by the receiving party from a third party who is not bound by any obligation of confidentiality with respect to such information, (iv) has been published by a third party or otherwise enters the public domain through no fault of the receiving party, or (v) can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving party without reference to the disclosing party’s Confidential Information.

(c) Each party shall have the right to disclose Confidential Information to the extent that such disclosure is (i) made in response to a valid order of a court of competent jurisdiction or, if in the reasonable opinion of the receiving party’s legal counsel, such disclosure is otherwise required by applicable law; provided, however, that the receiving party shall first have given notice to the disclosing party and given the disclosing party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment order requiring that the Confidential Information that is the subject of such order or other applicable law be held in confidence by such court or other third party recipient, unless the receiving party is not permitted to provide such notice under such order or applicable law, or (ii) made by the receiving party or any of its Affiliates to its or their attorneys, auditors, advisors, consultants, contractors or other third parties for use by such person or entity as may be necessary or useful in connection with the performance of the activities under this Agreement, provided that such third party is bound by confidentiality obligations at least as stringent as those set forth herein, either by written agreement or through professional responsibility standards.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
Akram Atallah  
President, Global Domains Division

**SYMANTEC CORPORATION**

By: \_\_\_\_\_  
Simon Arenas  
Global Marketing Category Manager, Americas Procurement

## **EXHIBIT A**

### **Approved Services**

The ICANN gTLD Applicant Guidebook (located at <http://newgtlds.icann.org/en/applicants/agb>) and the RSEP specify processes for consideration of proposed registry services. Registry Operator may provide any service that is required by the terms of this Agreement. In addition, the following services (if any) are specifically identified as having been approved by ICANN prior to the effective date of the Agreement, and Registry Operator may provide such services:

#### **1. DNS Service – TLD Zone Contents**

Notwithstanding anything else in this Agreement, as indicated in section 2.2.3.3 of the gTLD Applicant Guidebook, permissible contents for the TLD's zone are:

- 1.1.** Apex SOA record
- 1.2.** Apex NS records and in-bailiwick glue for the TLD's DNS servers
- 1.3.** NS records and in-bailiwick glue for DNS servers of registered names in the TLD
- 1.4.** DS records for registered names in the TLD
- 1.5.** Records associated with signing the TLD zone (i.e., RRSIG, DNSKEY, NSEC, and NSEC3)

(Note: The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g., apex A, AAAA, MX records) in the TLD zone.)

If Registry Operator wishes to place any DNS resource record type into its TLD DNS zone (other than those listed in Sections 1.1 through 1.5 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS. Registry Operator recognizes and acknowledges that a service based on the use of less-common DNS resource records in the TLD zone, even if approved, might not work as intended for all users due to lack of software support.

#### **2. Anti-Abuse**

Registry Operator may suspend, delete or otherwise make changes to domain names in compliance with its anti-abuse policy.

#### **3. Searchable Whois**

Notwithstanding anything else in this Agreement, Registry Operator must offer a searchable Whois service compliant with the requirements described in Section 1.10 of Specification 4 of this Agreement. Registry Operator must make available the services only to authenticated users after they logged in by supplying proper credentials (i.e., user name and password). Registry Operator must issue such credentials exclusively to eligible users and institutions that

supply sufficient proof of their legitimate interest in this feature (e.g., law enforcement agencies). Registry Operator shall use rate-limiting to prevent abuse of the searchable Whois service.

## SPECIFICATION 1

### CONSENSUS POLICIES AND TEMPORARY POLICIES SPECIFICATION

#### 1. Consensus Policies.

- 1.1. “*Consensus Policies*” are those policies established (1) pursuant to the procedure set forth in ICANN’s Bylaws and due process, and (2) covering those topics listed in Section 1.2 of this Specification. The Consensus Policy development process and procedure set forth in ICANN’s Bylaws may be revised from time to time in accordance with the process set forth therein.
- 1.2. Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following:
  - 1.2.1 issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or Domain Name System (“DNS”);
  - 1.2.2 functional and performance specifications for the provision of Registry Services;
  - 1.2.3 Security and Stability of the registry database for the TLD;
  - 1.2.4 registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars;
  - 1.2.5 resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names); or
  - 1.2.6 restrictions on cross-ownership of registry operators and registrars or registrar resellers and regulations and restrictions with respect to registry operations and the use of registry and registrar data in the event that a registry operator and a registrar or registrar reseller are affiliated.
- 1.3. Such categories of issues referred to in Section 1.2 of this Specification shall include, without limitation:
  - 1.3.1 principles for allocation of registered names in the TLD (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - 1.3.2 prohibitions on warehousing of or speculation in domain names by registries or registrars;

- 1.3.3 reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (i) avoidance of confusion among or misleading of users, (ii) intellectual property, or (iii) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration); and
    - 1.3.4 maintenance of and access to accurate and up-to-date information concerning domain name registrations; and procedures to avoid disruptions of domain name registrations due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination.
  - 1.4. In addition to the other limitations on Consensus Policies, they shall not:
    - 1.4.1 prescribe or limit the price of Registry Services;
    - 1.4.2 modify the terms or conditions for the renewal or termination of the Registry Agreement;
    - 1.4.3 modify the limitations on Temporary Policies (defined below) or Consensus Policies;
    - 1.4.4 modify the provisions in the registry agreement regarding fees paid by Registry Operator to ICANN; or
    - 1.4.5 modify ICANN's obligations to ensure equitable treatment of registry operators and act in an open and transparent manner.
2. **Temporary Policies.** Registry Operator shall comply with and implement all specifications or policies established by the Board on a temporary basis, if adopted by the Board by a vote of at least two-thirds of its members, so long as the Board reasonably determines that such modifications or amendments are justified and that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the stability or security of Registry Services or the DNS ("**Temporary Policies**").
  - 2.1. Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any Temporary Policy, the Board shall state the period of time for which the Temporary Policy is adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws.
    - 2.1.1 ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the Temporary Policy and why

the Board believes such Temporary Policy should receive the consensus support of Internet stakeholders.

2.1.2 If the period of time for which the Temporary Policy is adopted exceeds ninety (90) calendar days, the Board shall reaffirm its temporary adoption every ninety (90) calendar days for a total period not to exceed one (1) year, in order to maintain such Temporary Policy in effect until such time as it becomes a Consensus Policy. If the one (1) year period expires or, if during such one (1) year period, the Temporary Policy does not become a Consensus Policy and is not reaffirmed by the Board, Registry Operator shall no longer be required to comply with or implement such Temporary Policy.

3. **Notice and Conflicts.** Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Policy in which to comply with such policy or specification, taking into account any urgency involved. In the event of a conflict between Registry Services and Consensus Policies or any Temporary Policy, the Consensus Policies or Temporary Policy shall control, but only with respect to subject matter in conflict.

## SPECIFICATION 2

### DATA ESCROW REQUIREMENTS

Registry Operator will engage an independent entity to act as data escrow agent (“**Escrow Agent**”) for the provision of data escrow services related to the Registry Agreement. The following Technical Specifications set forth in Part A, and Legal Requirements set forth in Part B, will be included in any data escrow agreement between Registry Operator and the Escrow Agent, under which ICANN must be named a third-party beneficiary. In addition to the following requirements, the data escrow agreement may contain other provisions that are not contradictory or intended to subvert the required terms provided below.

#### PART A – TECHNICAL SPECIFICATIONS

1. **Deposits.** There will be two types of Deposits: Full and Differential. For both types, the universe of Registry objects to be considered for data escrow are those objects necessary in order to offer all of the approved Registry Services.
  - 1.1. “**Full Deposit**” will consist of data that reflects the state of the registry as of 00:00:00 UTC (Coordinated Universal Time) on the day that such Full Deposit is submitted to Escrow Agent.
  - 1.2. “**Differential Deposit**” means data that reflects all transactions that were not reflected in the last previous Full or Differential Deposit, as the case may be. Each Differential Deposit will contain all database transactions since the previous Deposit was completed as of 00:00:00 UTC of each day, but Sunday. Differential Deposits must include complete Escrow Records as specified below that were not included or changed since the most recent full or Differential Deposit (i.e., newly added or modified domain names).
2. **Schedule for Deposits.** Registry Operator will submit a set of escrow files on a daily basis as follows:
  - 2.1. Each Sunday, a Full Deposit must be submitted to the Escrow Agent by 23:59 UTC.
  - 2.2. The other six (6) days of the week, a Full Deposit or the corresponding Differential Deposit must be submitted to Escrow Agent by 23:59 UTC.
3. **Escrow Format Specification.**
  - 3.1. **Deposit’s Format.** Registry objects, such as domains, contacts, name servers, registrars, etc. will be compiled into a file constructed as described in draft-arias-noguchi-registry-data-escrow, see Part A, Section 9, reference 1 of this Specification and draft-arias-noguchi-dnrd-objects-mapping, see Part A, Section 9, reference 2 of this Specification (collectively, the “DNDE Specification”). The DNDE Specification describes some elements as



optional; Registry Operator will include those elements in the Deposits if they are available. If not already an RFC, Registry Operator will use the most recent draft version of the DNDE Specification available at the Effective Date. Registry Operator may at its election use newer versions of the DNDE Specification after the Effective Date. Once the DNDE Specification is published as an RFC, Registry Operator will implement that version of the DNDE Specification, no later than one hundred eighty (180) calendar days after. UTF-8 character encoding will be used.

- 3.2. **Extensions.** If a Registry Operator offers additional Registry Services that require submission of additional data, not included above, additional “extension schemas” shall be defined in a case by case basis to represent that data. These “extension schemas” will be specified as described in Part A, Section 9, reference 2 of this Specification. Data related to the “extensions schemas” will be included in the deposit file described in Part A, Section 3.1 of this Specification. ICANN and the respective Registry Operator shall work together to agree on such new objects’ data escrow specifications.
4. **Processing of Deposit files.** The use of compression is recommended in order to reduce electronic data transfer times, and storage capacity requirements. Data encryption will be used to ensure the privacy of registry escrow data. Files processed for compression and encryption will be in the binary OpenPGP format as per OpenPGP Message Format - RFC 4880, see Part A, Section 9, reference 3 of this Specification. Acceptable algorithms for Public-key cryptography, Symmetric-key cryptography, Hash and Compression are those enumerated in RFC 4880, not marked as deprecated in OpenPGP IANA Registry, see Part A, Section 9, reference 4 of this Specification, that are also royalty-free. The process to follow for the data file in original text format is:
  - (1) The XML file of the deposit as described in Part A, Section 9, reference 1 of this Specification must be named as the containing file as specified in Section 5 but with the extension xml.
  - (2) The data file(s) are aggregated in a tarball file named the same as (1) but with extension tar.
  - (3) A compressed and encrypted OpenPGP Message is created using the tarball file as sole input. The suggested algorithm for compression is ZIP as per RFC 4880. The compressed data will be encrypted using the escrow agent’s public key. The suggested algorithms for Public-key encryption are Elgamal and RSA as per RFC 4880. The suggested algorithms for Symmetric-key encryption are TripleDES, AES128 and CAST5 as per RFC 4880.
  - (4) The file may be split as necessary if, once compressed and encrypted, it is larger than the file size limit agreed with the escrow agent. Every part of a

split file, or the whole file if not split, will be called a processed file in this section.

- (5) A digital signature file will be generated for every processed file using the Registry Operator's private key. The digital signature file will be in binary OpenPGP format as per RFC 4880 Section 9, reference 3, and will not be compressed or encrypted. The suggested algorithms for Digital signatures are DSA and RSA as per RFC 4880. The suggested algorithm for Hashes in Digital signatures is SHA256.
- (6) The processed files and digital signature files will then be transferred to the Escrow Agent through secure electronic mechanisms, such as, SFTP, SCP, HTTPS file upload, etc. as agreed between the Escrow Agent and the Registry Operator. Non-electronic delivery through a physical medium such as CD-ROMs, DVD-ROMs, or USB storage devices may be used if authorized by ICANN.
- (7) The Escrow Agent will then validate every (processed) transferred data file using the procedure described in Part A, Section 8 of this Specification.

5. **File Naming Conventions.** Files will be named according to the following convention: {gTLD}\_{YYYY-MM-DD}\_{type}\_S{#}\_R{rev}.{ext} where:

- 5.1. {gTLD} is replaced with the gTLD name; in case of an IDN-TLD, the ASCII-compatible form (A-Label) must be used;
- 5.2. {YYYY-MM-DD} is replaced by the date corresponding to the time used as a timeline watermark for the transactions; i.e. for the Full Deposit corresponding to 2009-08-02T00:00Z, the string to be used would be "2009-08-02";
- 5.3. {type} is replaced by:
  - (1) "full", if the data represents a Full Deposit;
  - (2) "diff", if the data represents a Differential Deposit;
  - (3) "thin", if the data represents a Bulk Registration Data Access file, as specified in Section 3 of Specification 4;
- 5.4. {#} is replaced by the position of the file in a series of files, beginning with "1"; in case of a lone file, this must be replaced by "1".
- 5.5. {rev} is replaced by the number of revision (or resend) of the file beginning with "0":

- 5.6. {ext} is replaced by “sig” if it is a digital signature file of the quasi-homonymous file. Otherwise it is replaced by “ryde”.
6. **Distribution of Public Keys.** Each of Registry Operator and Escrow Agent will distribute its public key to the other party (Registry Operator or Escrow Agent, as the case may be) via email to an email address to be specified. Each party will confirm receipt of the other party’s public key with a reply email, and the distributing party will subsequently reconfirm the authenticity of the key transmitted via offline methods, like in person meeting, telephone, etc. In this way, public key transmission is authenticated to a user able to send and receive mail via a mail server operated by the distributing party. Escrow Agent, Registry Operator and ICANN will exchange public keys by the same procedure.
7. **Notification of Deposits.** Along with the delivery of each Deposit, Registry Operator will deliver to Escrow Agent and to ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification (the “Interface Specification”)) a written statement (which may be by authenticated e-mail) that includes a copy of the report generated upon creation of the Deposit and states that the Deposit has been inspected by Registry Operator and is complete and accurate. Registry Operator will include the Deposit’s “id” and “resend” attributes in its statement. The attributes are explained in Part A, Section 9, reference 1 of this Specification.

If not already an RFC, Registry Operator will use the most recent draft version of the Interface Specification at the Effective Date. Registry Operator may at its election use newer versions of the Interface Specification after the Effective Date. Once the Interface Specification is published as an RFC, Registry Operator will implement that version of the Interface Specification, no later than one hundred eighty (180) calendar days after such publishing.

8. **Verification Procedure.**
- (1) The signature file of each processed file is validated.
  - (2) If processed files are pieces of a bigger file, the latter is put together.
  - (3) Each file obtained in the previous step is then decrypted and uncompressed.
  - (4) Each data file contained in the previous step is then validated against the format defined in Part A, Section 9, reference 1 of this Specification.
  - (5) If Part A, Section 9, reference 1 of this Specification includes a verification process, that will be applied at this step.

If any discrepancy is found in any of the steps, the Deposit will be considered incomplete.

9. **References.**

- (1) Domain Name Data Escrow Specification (work in progress),  
<http://tools.ietf.org/html/draft-arias-noguchi-registry-data-escrow>
- (2) Domain Name Registration Data (DNRD) Objects Mapping,  
<http://tools.ietf.org/html/draft-arias-noguchi-dnrd-objects-mapping>
- (3) OpenPGP Message Format, <http://www.rfc-editor.org/rfc/rfc4880.txt>
- (4) OpenPGP parameters,  
<http://www.iana.org/assignments/pgp-parameters/pgp-parameters.xhtml>
- (5) ICANN interfaces for registries and data escrow agents,  
<http://tools.ietf.org/html/draft-lozano-icann-registry-interfaces>

## PART B – LEGAL REQUIREMENTS

1. **Escrow Agent.** Prior to entering into an escrow agreement, the Registry Operator must provide notice to ICANN as to the identity of the Escrow Agent, and provide ICANN with contact information and a copy of the relevant escrow agreement, and all amendments thereto. In addition, prior to entering into an escrow agreement, Registry Operator must obtain the consent of ICANN to (a) use the specified Escrow Agent, and (b) enter into the form of escrow agreement provided. ICANN must be expressly designated as a third-party beneficiary of the escrow agreement. ICANN reserves the right to withhold its consent to any Escrow Agent, escrow agreement, or any amendment thereto, all in its sole discretion.
2. **Fees.** Registry Operator must pay, or have paid on its behalf, fees to the Escrow Agent directly. If Registry Operator fails to pay any fee by the due date(s), the Escrow Agent will give ICANN written notice of such non-payment and ICANN may pay the past-due fee(s) within fifteen (15) calendar days after receipt of the written notice from Escrow Agent. Upon payment of the past-due fees by ICANN, ICANN shall have a claim for such amount against Registry Operator, which Registry Operator shall be required to submit to ICANN together with the next fee payment due under the Registry Agreement.
3. **Ownership.** Ownership of the Deposits during the effective term of the Registry Agreement shall remain with Registry Operator at all times. Thereafter, Registry Operator shall assign any such ownership rights (including intellectual property rights, as the case may be) in such Deposits to ICANN. In the event that during the term of the Registry Agreement any Deposit is released from escrow to ICANN, any intellectual property rights held by Registry Operator in the Deposits will automatically be licensed to ICANN or to a party designated in writing by ICANN on a non-exclusive, perpetual, irrevocable, royalty-free, paid-up basis, for any use related to the operation, maintenance or transition of the TLD.
4. **Integrity and Confidentiality.** Escrow Agent will be required to (i) hold and maintain the Deposits in a secure, locked, and environmentally safe facility, which is accessible only to authorized representatives of Escrow Agent, (ii) protect the integrity and confidentiality of the Deposits using commercially reasonable measures and (iii) keep and safeguard each Deposit for one (1) year. ICANN and Registry Operator will be provided the right to inspect Escrow Agent’s applicable records upon reasonable prior notice and during normal business hours. Registry Operator and ICANN will be provided with the right to designate a third-party auditor to audit Escrow Agent’s compliance with the technical specifications and maintenance requirements of this Specification 2 from time to time.

If Escrow Agent receives a subpoena or any other order from a court or other judicial tribunal pertaining to the disclosure or release of the Deposits, Escrow Agent will promptly notify the Registry Operator and ICANN unless prohibited by law. After notifying the Registry Operator and ICANN, Escrow Agent shall allow

sufficient time for Registry Operator or ICANN to challenge any such order, which shall be the responsibility of Registry Operator or ICANN; provided, however, that Escrow Agent does not waive its rights to present its position with respect to any such order. Escrow Agent will cooperate with the Registry Operator or ICANN to support efforts to quash or limit any subpoena, at such party's expense. Any party requesting additional assistance shall pay Escrow Agent's standard charges or as quoted upon submission of a detailed request.

5. **Copies.** Escrow Agent may be permitted to duplicate any Deposit, in order to comply with the terms and provisions of the escrow agreement.
6. **Release of Deposits.** Escrow Agent will make available for electronic download (unless otherwise requested) to ICANN or its designee, within twenty-four (24) hours, at the Registry Operator's expense, all Deposits in Escrow Agent's possession in the event that the Escrow Agent receives a request from Registry Operator to effect such delivery to ICANN, or receives one of the following written notices by ICANN stating that:
  - 6.1. the Registry Agreement has expired without renewal, or been terminated; or
  - 6.2. ICANN has not received a notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent within five (5) calendar days after the Deposit's scheduled delivery date; (a) ICANN gave notice to Escrow Agent and Registry Operator of that failure; and (b) ICANN has not, within seven (7) calendar days after such notice, received the notification from Escrow Agent; or
  - 6.3. ICANN has received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of failed verification of the latest escrow deposit for a specific date or a notification of a missing deposit, and the notification is for a deposit that should have been made on Sunday (i.e., a Full Deposit); (a) ICANN gave notice to Registry Operator of that receipt; and (b) ICANN has not, within seven (7) calendar days after such notice, received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of verification of a remediated version of such Full Deposit; or
  - 6.4. ICANN has received five notifications from Escrow Agent within the last thirty (30) calendar days notifying ICANN of either missing or failed escrow deposits that should have been made Monday through Saturday (i.e., a Differential Deposit), and (x) ICANN provided notice to Registry Operator of the receipt of such notifications; and (y) ICANN has not, within seven (7) calendar days after delivery of such notice to Registry Operator, received notification from Escrow Agent of verification of a remediated version of such Differential Deposit; or

- 6.5. Registry Operator has: (i) ceased to conduct its business in the ordinary course; or (ii) filed for bankruptcy, become insolvent or anything analogous to any of the foregoing under the laws of any jurisdiction anywhere in the world; or
- 6.6. Registry Operator has experienced a failure of critical registry functions and ICANN has asserted its rights pursuant to Section 2.13 of the Agreement; or
- 6.7. a competent court, arbitral, legislative, or government agency mandates the release of the Deposits to ICANN; or
- 6.8. pursuant to Contractual and Operational Compliance Audits as specified under Section 2.11 of the Agreement.

Unless Escrow Agent has previously released the Registry Operator's Deposits to ICANN or its designee, Escrow Agent will deliver all Deposits to ICANN upon expiration or termination of the Registry Agreement or the Escrow Agreement.

7. **Verification of Deposits.**

- 7.1. Within twenty-four (24) hours after receiving each Deposit or corrected Deposit, Escrow Agent must verify the format and completeness of each Deposit and deliver to ICANN a notification generated for each Deposit. Reports will be delivered electronically using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification.
- 7.2. If Escrow Agent discovers that any Deposit fails the verification procedures or if Escrow Agent does not receive any scheduled Deposit, Escrow Agent must notify Registry Operator either by email, fax or phone and ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification) of such nonconformity or non-receipt within twenty-four (24) hours after receiving the non-conformant Deposit or the deadline for such Deposit, as applicable. Upon notification of such verification or delivery failure, Registry Operator must begin developing modifications, updates, corrections, and other fixes of the Deposit necessary for the Deposit to be delivered and pass the verification procedures and deliver such fixes to Escrow Agent as promptly as possible.

8. **Amendments.** Escrow Agent and Registry Operator shall amend the terms of the Escrow Agreement to conform to this Specification 2 within ten (10) calendar days of any amendment or modification to this Specification 2. In the event of a conflict between this Specification 2 and the Escrow Agreement, this Specification 2 shall control.

9. **Indemnity.** Escrow Agent shall indemnify and hold harmless Registry Operator and ICANN, and each of their respective directors, officers, agents, employees, members,



and stockholders (“Indemnitees”) absolutely and forever from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys’ fees and costs, that may be asserted by a third party against any Indemnitee in connection with the misrepresentation, negligence or misconduct of Escrow Agent, its directors, officers, agents, employees and contractors.



## SPECIFICATION 3

### FORMAT AND CONTENT FOR REGISTRY OPERATOR MONTHLY REPORTING

Registry Operator shall provide one set of monthly reports per gTLD, using the API described in draft-lozano-icann-registry-interfaces, see Specification 2, Part A, Section 9, reference 5, with the following content.

ICANN may request in the future that the reports be delivered by other means and using other formats. ICANN will use reasonable commercial efforts to preserve the confidentiality of the information reported until three (3) months after the end of the month to which the reports relate. Unless set forth in this Specification 3, any reference to a specific time refers to Coordinated Universal Time (UTC). Monthly reports shall consist of data that reflects the state of the registry at the end of the month (UTC).

1. **Per-Registrar Transactions Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-transactions-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields per registrar:

Field #	Field name	Description
01	registrar-name	Registrar’s full corporate name as registered with IANA
02	iana-id	For cases where the registry operator acts as registrar (i.e., without the use of an ICANN accredited registrar) 9999 should be used, otherwise the sponsoring Registrar IANA id should be used as specified in <a href="http://www.iana.org/assignments/registrar-ids">http://www.iana.org/assignments/registrar-ids</a>
03	total-domains	total domain names under sponsorship in any EPP status but pendingCreate that have not been purged
04	total-nameservers	total name servers (either host objects or name server hosts as domain name attributes) associated with domain names registered for the TLD in any EPP status but pendingCreate that have not been purged
05	net-adds-1-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of one (1) year (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
06	net-adds-2-yr	number of domains successfully registered (i.e., not

		in EPP pendingCreate status) with an initial term of two(2) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
07	net-adds-3-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of three (3) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
08	net-adds-4-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of four (4) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
09	net-adds-5-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of five (5) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
10	net-adds-6-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of six (6) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
11	net-adds-7-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of seven (7) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
12	net-adds-8-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of eight (8) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
13	net-adds-9-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of nine (9) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
14	net-adds-10-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of ten (10) years (and not deleted within the add grace period). A transaction must be reported in the month

		the add grace period ends.
15	net-renews-1-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of one (1) year (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
16	net-renews-2-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of two (2) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
17	net-renews-3-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of three (3) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
18	net-renews-4-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of four (4) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
19	net-renews-5-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of five (5) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
20	net-renews-6-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of six (6) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.

21	net-renews-7-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of seven (7) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
22	net-renews-8-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of eight (8) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
23	net-renews-9-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of nine (9) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
24	net-renews-10-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of ten (10) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
25	transfer-gaining-successful	number of domain transfers initiated by this registrar that were successfully completed (either explicitly or automatically approved) and not deleted within the transfer grace period. A transaction must be reported in the month the transfer grace period ends.
26	transfer-gaining-nacked	number of domain transfers initiated by this registrar that were rejected (e.g., EPP transfer op="reject") by the other registrar
27	transfer-losing-successful	number of domain transfers initiated by another registrar that were successfully completed (either explicitly or automatically approved)
28	transfer-losing-nacked	number of domain transfers initiated by another registrar that this registrar rejected (e.g., EPP transfer op="reject")

29	transfer-disputed-won	number of transfer disputes in which this registrar prevailed (reported in the month where the determination happened)
30	transfer-disputed-lost	number of transfer disputes this registrar lost (reported in the month where the determination happened)
31	transfer-disputed-nodecision	number of transfer disputes involving this registrar with a split or no decision (reported in the month where the determination happened)
32	deleted-domains-grace	domains deleted within the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
33	deleted-domains-nograce	domains deleted outside the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
34	restored-domains	domain names restored from redemption period
35	restored-noreport	total number of restored names for which the registrar failed to submit a restore report
36	agp-exemption-requests	total number of AGP (add grace period) exemption requests
37	agp-exemptions-granted	total number of AGP (add grace period) exemption requests granted
38	agp-exempted-domains	total number of names affected by granted AGP (add grace period) exemption requests
39	attempted-adds	number of attempted (both successful and failed) domain name create commands

The first line shall include the field names exactly as described in the table above as a “header line” as described in section 2 of RFC 4180. The last line of each report shall include totals for each column across all registrars; the first field of this line shall read “Totals” while the second field shall be left empty in that line. No other lines besides the ones described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

2. **Registry Functions Activity Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-activity-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields:

Field #	Field Name	Description
01	operational-registrars	number of operational registrars at the end of the reporting period
02	ramp-up-registrars	number of registrars that have received a password for access to OT&E at the end of the reporting period
03	pre-ramp-up-registrars	number of registrars that have requested access, but have not yet entered the ramp-up period at the end of the reporting period
04	zfa-passwords	number of active zone file access passwords at the end of the reporting period
05	whois-43-queries	number of WHOIS (port-43) queries responded during the reporting period
06	web-whois-queries	number of Web-based Whois queries responded during the reporting period, not including searchable Whois
07	searchable-whois-queries	number of searchable Whois queries responded during the reporting period, if offered
08	dns-udp-queries-received	number of DNS queries received over UDP transport during the reporting period
09	dns-udp-queries-responded	number of DNS queries received over UDP transport that were responded during the reporting period
10	dns-tcp-queries-received	number of DNS queries received over TCP transport during the reporting period
11	dns-tcp-queries-responded	number of DNS queries received over TCP transport that were responded during the reporting period
12	srs-dom-check	number of SRS (EPP and any other interface) domain name "check" requests responded during the reporting period
13	srs-dom-create	number of SRS (EPP and any other interface) domain name "create" requests responded during the reporting period
14	srs-dom-delete	number of SRS (EPP and any other interface) domain name "delete" requests responded during the reporting period
15	srs-dom-info	number of SRS (EPP and any other interface) domain name "info" requests responded during the reporting period

Field #	Field Name	Description
16	srs-dom-renew	number of SRS (EPP and any other interface) domain name "renew" requests responded during the reporting period
17	srs-dom-rgp-restore-report	number of SRS (EPP and any other interface) domain name RGP "restore" requests delivering a restore report responded during the reporting period
18	srs-dom-rgp-restore-request	number of SRS (EPP and any other interface) domain name RGP "restore" requests responded during the reporting period
19	srs-dom-transfer-approve	number of SRS (EPP and any other interface) domain name "transfer" requests to approve transfers responded during the reporting period
20	srs-dom-transfer-cancel	number of SRS (EPP and any other interface) domain name "transfer" requests to cancel transfers responded during the reporting period
21	srs-dom-transfer-query	number of SRS (EPP and any other interface) domain name "transfer" requests to query about a transfer responded during the reporting period
22	srs-dom-transfer-reject	number of SRS (EPP and any other interface) domain name "transfer" requests to reject transfers responded during the reporting period
23	srs-dom-transfer-request	number of SRS (EPP and any other interface) domain name "transfer" requests to request transfers responded during the reporting period
24	srs-dom-update	number of SRS (EPP and any other interface) domain name "update" requests (not including RGP restore requests) responded during the reporting period
25	srs-host-check	number of SRS (EPP and any other interface) host "check" requests responded during the reporting period
26	srs-host-create	number of SRS (EPP and any other interface) host "create" requests responded during the reporting period
27	srs-host-delete	number of SRS (EPP and any other interface) host "delete" requests responded during the reporting period



Field #	Field Name	Description
28	srs-host-info	number of SRS (EPP and any other interface) host "info" requests responded during the reporting period
29	srs-host-update	number of SRS (EPP and any other interface) host "update" requests responded during the reporting period
30	srs-cont-check	number of SRS (EPP and any other interface) contact "check" requests responded during the reporting period
31	srs-cont-create	number of SRS (EPP and any other interface) contact "create" requests responded during the reporting period
32	srs-cont-delete	number of SRS (EPP and any other interface) contact "delete" requests responded during the reporting period
33	srs-cont-info	number of SRS (EPP and any other interface) contact "info" requests responded during the reporting period
34	srs-cont-transfer-approve	number of SRS (EPP and any other interface) contact "transfer" requests to approve transfers responded during the reporting period
35	srs-cont-transfer-cancel	number of SRS (EPP and any other interface) contact "transfer" requests to cancel transfers responded during the reporting period
36	srs-cont-transfer-query	number of SRS (EPP and any other interface) contact "transfer" requests to query about a transfer responded during the reporting period
37	srs-cont-transfer-reject	number of SRS (EPP and any other interface) contact "transfer" requests to reject transfers responded during the reporting period
38	srs-cont-transfer-request	number of SRS (EPP and any other interface) contact "transfer" requests to request transfers responded during the reporting period
39	srs-cont-update	number of SRS (EPP and any other interface) contact "update" requests responded during the reporting period

The first line shall include the field names exactly as described in the table above as a "header line" as described in section 2 of RFC 4180. No other lines besides the ones



described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

For gTLDs that are part of a single-instance Shared Registry System, the Registry Functions Activity Report may include the total contact or host transactions for all the gTLDs in the system.

## SPECIFICATION 4

### REGISTRATION DATA PUBLICATION SERVICES

1. **Registration Data Directory Services.** Until ICANN requires a different protocol, Registry Operator will operate a WHOIS service available via port 43 in accordance with RFC 3912, and a web-based Directory Service at <whois.nic.TLD> providing free public query-based access to at least the following elements in the following format. ICANN reserves the right to specify alternative formats and protocols, and upon such specification, the Registry Operator will implement such alternative specification as soon as reasonably practicable.

Registry Operator shall implement a new standard supporting access to domain name registration data (SAC 051) no later than one hundred thirty-five (135) days after it is requested by ICANN if: 1) the IETF produces a standard (i.e., it is published, at least, as a Proposed Standard RFC as specified in RFC 2026); and 2) its implementation is commercially reasonable in the context of the overall operation of the registry.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registry Operator, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and registrant information, together.
- 1.4. The fields specified below set forth the minimum output requirements. Registry Operator may output data fields in addition to those specified below, subject to approval by ICANN, which approval shall not be unreasonably withheld.
- 1.5. **Domain Name Data:**

1.5.1 **Query format:** whois EXAMPLE.TLD

1.5.2 **Response format:**

Domain Name: EXAMPLE.TLD

Domain ID: D1234567-TLD

WHOIS Server: whois.example.tld  
Referral URL: http://www.example.tld  
Updated Date: 2009-05-29T20:13:00Z  
Creation Date: 2000-10-08T00:45:00Z  
Registry Expiry Date: 2010-10-08T00:44:59Z  
Sponsoring Registrar: EXAMPLE REGISTRAR LLC  
Sponsoring Registrar IANA ID: 5555555  
Domain Status: clientDeleteProhibited  
Domain Status: clientRenewProhibited  
Domain Status: clientTransferProhibited  
Domain Status: serverUpdateProhibited  
Registrant ID: 5372808-ERL  
Registrant Name: EXAMPLE REGISTRANT  
Registrant Organization: EXAMPLE ORGANIZATION  
Registrant Street: 123 EXAMPLE STREET  
Registrant City: ANYTOWN  
Registrant State/Province: AP  
Registrant Postal Code: A1A1A1  
Registrant Country: EX  
Registrant Phone: +1.5555551212  
Registrant Phone Ext: 1234  
Registrant Fax: +1.5555551213  
Registrant Fax Ext: 4321  
Registrant Email: EMAIL@EXAMPLE.TLD  
Admin ID: 5372809-ERL  
Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE  
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION  
Admin Street: 123 EXAMPLE STREET  
Admin City: ANYTOWN  
Admin State/Province: AP  
Admin Postal Code: A1A1A1  
Admin Country: EX  
Admin Phone: +1.5555551212  
Admin Phone Ext: 1234  
Admin Fax: +1.5555551213  
Admin Fax Ext:  
Admin Email: EMAIL@EXAMPLE.TLD  
Tech ID: 5372811-ERL  
Tech Name: EXAMPLE REGISTRAR TECHNICAL  
Tech Organization: EXAMPLE REGISTRAR LLC  
Tech Street: 123 EXAMPLE STREET  
Tech City: ANYTOWN  
Tech State/Province: AP  
Tech Postal Code: A1A1A1  
Tech Country: EX  
Tech Phone: +1.1235551234

Tech Phone Ext: 1234  
Tech Fax: +1.5555551213  
Tech Fax Ext: 93  
Tech Email: EMAIL@EXAMPLE.TLD  
Name Server: NS01.EXAMPLEREGISTRAR.TLD  
Name Server: NS02.EXAMPLEREGISTRAR.TLD  
DNSSEC: signedDelegation  
DNSSEC: unsigned  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.6. Registrar Data:

1.6.1 **Query format:** whois "registrar Example Registrar, Inc."

1.6.2 **Response format:**

Registrar Name: Example Registrar, Inc.  
Street: 1234 Admiralty Way  
City: Marina del Rey  
State/Province: CA  
Postal Code: 90292  
Country: US  
Phone Number: +1.3105551212  
Fax Number: +1.3105551213  
Email: registrar@example.tld  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
Admin Contact: Joe Registrar  
Phone Number: +1.3105551213  
Fax Number: +1.3105551213  
Email: joeregistrar@example-registrar.tld  
Admin Contact: Jane Registrar  
Phone Number: +1.3105551214  
Fax Number: +1.3105551213  
Email: janeregistrar@example-registrar.tld  
Technical Contact: John Geek  
Phone Number: +1.3105551215  
Fax Number: +1.3105551216  
Email: johngeek@example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.7. Nameserver Data:

1.7.1 **Query format:** whois "NS1.EXAMPLE.TLD", whois "nameserver (nameserver name)", or whois "nameserver (IP Address)"

### 1.7.2 Response format:

Server Name: NS1.EXAMPLE.TLD  
IP Address: 192.0.2.123  
IP Address: 2001:0DB8::1  
Registrar: Example Registrar, Inc.  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

- 1.8. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers (the extension will be provided as a separate field as shown above), email addresses, date and times should conform to the mappings specified in EPP RFCs 5730-5734 so that the display of this information (or values return in WHOIS responses) can be uniformly processed and understood.
- 1.9. In order to be compatible with ICANN's common interface for WHOIS (InterNIC), WHOIS output shall be in the format outline above.
- 1.10. **Searchability.** Offering searchability capabilities on the Directory Services is optional but if offered by the Registry Operator it shall comply with the specification described in this section.
  - 1.10.1 Registry Operator will offer searchability on the web-based Directory Service.
  - 1.10.2 Registry Operator will offer partial match capabilities, at least, on the following fields: domain name, contacts and registrant's name, and contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.).
  - 1.10.3 Registry Operator will offer exact-match capabilities, at least, on the following fields: registrar id, name server name, and name server's IP address (only applies to IP addresses stored by the registry, i.e., glue records).
  - 1.10.4 Registry Operator will offer Boolean search capabilities supporting, at least, the following logical operators to join a set of search criteria: AND, OR, NOT.
  - 1.10.5 Search results will include domain names matching the search criteria.
  - 1.10.6 Registry Operator will: 1) implement appropriate measures to avoid abuse of this feature (e.g., permitting access only to legitimate

authorized users); and 2) ensure the feature is in compliance with any applicable privacy laws or policies.

- 1.11. Registry Operator shall provide a link on the primary website for the TLD (i.e., the website provided to ICANN for publishing on the ICANN website) to a web page designated by ICANN containing WHOIS policy and educational materials.

## 2. **Zone File Access**

### 2.1. **Third-Party Access**

- 2.1.1 **Zone File Access Agreement.** Registry Operator will enter into an agreement with any Internet user, which will allow such user to access an Internet host server or servers designated by Registry Operator and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider, which may be ICANN or an ICANN designee (the "CZDA Provider"). Registry Operator (optionally through the CZDA Provider) will provide access to zone file data per Section 2.1.3 of this Specification and do so using the file format described in Section 2.1.4 of this Specification. Notwithstanding the foregoing, (a) the CZDA Provider may reject the request for access of any user that does not satisfy the credentialing requirements in Section 2.1.2 below; (b) Registry Operator may reject the request for access of any user that does not provide correct or legitimate credentials under Section 2.1.2 below or where Registry Operator reasonably believes will violate the terms of Section 2.1.5. below; and, (c) Registry Operator may revoke access of any user if Registry Operator has evidence to support that the user has violated the terms of Section 2.1.5 below.
- 2.1.2 **Credentialing Requirements.** Registry Operator, through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address and IP address.
- 2.1.3 **Grant of Access.** Each Registry Operator (optionally through the CZDA Provider) will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL (specifically, <TLD>.zda.icann.org where <TLD> is the TLD for which the registry is responsible) for the user to access the Registry's zone data archives. Registry Operator will grant the user a non-exclusive, nontransferable, limited right to access Registry Operator's (optionally CZDA Provider's) Zone File hosting server, and to transfer

a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN. For every zone file access server, the zone files are in the top-level directory called <zone>.zone.gz, with <zone>.zone.gz.md5 and <zone>.zone.gz.sig to verify downloads. If the Registry Operator (or the CZDA Provider) also provides historical data, it will use the naming pattern <zone>-yyyymmdd.zone.gz, etc.

**2.1.4 File Format Standard.** Registry Operator (optionally through the CZDA Provider) will provide zone files using a subformat of the standard Master File format as originally defined in RFC 1035, Section 5, including all the records present in the actual zone used in the public DNS. Sub-format is as follows:

1. Each record must include all fields in one line as: <domain-name> <TTL> <class> <type> <RDATA>.
2. Class and Type must use the standard mnemonics and must be in lower case.
3. TTL must be present as a decimal integer.
4. Use of /X and /DDD inside domain names is allowed.
5. All domain names must be in lower case.
6. Must use exactly one tab as separator of fields inside a record.
7. All domain names must be fully qualified.
8. No \$ORIGIN directives.
9. No use of "@" to denote current origin.
10. No use of "blank domain names" at the beginning of a record to continue the use of the domain name in the previous record.
11. No \$INCLUDE directives.
12. No \$TTL directives.
13. No use of parentheses, e.g., to continue the list of fields in a record across a line boundary.
14. No use of comments.
15. No blank lines.

16. The SOA record should be present at the top and (duplicated at) the end of the zone file.
17. With the exception of the SOA record, all the records in a file must be in alphabetical order.
18. One zone per file. If a TLD divides its DNS data into multiple zones, each goes into a separate file named as above, with all the files combined using tar into a file called <tld>.zone.tar.

2.1.5 **Use of Data by User.** Registry Operator will permit user to use the zone file for lawful purposes; provided that (a) user takes all reasonable steps to protect against unauthorized access to and use and disclosure of the data and (b) under no circumstances will Registry Operator be required or permitted to allow user to use the data to, (i) allow, enable, or otherwise support the transmission by email, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than user's own existing customers, or (ii) enable high volume, automated, electronic processes that send queries or data to the systems of Registry Operator or any ICANN-accredited registrar.

2.1.6 **Term of Use.** Registry Operator, through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. Registry Operator will allow users to renew their Grant of Access.

2.1.7 **No Fee for Access.** Registry Operator will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

## 2.2. **Co-operation**

2.2.1 **Assistance.** Registry Operator will co-operate and provide reasonable assistance to ICANN and the CZDA Provider to facilitate and maintain the efficient access of zone file data by permitted users as contemplated under this Schedule.

2.3. **ICANN Access.** Registry Operator shall provide bulk access to the zone files for the TLD to ICANN or its designee on a continuous basis in the manner ICANN may reasonably specify from time to time. Access will be provided at least daily. Zone files will include SRS data committed as close as possible to 00:00:00 UTC.

2.4. **Emergency Operator Access.** Registry Operator shall provide bulk access to the zone files for the TLD to the Emergency Operators designated by ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.



### 3. Bulk Registration Data Access to ICANN

- 3.1. **Periodic Access to Thin Registration Data.** In order to verify and ensure the operational stability of Registry Services as well as to facilitate compliance checks on accredited registrars, Registry Operator will provide ICANN on a weekly basis (the day to be designated by ICANN) with up-to-date Registration Data as specified below. Data will include data committed as of 00:00:00 UTC on the day previous to the one designated for retrieval by ICANN.
- 3.1.1 **Contents.** Registry Operator will provide, at least, the following data for all registered domain names: domain name, domain name repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars, at least, it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar.
- 3.1.2 **Format.** The data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the previous section, i.e., the file will only contain Domain and Registrar objects with the fields mentioned above. Registry Operator has the option to provide a full deposit file instead as specified in Specification 2.
- 3.1.3 **Access.** Registry Operator will have the file(s) ready for download as of 00:00:00 UTC on the day designated for retrieval by ICANN. The file(s) will be made available for download by SFTP, though ICANN may request other means in the future.
- 3.2. **Exceptional Access to Thick Registration Data.** In case of a registrar failure, deaccreditation, court order, etc. that prompts the temporary or definitive transfer of its domain names to another registrar, at the request of ICANN, Registry Operator will provide ICANN with up-to-date data for the domain names of the losing registrar. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. Registry Operator will provide the data as soon as commercially practicable, but in no event later than five (5) calendar days following ICANN's request. Unless otherwise agreed by Registry Operator and ICANN, the file will be made available for download by ICANN in the same manner as the data specified in Section 3.1 of this Specification.

## SPECIFICATION 5

### SCHEDULE OF RESERVED NAMES

Except to the extent that ICANN otherwise expressly authorizes in writing, and subject to the terms and conditions of this Specification, Registry Operator shall reserve the following labels from initial (i.e., other than renewal) registration within the TLD. If using self-allocation, the Registry Operator must show the registration in the RDDS. In the case of IDN names (as indicated below), IDN variants will be identified according to the registry operator IDN registration policy, where applicable.

1. **Example.** The ASCII label “EXAMPLE” shall be withheld from registration or allocated to Registry Operator at the second level and at all other levels within the TLD at which Registry Operator offers registrations (such second level and all other levels are collectively referred to herein as, “All Levels”). Such label may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, such withheld or allocated label shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such name without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
2. **Two-character labels.** All two-character ASCII labels shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Such labels may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator, provided that such two-character label strings may be released to the extent that Registry Operator reaches agreement with the related government and country-code manager of the string as specified in the ISO 3166-1 alpha-2 standard. The Registry Operator may also propose the release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes, subject to approval by ICANN. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, all such labels that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
3. **Reservations for Registry Operations.**
  - 3.1. The following ASCII labels must be withheld from registration or allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: WWW, RDDS and WHOIS. The following ASCII label must be allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: NIC. Registry Operator may activate WWW, RDDS and WHOIS in the DNS, but must activate NIC in the

DNS, as necessary for the operation of the TLD. None of WWW, RDDS, WHOIS or NIC may be released or registered to any person (other than Registry Operator) or third party. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD all such withheld or allocated names shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

- 3.2. Registry Operator may activate in the DNS at All Levels up to one hundred (100) names (plus their IDN variants, where applicable) necessary for the operation or the promotion of the TLD. Registry Operator must act as the Registered Name Holder of such names as that term is defined in the then-current ICANN Registrar Accreditation Agreement (RAA). These activations will be considered Transactions for purposes of Section 6.1 of the Agreement. Registry Operator must either (i) register such names through an ICANN-accredited registrar; or (ii) self-allocate such names and with respect to those names submit to and be responsible to ICANN for compliance with ICANN Consensus Policies and the obligations set forth in Subsections 3.7.7.1 through 3.7.7.12 of the then-current RAA (or any other replacement clause setting out the terms of the registration agreement between a registrar and a registered name holder). At Registry Operator's discretion and in compliance with all other terms of this Agreement, such names may be released for registration to another person or entity.
- 3.3. Registry Operator may withhold from registration or allocate to Registry Operator names (including their IDN variants, where applicable) at All Levels in accordance with Section 2.6 of the Agreement. Such names may not be activated in the DNS, but may be released for registration to another person or entity at Registry Operator's discretion. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Upon ICANN's request, Registry Operator shall provide a listing of all names withheld or allocated to Registry Operator pursuant to Section 2.6 of the Agreement. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
4. **Country and Territory Names.** The country and territory names (including their IDN variants, where applicable) contained in the following internationally recognized lists shall be withheld from registration or allocated to Registry Operator at All Levels:
  - 4.1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European

Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union

<[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)>;

- 4.2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- 4.3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names;

provided, that the reservation of specific country and territory names (including their IDN variants according to the registry operator IDN registration policy, where applicable) may be released to the extent that Registry Operator reaches agreement with the applicable government(s). Registry Operator must not activate such names in the DNS; provided, that Registry Operator may propose the release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

5. **International Olympic Committee; International Red Cross and Red Crescent Movement.** As instructed from time to time by ICANN, the names (including their IDN variants, where applicable) relating to the International Olympic Committee, International Red Cross and Red Crescent Movement listed at <http://www.icann.org/en/resources/registries/reserved> shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Additional International Olympic Committee, International Red Cross and Red Crescent Movement names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Such names may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
6. **Intergovernmental Organizations.** As instructed from time to time by ICANN, Registry Operator will implement the protections mechanism determined by the

ICANN Board of Directors relating to the protection of identifiers for Intergovernmental Organizations. A list of reserved names for this Section 6 is available at <http://www.icann.org/en/resources/registries/reserved>. Additional names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Any such protected identifiers for Intergovernmental Organizations may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such protected identifiers shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

## SPECIFICATION 6

### REGISTRY INTEROPERABILITY AND CONTINUITY SPECIFICATIONS

#### 1. Standards Compliance

- 1.1. **DNS.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF), including all successor standards, modifications or additions thereto relating to the DNS and name server operations including without limitation RFCs 1034, 1035, 1123, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, and 5966. DNS labels may only include hyphens in the third and fourth position if they represent valid IDNs (as specified above) in their ASCII encoding (e.g., “xn--ndk061n”).
- 1.2. **EPP.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF) including all successor standards, modifications or additions thereto relating to the provisioning and management of domain names using the Extensible Provisioning Protocol (EPP) in conformance with RFCs 5910, 5730, 5731, 5732 (if using host objects), 5733 and 5734. If Registry Operator implements Registry Grace Period (RGP), it will comply with RFC 3915 and its successors. If Registry Operator requires the use of functionality outside the base EPP RFCs, Registry Operator must document EPP extensions in Internet-Draft format following the guidelines described in RFC 3735. Registry Operator will provide and update the relevant documentation of all the EPP Objects and Extensions supported to ICANN prior to deployment.
- 1.3. **DNSSEC.** Registry Operator shall sign its TLD zone files implementing Domain Name System Security Extensions (“DNSSEC”). During the Term, Registry Operator shall comply with RFCs 4033, 4034, 4035, 4509 and their successors, and follow the best practices described in RFC 4641 and its successors. If Registry Operator implements Hashed Authenticated Denial of Existence for DNS Security Extensions, it shall comply with RFC 5155 and its successors. Registry Operator shall accept public-key material from child domain names in a secure manner according to industry best practices. Registry shall also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants’ public-key material. Registry Operator shall publish its DPS following the format described in RFC 6841.
- 1.4. **IDN.** If the Registry Operator offers Internationalized Domain Names (“IDNs”), it shall comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registry Operator shall comply with the ICANN IDN Guidelines at <<http://www.icann.org/en/topics/idn/implementation-guidelines.htm>>.



as they may be amended, modified, or superseded from time to time. Registry Operator shall publish and keep updated its IDN Tables and IDN Registration Rules in the IANA Repository of IDN Practices as specified in the ICANN IDN Guidelines.

- 1.5. **IPv6.** Registry Operator shall be able to accept IPv6 addresses as glue records in its Registry System and publish them in the DNS. Registry Operator shall offer public IPv6 transport for, at least, two of the Registry's name servers listed in the root zone with the corresponding IPv6 addresses registered with IANA. Registry Operator should follow "DNS IPv6 Transport Operational Guidelines" as described in BCP 91 and the recommendations and considerations described in RFC 4472. Registry Operator shall offer public IPv6 transport for its Registration Data Publication Services as defined in Specification 4 of this Agreement; e.g., Whois (RFC 3912), Web based Whois. Registry Operator shall offer public IPv6 transport for its Shared Registration System (SRS) to any Registrar, no later than six (6) months after receiving the first request in writing from a gTLD accredited Registrar willing to operate with the SRS over IPv6.

## 2. Registry Services

- 2.1. **Registry Services.** "Registry Services" are, for purposes of the Agreement, defined as the following: (a) those services that are operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry DNS servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy as defined in Specification 1; (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above.
- 2.2. **Wildcard Prohibition.** For domain names which are either not registered, or the registrant has not supplied valid records such as NS records for listing in the DNS zone file, or their status does not allow them to be published in the DNS, the use of DNS wildcard Resource Records as described in RFCs 1034 and 4592 or any other method or technology for synthesizing DNS Resources Records or using redirection within the DNS by the Registry is prohibited. When queried for such domain names the authoritative name servers must return a "Name Error" response (also known as NXDOMAIN), RCODE 3 as described in RFC 1035 and related RFCs. This provision applies for all DNS zone files at all levels in the DNS tree for which the Registry

Operator (or an affiliate engaged in providing Registration Services) maintains data, arranges for such maintenance, or derives revenue from such maintenance.

### 3. **Registry Continuity**

- 3.1. **High Availability.** Registry Operator will conduct its operations using network and geographically diverse, redundant servers (including network-level redundancy, end-node level redundancy and the implementation of a load balancing scheme where applicable) to ensure continued operation in the case of technical failure (widespread or local), or an extraordinary occurrence or circumstance beyond the control of the Registry Operator. Registry Operator's emergency operations department shall be available at all times to respond to extraordinary occurrences.
- 3.2. **Extraordinary Event.** Registry Operator will use commercially reasonable efforts to restore the critical functions of the registry within twenty-four (24) hours after the termination of an extraordinary event beyond the control of the Registry Operator and restore full system functionality within a maximum of forty-eight (48) hours following such event, depending on the type of critical function involved. Outages due to such an event will not be considered a lack of service availability.
- 3.3. **Business Continuity.** Registry Operator shall maintain a business continuity plan, which will provide for the maintenance of Registry Services in the event of an extraordinary event beyond the control of the Registry Operator or business failure of Registry Operator, and may include the designation of a Registry Services continuity provider. If such plan includes the designation of a Registry Services continuity provider, Registry Operator shall provide the name and contact information for such Registry Services continuity provider to ICANN. In the case of an extraordinary event beyond the control of the Registry Operator where the Registry Operator cannot be contacted, Registry Operator consents that ICANN may contact the designated Registry Services continuity provider, if one exists. Registry Operator shall conduct Registry Services Continuity testing at least once per year.

### 4. **Abuse Mitigation**

- 4.1. **Abuse Contact.** Registry Operator shall provide to ICANN and publish on its website its accurate contact details including a valid email and mailing address as well as a primary contact for handling inquiries related to malicious conduct in the TLD, and will provide ICANN with prompt notice of any changes to such contact details.
- 4.2. **Malicious Use of Orphan Glue Records.** Registry Operator shall take action to remove orphan glue records (as defined at <http://www.icann.org/en/committees/security/sac048.pdf>) when provided



with evidence in written form that such records are present in connection with malicious conduct.

## 5. **Supported Initial and Renewal Registration Periods**

- 5.1. **Initial Registration Periods.** Initial registrations of registered names may be made in the registry in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, initial registrations of registered names may not exceed ten (10) years.
- 5.2. **Renewal Periods.** Renewal of registered names may be made in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, renewal of registered names may not extend their registration period beyond ten (10) years from the time of the renewal.

## 6. **Name Collision Occurrence Management**

- 6.1. **No-Activation Period.** Registry Operator shall not activate any names in the DNS zone for the Registry TLD (except for "NIC") until at least 120 calendar days after the effective date of this agreement. Registry Operator may allocate names (subject to subsection 6.2 below) during this period only if Registry Operator causes registrants to be clearly informed of the inability to activate names until the No-Activation Period ends.

### 6.2. **Name Collision Occurrence Assessment**

- 6.2.1 Registry Operator shall not activate any names in the DNS zone for the Registry TLD except in compliance with a Name Collision Occurrence Assessment provided by ICANN regarding the Registry TLD. Registry Operator will either (A) implement the mitigation measures described in its Name Collision Occurrence Assessment before activating any second-level domain name, or (B) block those second-level domain names for which the mitigation measures as described in the Name Collision Occurrence Assessment have not been implemented and proceed with activating names that are not listed in the Assessment.
- 6.2.2 Notwithstanding subsection 6.2.1, Registry Operator may proceed with activation of names in the DNS zone without implementation of the measures set forth in Section 6.2.1 only if (A) ICANN determines that the Registry TLD is eligible for this alternative path to activation of names; and (B) Registry Operator blocks all second-level domain names identified by ICANN and set forth at <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-17nov13-en> as such list may be modified by ICANN from time to time. Registry Operator may activate names pursuant to this subsection and later activate names pursuant to subsection 6.2.1.

- 6.2.3 The sets of names subject to mitigation or blocking pursuant to Sections 6.2.1 and 6.2.2 will be based on ICANN analysis of DNS information including "Day in the Life of the Internet" data maintained by the DNS Operations, Analysis, and Research Center (DNS-OARC) <<https://www.dns-oarc.net/oarc/data/ditl>>.
- 6.2.4 Registry Operator may participate in the development by the ICANN community of a process for determining whether and how these blocked names may be released.
- 6.2.5 If ICANN determines that the TLD is ineligible for the alternative path to activation of names, ICANN may elect not to delegate the TLD pending completion of the final Name Collision Occurrence Assessment for the TLD, and Registry Operator's completion of all required mitigation measures. Registry Operator understands that the mitigation measures required by ICANN as a condition to activation of names in the DNS zone for the TLD may include, without limitation, mitigation measures such as those described in Section 3.2 of the New gTLD Name Collision Occurrence Management Plan approved by the ICANN Board New gTLD Program Committee (NGPC) on 7 October 2013 as found at <<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-07oct13-en.pdf>>.

### 6.3. **Name Collision Report Handling**

- 6.3.1 During the first two years after delegation of the TLD, Registry Operator's emergency operations department shall be available to receive reports, relayed by ICANN, alleging demonstrably severe harm from collisions with overlapping use of the names outside of the authoritative DNS.
- 6.3.2 Registry Operator shall develop an internal process for handling in an expedited manner reports received pursuant to subsection 6.3.1 under which Registry Operator may, to the extent necessary and appropriate, remove a recently activated name from the TLD zone for a period of up to two years in order to allow the affected party to make changes to its systems.

## SPECIFICATION 7

### MINIMUM REQUIREMENTS FOR RIGHTS PROTECTION MECHANISMS

1. **Rights Protection Mechanisms.** Registry Operator shall implement and adhere to the rights protection mechanisms (“RPMs”) specified in this Specification. In addition to such RPMs, Registry Operator may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party’s legal rights. Registry Operator will include all RPMs required by this Specification 7 and any additional RPMs developed and implemented by Registry Operator in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD. Registry Operator shall implement in accordance with requirements set forth therein each of the mandatory RPMs set forth in the Trademark Clearinghouse as of the date hereof, as posted at <http://www.icann.org/en/resources/registries/tmch-requirements> (the “Trademark Clearinghouse Requirements”), which may be revised in immaterial respects by ICANN from time to time. Registry Operator shall not mandate that any owner of applicable intellectual property rights use any other trademark information aggregation, notification, or validation service in addition to or instead of the ICANN-designated Trademark Clearinghouse. If there is a conflict between the terms and conditions of this Agreement and the Trademark Clearinghouse Requirements, the terms and conditions of this Agreement shall control.
2. **Dispute Resolution Mechanisms.** Registry Operator will comply with the following dispute resolution mechanisms as they may be revised from time to time:
  - a. the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) and the Registration Restriction Dispute Resolution Procedure (RRDRP) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/pddrp> and <http://www.icann.org/en/resources/registries/rrdrp>, respectively). Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PDDRP or RRDRP panel and to be bound by any such determination; and
  - b. the Uniform Rapid Suspension system (“URS”) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/urs>), including the implementation of determinations issued by URS examiners.

## SPECIFICATION 8

### CONTINUED OPERATIONS INSTRUMENT

1. The Continued Operations Instrument shall (a) provide for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6<sup>th</sup>) anniversary of the Effective Date, and (b) be in the form of either (i) an irrevocable standby letter of credit, or (ii) an irrevocable cash escrow deposit, each meeting the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof (which is hereby incorporated by reference into this Specification 8). Registry Operator shall use its best efforts to take all actions necessary or advisable to maintain in effect the Continued Operations Instrument for a period of six (6) years from the Effective Date, and to maintain ICANN as a third party beneficiary thereof. If Registry Operator elects to obtain an irrevocable standby letter of credit but the term required above is unobtainable, Registry Operator may obtain a letter of credit with a one-year term and an “evergreen provision,” providing for annual extensions, without amendment, for an indefinite number of additional periods until the issuing bank informs ICANN of its final expiration or until ICANN releases the letter of credit as evidenced in writing, if the letter of credit otherwise meets the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof; provided, however, that if the issuing bank informs ICANN of the expiration of such letter of credit prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, such letter of credit must provide that ICANN is entitled to draw the funds secured by the letter of credit prior to such expiration. The letter of credit must require the issuing bank to give ICANN at least thirty (30) calendar days’ notice of any such expiration or non-renewal. If the letter of credit expires or is terminated at any time prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, Registry Operator will be required to obtain a replacement Continued Operations Instrument. ICANN may draw the funds under the original letter of credit, if the replacement Continued Operations Instrument is not in place prior to the expiration of the original letter of credit. Registry Operator shall provide to ICANN copies of all final documents relating to the Continued Operations Instrument and shall keep ICANN reasonably informed of material developments relating to the Continued Operations Instrument. Registry Operator shall not agree to, or permit, any amendment of, or waiver under, the Continued Operations Instrument or other documentation relating thereto without the prior written consent of ICANN (such consent not to be unreasonably withheld).

2. If, notwithstanding the use of best efforts by Registry Operator to satisfy its obligations under the preceding paragraph, the Continued Operations Instrument expires or is terminated by another party thereto, in whole or in part, for any reason, prior to the sixth anniversary of the Effective Date, Registry Operator shall promptly (i) notify ICANN of such expiration or termination and the reasons therefor and (ii) arrange for an alternative instrument that provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date (an "Alternative Instrument"). Any such Alternative Instrument shall be on terms no less favorable to ICANN than the Continued Operations Instrument and shall otherwise be in form and substance reasonably acceptable to ICANN.
3. Notwithstanding anything to the contrary contained in this Specification 8, at any time, Registry Operator may replace the Continued Operations Instrument with an Alternative Instrument that (i) provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date, and (ii) contains terms no less favorable to ICANN than the Continued Operations Instrument and is otherwise in form and substance reasonably acceptable to ICANN. In the event Registry Operator replaces the Continued Operations Instrument either pursuant to paragraph 2 or this paragraph 3, the terms of this Specification 8 shall no longer apply with respect to the original Continuing Operations Instrument, but shall thereafter apply with respect to such Alternative Instrument(s), and such instrument shall thereafter be considered the Continued Operations Instrument for purposes of this Agreement.

## SPECIFICATION 9

### REGISTRY OPERATOR CODE OF CONDUCT

1. In connection with the operation of the registry for the TLD, Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity, to the extent such party is engaged in the provision of Registry Services with respect to the TLD (each, a “Registry Related Party”), to:
  - a. directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services, unless comparable opportunities to qualify for such preferences or considerations are made available to all registrars on substantially similar terms and subject to substantially similar conditions;
  - b. register domain names in its own right, except for names registered through an ICANN accredited registrar; provided, however, that Registry Operator may (a) reserve names from registration pursuant to Section 2.6 of the Agreement and (b) may withhold from registration or allocate to Registry Operator up to one hundred (100) names pursuant to Section 3.2 of Specification 5;
  - c. register names in the TLD or sub-domains of the TLD based upon proprietary access to information about searches or resolution requests by consumers for domain names not yet registered (commonly known as, “front-running”);  
or
  - d. allow any Affiliated registrar to disclose Personal Data about registrants to Registry Operator or any Registry Related Party, except as reasonably necessary for the management and operations of the TLD, unless all unrelated third parties (including other registry operators) are given equivalent access to such user data on substantially similar terms and subject to substantially similar conditions.
2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will, or will cause such Registry Related Party to, ensure that such services are offered through a legal entity separate from Registry Operator, and maintain separate books of accounts with respect to its registrar or registrar-reseller operations.
3. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to

Registry Operator's compliance with this Code of Conduct, via email to an address to be provided by ICANN. (ICANN may specify in the future the form and contents of such reports or that the reports be delivered by other reasonable means.) Registry Operator agrees that ICANN may publicly post such results and certification; provided, however, ICANN shall not disclose Confidential Information contained in such results except in accordance with Section 7.15 of the Agreement.

4. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.
5. Nothing set forth herein shall limit the ability of Registry Operator or any Registry Related Party, to enter into arms-length transactions in the ordinary course of business with a registrar or reseller with respect to products and services unrelated in all respects to the TLD.
6. Registry Operator may request an exemption to this Code of Conduct, and such exemption may be granted by ICANN in ICANN's reasonable discretion, if Registry Operator demonstrates to ICANN's reasonable satisfaction that (i) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator for the exclusive use of Registry Operator or its Affiliates, (ii) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (iii) application of this Code of Conduct to the TLD is not necessary to protect the public interest.



## SPECIFICATION 10

### REGISTRY PERFORMANCE SPECIFICATIONS

#### 1. Definitions

- 1.1. **DNS.** Refers to the Domain Name System as specified in RFCs 1034, 1035, and related RFCs.
- 1.2. **DNSSEC proper resolution.** There is a valid DNSSEC chain of trust from the root trust anchor to a particular domain name, e.g., a TLD, a domain name registered under a TLD, etc.
- 1.3. **EPP.** Refers to the Extensible Provisioning Protocol as specified in RFC 5730 and related RFCs.
- 1.4. **IP address.** Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- 1.5. **Probes.** Network hosts used to perform (DNS, EPP, etc.) tests (see below) that are located at various global locations.
- 1.6. **RDDS.** Registration Data Directory Services refers to the collective of WHOIS and Web-based WHOIS services as defined in Specification 4 of this Agreement.
- 1.7. **RTT.** Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- 1.8. **SLR.** Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

#### 2. Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
<b>DNS</b>	DNS service availability	0 min downtime = 100% availability
	DNS name server availability	≤ 432 min of downtime (≈ 99%)
	TCP DNS resolution RTT	≤ 1500 ms, for at least 95% of the queries
	UDP DNS resolution RTT	≤ 500 ms, for at least 95% of the queries
	DNS update time	≤ 60 min, for at least 95% of the probes
<b>RDDS</b>	RDDS availability	≤ 864 min of downtime (≈ 98%)



	RDDS query RTT	≤ 2000 ms, for at least 95% of the queries
	RDDS update time	≤ 60 min, for at least 95% of the probes
<b>EPP</b>	EPP service availability	≤ 864 min of downtime (≈ 98%)
	EPP session-command RTT	≤ 4000 ms, for at least 90% of the commands
	EPP query-command RTT	≤ 2000 ms, for at least 90% of the commands
	EPP transform-command RTT	≤ 4000 ms, for at least 90% of the commands

Registry Operator is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. However, note that there is no provision for planned outages or similar periods of unavailable or slow service; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

### 3. DNS

- 3.1. **DNS service availability.** Refers to the ability of the group of listed-as-authoritative name servers of a particular domain name (e.g., a TLD), to answer DNS queries from DNS probes. For the service to be considered available at a particular moment, at least, two of the delegated name servers registered in the DNS must have successful results from “**DNS tests**” to each of their public-DNS registered “**IP addresses**” to which the name server resolves. If 51% or more of the DNS testing probes see the service as unavailable during a given time, the DNS service will be considered unavailable.
- 3.2. **DNS name server availability.** Refers to the ability of a public-DNS registered “**IP address**” of a particular name server listed as authoritative for a domain name, to answer DNS queries from an Internet user. All the public DNS-registered “**IP address**” of all name servers of the domain name being monitored shall be tested individually. If 51% or more of the DNS testing probes get undefined/unanswered results from “**DNS tests**” to a name server “**IP address**” during a given time, the name server “**IP address**” will be considered unavailable.
- 3.3. **UDP DNS resolution RTT.** Refers to the **RTT** of the sequence of two packets, the UDP DNS query and the corresponding UDP DNS response. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.4. **TCP DNS resolution RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the DNS response for only one DNS query. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.5. **DNS resolution RTT.** Refers to either “**UDP DNS resolution RTT**” or “**TCP DNS resolution RTT**”.

- 3.6. **DNS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, until the name servers of the parent domain name answer “**DNS queries**” with data consistent with the change made. This only applies for changes to DNS information.
- 3.7. **DNS test.** Means one non-recursive DNS query sent to a particular “**IP address**” (via UDP or TCP). If DNSSEC is offered in the queried DNS zone, for a query to be considered answered, the signatures must be positively verified against a corresponding DS record published in the parent zone or, if the parent is not signed, against a statically configured Trust Anchor. The answer to the query must contain the corresponding information from the Registry System, otherwise the query will be considered unanswered. A query with a “**DNS resolution RTT**” 5 times higher than the corresponding SLR, will be considered unanswered. The possible results to a DNS test are: a number in milliseconds corresponding to the “**DNS resolution RTT**” or, undefined/unanswered.
- 3.8. **Measuring DNS parameters.** Every minute, every DNS probe will make an UDP or TCP “**DNS test**” to each of the public-DNS registered “**IP addresses**” of the name servers of the domain name being monitored. If a “**DNS test**” result is undefined/unanswered, the tested IP will be considered unavailable from that probe until it is time to make a new test.
- 3.9. **Collating the results from DNS probes.** The minimum number of active testing probes to consider a measurement valid is 20 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 3.10. **Distribution of UDP and TCP queries.** DNS probes will send UDP or TCP “**DNS test**” approximating the distribution of these queries.
- 3.11. **Placement of DNS probes.** Probes for measuring DNS parameters shall be placed as near as possible to the DNS resolvers on the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

#### 4. **RDDS**

- 4.1. **RDDS availability.** Refers to the ability of all the RDDS services for the TLD, to respond to queries from an Internet user with appropriate data from the relevant Registry System. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.

- 4.2. **WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.3. **Web-based-WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registry Operator implements a multiple-step process to get to the information, only the last step shall be measured. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.4. **RDDS query RTT.** Refers to the collective of “**WHOIS query RTT**” and “**Web-based- WHOIS query RTT**”.
- 4.5. **RDDS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 4.6. **RDDS test.** Means one query sent to a particular “**IP address**” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the Registry System and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an **RTT** 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the **RTT** or undefined/unanswered.
- 4.7. **Measuring RDDS parameters.** Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “**IP addresses**” of the servers for each RDDS service of the TLD being monitored and make an “**RDDS test**” to each one. If an “**RDDS test**” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 4.8. **Collating the results from RDDS probes.** The minimum number of active testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 4.9. **Placement of RDDS probes.** Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 5. EPP

- 5.1. **EPP service availability.** Refers to the ability of the TLD EPP servers as a group, to respond to commands from the Registry accredited Registrars, who already have credentials to the servers. The response shall include appropriate data from the Registry System. An EPP command with “**EPP command RTT**” 5 times higher than the corresponding SLR will be considered as unanswered. If 51% or more of the EPP testing probes see the EPP service as unavailable during a given time, the EPP service will be considered unavailable.
- 5.2. **EPP session-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a session command plus the reception of the EPP response for only one EPP session command. For the login command it will include packets needed for starting the TCP session. For the logout command it will include packets needed for closing the TCP session. EPP session commands are those described in section 2.9.1 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.3. **EPP query-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a query command plus the reception of the EPP response for only one EPP query command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP query commands are those described in section 2.9.2 of EPP RFC 5730. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.4. **EPP transform-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a transform command plus the reception of the EPP response for only one EPP transform command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP transform commands are those described in section 2.9.3 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.5. **EPP command RTT.** Refers to “**EPP session-command RTT**”, “**EPP query-command RTT**” or “**EPP transform-command RTT**”.
- 5.6. **EPP test.** Means one EPP command sent to a particular “**IP address**” for one of the EPP servers. Query and transform commands, with the exception of “create”, shall be about existing objects in the Registry System. The response shall include appropriate data from the Registry System. The possible results to an EPP test are: a number in milliseconds corresponding to the “**EPP command RTT**” or undefined/unanswered.

- 5.7. **Measuring EPP parameters.** Every 5 minutes, EPP probes will select one “IP address” of the EPP servers of the TLD being monitored and make an “EPP test”; every time they should alternate between the 3 different types of commands and between the commands inside each category. If an “EPP test” result is undefined/unanswered, the EPP service will be considered as unavailable from that probe until it is time to make a new test.
- 5.8. **Collating the results from EPP probes.** The minimum number of active testing probes to consider a measurement valid is 5 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 5.9. **Placement of EPP probes.** Probes for measuring EPP parameters shall be placed inside or close to Registrars points of access to the Internet across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

6. **Emergency Thresholds**

The following matrix presents the emergency thresholds that, if reached by any of the services mentioned above for a TLD, would cause the emergency transition of the Registry for the TLD as specified in Section 2.13 of this Agreement.

<b>Critical Function</b>	<b>Emergency Threshold</b>
DNS Service (all servers)	4-hour total downtime / week
DNSSEC proper resolution	4-hour total downtime / week
EPP	24-hour total downtime / week
RDDS (WHOIS/Web-based WHOIS)	24-hour total downtime / week
Data Escrow	Breach of the Registry Agreement as described in Specification 2, Part B, Section 6.

7. **Emergency Escalation**

Escalation is strictly for purposes of notifying and investigating possible or potential issues in relation to monitored services. The initiation of any escalation and the subsequent cooperative investigations do not in themselves imply that a monitored service has failed its performance requirements.

Escalations shall be carried out between ICANN and Registry Operators, Registrars and Registry Operator, and Registrars and ICANN. Registry Operators and ICANN must provide said emergency operations departments. Current contacts must be maintained between

ICANN and Registry Operators and published to Registrars, where relevant to their role in escalations, prior to any processing of an Emergency Escalation by all related parties, and kept current at all times.

#### **7.1. Emergency Escalation initiated by ICANN**

Upon reaching 10% of the Emergency thresholds as described in Section 6 of this Specification, ICANN's emergency operations will initiate an Emergency Escalation with the relevant Registry Operator. An Emergency Escalation consists of the following minimum elements: electronic (i.e., email or SMS) and/or voice contact notification to the Registry Operator's emergency operations department with detailed information concerning the issue being escalated, including evidence of monitoring failures, cooperative troubleshooting of the monitoring failure between ICANN staff and the Registry Operator, and the commitment to begin the process of rectifying issues with either the monitoring service or the service being monitoring.

#### **7.2. Emergency Escalation initiated by Registrars**

Registry Operator will maintain an emergency operations department prepared to handle emergency requests from registrars. In the event that a registrar is unable to conduct EPP transactions with the registry for the TLD because of a fault with the Registry Service and is unable to either contact (through ICANN mandated methods of communication) the Registry Operator, or the Registry Operator is unable or unwilling to address the fault, the registrar may initiate an emergency escalation to the emergency operations department of ICANN. ICANN then may initiate an emergency escalation with the Registry Operator as explained above.

#### **7.3. Notifications of Outages and Maintenance**

In the event that a Registry Operator plans maintenance, it will provide notice to the ICANN emergency operations department, at least, twenty-four (24) hours ahead of that maintenance. ICANN's emergency operations department will note planned maintenance times, and suspend Emergency Escalation services for the monitored services during the expected maintenance outage period.

If Registry Operator declares an outage, as per its contractual obligations with ICANN, on services under a service level agreement and performance requirements, it will notify the ICANN emergency operations department. During that declared outage, ICANN's emergency operations department will note and suspend emergency escalation services for the monitored services involved.

### **8. Covenants of Performance Measurement**

**8.1. No interference.** Registry Operator shall not interfere with measurement **Probes**, including any form of preferential treatment of the requests for the monitored services. Registry Operator shall respond to the measurement

tests described in this Specification as it would to any other request from an Internet user (for DNS and RDDS) or registrar (for EPP).

- 8.2. **ICANN testing registrar.** Registry Operator agrees that ICANN will have a testing registrar used for purposes of measuring the **SLRs** described above. Registry Operator agrees to not provide any differentiated treatment for the testing registrar other than no billing of the transactions. ICANN shall not use the registrar for registering domain names (or other registry objects) for itself or others, except for the purposes of verifying contractual compliance with the conditions described in this Agreement.



## SPECIFICATION 11

### PUBLIC INTEREST COMMITMENTS

1. Registry Operator will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on 27 June 2013 in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. (Intentionally omitted. Registry Operator has not included commitments, statements of intent or business plans provided for in its application to ICANN for the TLD.)
3. Registry Operator agrees to perform the following specific public interest commitments, which commitments shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at <http://www.icann.org/en/resources/registries/picdrp>), which may be revised in immaterial respects by ICANN from time to time (the "PICDRP"). Registry Operator shall comply with the PICDRP. Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PICDRP panel and to be bound by any such determination.
  - a. Registry Operator will include a provision in its Registry-Registrar Agreement that requires Registrars to include in their Registration Agreements a provision prohibiting Registered Name Holders from distributing malware, abusively operating botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity contrary to applicable law, and providing (consistent with applicable law and any related procedures) consequences for such activities including suspension of the domain name.
  - b. Registry Operator will periodically conduct a technical analysis to assess whether domains in the TLD are being used to perpetrate security threats, such as pharming, phishing, malware, and botnets. Registry Operator will maintain statistical reports on the number of security threats identified and the actions taken as a result of the periodic security checks. Registry Operator will maintain these reports for the term of the Agreement unless a shorter period is required by law or approved by ICANN, and will provide them to ICANN upon request.
  - c. Registry Operator will operate the TLD in a transparent manner consistent with general principles of openness and non-discrimination by establishing, publishing and adhering to clear registration policies.



- d. Registry Operator of a “Generic String” TLD may not impose eligibility criteria for registering names in the TLD that limit registrations exclusively to a single person or entity and/or that person’s or entity’s “Affiliates” (as defined in Section 2.9(c) of the Registry Agreement). “Generic String” means a string consisting of a word or term that denominates or describes a general class of goods, services, groups, organizations or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others.

# **EXHIBIT AC-14**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

### .Security Registry Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT of the .Security Registry Agreement ("Assignment and Assumption Agreement") is entered into as of 11 June, 2015 (the "Effective Date") by and between Symantec Corporation, a Delaware corporation with its principal place of business at 350 Ellis Street, Mountain View, California, 94043, USA ("Assignor") and XYZ.COM LLC, a Nevada limited liability company with its principal place of business at 2121 E TROPICANA AVE, STE2, LAS VEGAS, NV 89119 ("Assignee"). The parties to this Agreement shall be referred to individually as a "Party" and collectively as the "Parties."

#### RECITALS

- A. Assignor is a party to that certain Registry Agreement entered into by and between Assignor and the Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN") for the .Security (the "Registry Agreement").
- B. Pursuant to Section 7.5 of the Registry Agreement, in its letter dated May 21, 2015, Assignor requested ICANN's prior written consent of an assignment of the Registry Agreement from Assignor to Assignee.
- C. On June 10, 2015, ICANN granted its conditional written consent ("ICANN's Consent") to Assignor for assignment of the Registry Agreement to Assignee.
- D. Having received ICANN's Consent as aforementioned, and both Parties having represented herein below its fulfillment of all conditions of ICANN's Consent, Assignor hereby desires to assign its rights and obligations under the Registry Agreement to Assignee, and Assignee hereby desires to assume Assignor's rights and obligations under the Registry Agreement via assignment, pursuant to the terms and conditions of this Agreement.

#### AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's rights, obligations, title, and interest in and to the Registry Agreement.
2. Assignee hereby accepts the assignment of the Registry Agreement and assumes all liabilities of Assignor relating thereto, whether contingent or accrued, and further agrees to assume and perform all of the covenants, obligations and agreements of Assignor under the Registry Agreement.
3. The Parties hereby agree that Assignee shall be substituted for Assignor for all purposes of the Registry Agreement.
4. The Parties hereby represent that all conditions set forth in ICANN's Consent have been fulfilled as of the Effective Date of this Assignment and Assumption Agreement.
5. The Parties hereby acknowledge that ICANN's Consent to Assignor's assignment of the Registry Agreement does not waive any rights ICANN may have to take action with respect to any breaches of the Registry Agreement by Assignor occurring prior to the Effective Date.
6. Each Party shall, upon the reasonable request of the other Party, make, execute, acknowledge, and deliver any and all further documents and instruments, and do and cause to be done all such

further acts, to evidence and/or in any manner perfect Assignor' assignment of the Registry Agreement to Assignee pursuant to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Assignment and Assumption Agreement to be executed and delivered as of the Effective Date first stated above.

Symantec Corporation

By: Rick  
Name:  
Title: Graves



Simon  
Arenas



XYZ.COM LLC

By:   
Name: Daniel Negari  
Title: CEO

# **EXHIBIT AC-15**

# .protection Registry Agreement

23 Apr 2015

On 23 April 2015, ICANN (Internet Corporation for Assigned Names and Numbers) and Symantec Corporation, entered into a Registry Agreement under which Symantec Corporation, operated the .protection top-level domain. Effective 02 June 2015, the Registry Agreement was assigned by Symantec Corporation to XYZ.COM LLC which now operates the .protection top-level domain. The agreement may be viewed by following the links below:

## Registry Agreement

- [DOCX \(/sites/default/files/tlds/protection/protection\\_agmt\\_docx\\_23apr15-en.docx\)](/sites/default/files/tlds/protection/protection_agmt_docx_23apr15-en.docx) | [Redline \(/sites/default/files/tlds/protection/protection-agmt-docx\\_redline\\_23apr15-en.docx\)](/sites/default/files/tlds/protection/protection-agmt-docx_redline_23apr15-en.docx)
- [PDF \(/sites/default/files/tlds/protection/protection-agmt-pdf-23apr15-en.pdf\)](/sites/default/files/tlds/protection/protection-agmt-pdf-23apr15-en.pdf) | [Redline \(/sites/default/files/tlds/protection/protection-agmt-pdf-redline-23apr15-en.pdf\)](/sites/default/files/tlds/protection/protection-agmt-pdf-redline-23apr15-en.pdf)
- [HTML \(/sites/default/files/tlds/protection/protection-agmt-html-23apr15-en.htm\)](/sites/default/files/tlds/protection/protection-agmt-html-23apr15-en.htm) | [Redline \(/sites/default/files/tlds/protection/protection\\_agmt\\_html-redline-23apr15-en.htm\)](/sites/default/files/tlds/protection/protection_agmt_html-redline-23apr15-en.htm)

## 2017 Global Amendment to the base Registry Agreement

The 2017 Global Amendment to the base New gTLD (generic Top Level Domain) Registry Agreement is effective as of 31 July 2017. For additional information, please visit the [Global Amendment webpage \(/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en\)](/resources/pages/global-amendment-base-new-gtld-registry-agreement-2017-01-23-en).

- [DOCX \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.docx) | [PDF \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.pdf) | [HTML \(https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html\)](https://newgtlds.icann.org/sites/default/files/agreements/agreement-approved-global-amendment-31jul17-en.html)

## Assignment and Assumption Agreement

Symantec Corporation to XYZ.COM LLC (02 June 2015)

- [PDF \(/sites/default/files/tlds/protection/protection-assign-pdf-02jun15-en.pdf\)](/sites/default/files/tlds/protection/protection-assign-pdf-02jun15-en.pdf)

## Authorization(s) for Release of Reserved Names

- [All Digit/Digit, Letter/Digit, and Digit/Letter Two-Character ASCII Labels at the Second Level \(/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf\)](/en/system/files/files/spec5-amend-two-char-01dec14-en.pdf) (01 December 2014)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/protection/protection-auth-ltr-ltr-28sep15-en.pdf\)](/sites/default/files/tlds/protection/protection-auth-ltr-ltr-28sep15-en.pdf) (28 September 2015)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/protection/protection-auth-ltr-ltr-03aug16-en.pdf\)](/sites/default/files/tlds/protection/protection-auth-ltr-ltr-03aug16-en.pdf) (03 August 2016)
- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/protection/protection-auth-ltr-ltr-01sep16-en.pdf\)](/sites/default/files/tlds/protection/protection-auth-ltr-ltr-01sep16-en.pdf) (01 September 2016)
- [Authorization for Release of Letter/Letter Two-Character ASCII Labels at the Second Level \(/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf\)](/sites/default/files/tlds/second-level-auth-ltr-ltr-13dec16-en.pdf) (13 December 2016)

## Updates to General Notices Contact (24 August 2015)

- [PDF \(/sites/default/files/tlds/protection/protection-contacts-24aug\\_5-en.pdf\)](/sites/default/files/tlds/protection/protection-contacts-24aug_5-en.pdf)

## Amendments

- [Amendment No.4 \(/sites/default/files/tlds/protection/protection-amend-4-pdf-28oct17-en.pdf\)](/sites/default/files/tlds/protection/protection-amend-4-pdf-28oct17-en.pdf) (28 October 2017)
- [Amendment No.3 \(/sites/default/files/tlds/protection/protection-amend-3-pdf-15aug17-en.pdf\)](/sites/default/files/tlds/protection/protection-amend-3-pdf-15aug17-en.pdf) (15 August 2017)

- [Amendment No.2 \(/sites/default/files/tlds/protection/protection-amend-2-pdf-01mar16-en.pdf\)](/sites/default/files/tlds/protection/protection-amend-2-pdf-01mar16-en.pdf) (01 March 2016)
- [Amendment No.1 \(/sites/default/files/tlds/protection/protection-amend-1-pdf-31aug15-en.pdf\)](/sites/default/files/tlds/protection/protection-amend-1-pdf-31aug15-en.pdf) (31 August 2015)

Note: If multiple versions are provided above, the official document is the Word version. The HTML version is machine-generated and may not display correctly.

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## Name Collision Occurrence Management Documents

- [Name Collision Occurrence Assessment \(/resources/pages/registries-2012-02-25-en#name-collision-assessment\)](/resources/pages/registries-2012-02-25-en#name-collision-assessment)
- 

## TLD (Top Level Domain) Startup Information

- [TLD \(Top Level Domain\) Startup Information Page \(http://newgtlds.icann.org/en/program-status/sunrise-claims-periods/protection\)](http://newgtlds.icann.org/en/program-status/sunrise-claims-periods/protection)
- 
- 

## Registry Agreement Archive

### Authorization(s) for Release of Reserved Names

- [Letter/Letter Two-Character ASCII Labels \(/sites/default/files/tlds/protection/protection-auth-ltr-ltr-14mar16-en.pdf\)](/sites/default/files/tlds/protection/protection-auth-ltr-ltr-14mar16-en.pdf) (14 March 2016)



# **EXHIBIT AC-16**

## REGISTRY AGREEMENT

This REGISTRY AGREEMENT (this "Agreement") is entered into as of \_\_\_\_\_ (the "Effective Date") between Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN"), and Symantec Corporation, a Delaware corporation ("Registry Operator").

### ARTICLE 1.

#### DELEGATION AND OPERATION OF TOP-LEVEL DOMAIN; REPRESENTATIONS AND WARRANTIES

**1.1 Domain and Designation.** The Top-Level Domain to which this Agreement applies is **.protection** (the "TLD"). Upon the Effective Date and until the earlier of the expiration of the Term (as defined in Section 4.1) or the termination of this Agreement pursuant to Article 4, ICANN designates Registry Operator as the registry operator for the TLD, subject to the requirements and necessary approvals for delegation of the TLD and entry into the root-zone.

**1.2 Technical Feasibility of String.** While ICANN has encouraged and will continue to encourage universal acceptance of all top-level domain strings across the Internet, certain top-level domain strings may encounter difficulty in acceptance by ISPs and webhosters and/or validation by web applications. Registry Operator shall be responsible for ensuring to its satisfaction the technical feasibility of the TLD string prior to entering into this Agreement.

#### **1.3 Representations and Warranties.**

- (a) Registry Operator represents and warrants to ICANN as follows:
  - (i) all material information provided and statements made in the registry TLD application, and statements made in writing during the negotiation of this Agreement, were true and correct in all material respects at the time made, and such information or statements continue to be true and correct in all material respects as of the Effective Date except as otherwise previously disclosed in writing by Registry Operator to ICANN;
  - (ii) Registry Operator is duly organized, validly existing and in good standing under the laws of the jurisdiction set forth in the preamble hereto, and Registry Operator has all requisite power and authority and has obtained all necessary approvals to enter into and duly execute and deliver this Agreement; and
  - (iii) Registry Operator has delivered to ICANN a duly executed instrument that secures the funds required to perform registry functions for the TLD in the event of the termination or expiration of this Agreement (the "Continued Operations Instrument"), and such instrument is a binding

obligation of the parties thereto, enforceable against the parties thereto in accordance with its terms.

(b) ICANN represents and warrants to Registry Operator that ICANN is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, United States of America. ICANN has all requisite power and authority and has obtained all necessary corporate approvals to enter into and duly execute and deliver this Agreement.

## ARTICLE 2.

### COVENANTS OF REGISTRY OPERATOR

Registry Operator covenants and agrees with ICANN as follows:

**2.1 Approved Services; Additional Services.** Registry Operator shall be entitled to provide the Registry Services described in clauses (a) and (b) of the first paragraph of Section 2.1 in the Specification 6 attached hereto ("Specification 6") and such other Registry Services set forth on Exhibit A (collectively, the "Approved Services"). If Registry Operator desires to provide any Registry Service that is not an Approved Service or is a material modification to an Approved Service (each, an "Additional Service"), Registry Operator shall submit a request for approval of such Additional Service pursuant to the Registry Services Evaluation Policy at <http://www.icann.org/en/registries/rsep/rsep.html>, as such policy may be amended from time to time in accordance with the bylaws of ICANN (as amended from time to time, the "ICANN Bylaws") applicable to Consensus Policies (the "RSEP"). Registry Operator may offer Additional Services only with the written approval of ICANN, and, upon any such approval, such Additional Services shall be deemed Registry Services under this Agreement. In its reasonable discretion, ICANN may require an amendment to this Agreement reflecting the provision of any Additional Service which is approved pursuant to the RSEP, which amendment shall be in a form reasonably acceptable to the parties.

**2.2 Compliance with Consensus Policies and Temporary Policies.** Registry Operator shall comply with and implement all Consensus Policies and Temporary Policies found at <http://www.icann.org/general/consensus-policies.htm>, as of the Effective Date and as may in the future be developed and adopted in accordance with the ICANN Bylaws, provided such future Consensus Policies and Temporary Policies are adopted in accordance with the procedure and relate to those topics and subject to those limitations set forth in Specification 1 attached hereto ("Specification 1").

**2.3 Data Escrow.** Registry Operator shall comply with the registry data escrow procedures set forth in Specification 2 attached hereto ("Specification 2").

**2.4 Monthly Reporting.** Within twenty (20) calendar days following the end of each calendar month, Registry Operator shall deliver to ICANN reports in the format set forth in Specification 3 attached hereto ("Specification 3").

**2.5 Publication of Registration Data.** Registry Operator shall provide public access to registration data in accordance with Specification 4 attached hereto (“Specification 4”).

**2.6 Reserved Names.** Except to the extent that ICANN otherwise expressly authorizes in writing, Registry Operator shall comply with the requirements set forth in Specification 5 attached hereto (“Specification 5”). Registry Operator may at any time establish or modify policies concerning Registry Operator’s ability to reserve (i.e., withhold from registration or allocate to Registry Operator, but not register to third parties, delegate, use, activate in the DNS or otherwise make available) or block additional character strings within the TLD at its discretion. Except as specified in Specification 5, if Registry Operator is the registrant for any domain names in the registry TLD, such registrations must be through an ICANN accredited registrar, and will be considered Transactions (as defined in Section 6.1) for purposes of calculating the Registry-level transaction fee to be paid to ICANN by Registry Operator pursuant to Section 6.1.

**2.7 Registry Interoperability and Continuity.** Registry Operator shall comply with the Registry Interoperability and Continuity Specifications as set forth in Specification 6 attached hereto (“Specification 6”).

**2.8 Protection of Legal Rights of Third Parties.** Registry Operator must specify, and comply with, the processes and procedures for launch of the TLD and initial registration-related and ongoing protection of the legal rights of third parties as set forth Specification 7 attached hereto (“Specification 7”). Registry Operator may, at its election, implement additional protections of the legal rights of third parties. Any changes or modifications to the process and procedures required by Specification 7 following the Effective Date must be approved in advance by ICANN in writing. Registry Operator must comply with all remedies imposed by ICANN pursuant to Section 2 of Specification 7, subject to Registry Operator’s right to challenge such remedies as set forth in the applicable procedure described therein. Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.

**2.9 Registrars.**

(a) All domain name registrations in the TLD must be registered through an ICANN accredited registrar; provided, that Registry Operator need not use a registrar if it registers names in its own name in order to withhold such names from delegation or use in accordance with Section 2.6. Subject to the requirements of Specification 11, Registry Operator must provide non-discriminatory access to Registry Services to all ICANN accredited registrars that enter into and are in compliance with the registry-registrar agreement for the TLD; provided that Registry Operator may establish non-discriminatory criteria for qualification to register names in the TLD that are reasonably related to the proper functioning of the TLD. Registry Operator must use a uniform non-discriminatory

agreement with all registrars authorized to register names in the TLD (the “Registry-Registrar Agreement”). Registry Operator may amend the Registry-Registrar Agreement from time to time; provided, however, that any material revisions thereto must be approved by ICANN before any such revisions become effective and binding on any registrar. Registry Operator will provide ICANN and all registrars authorized to register names in the TLD at least fifteen (15) calendar days written notice of any revisions to the Registry-Registrar Agreement before any such revisions become effective and binding on any registrar. During such period, ICANN will determine whether such proposed revisions are immaterial, potentially material or material in nature. If ICANN has not provided Registry Operator with notice of its determination within such fifteen (15) calendar-day period, ICANN shall be deemed to have determined that such proposed revisions are immaterial in nature. If ICANN determines, or is deemed to have determined under this Section 2.9(a), that such revisions are immaterial, then Registry Operator may adopt and implement such revisions. If ICANN determines such revisions are either material or potentially material, ICANN will thereafter follow its procedure regarding review and approval of changes to Registry-Registrar Agreements at <http://www.icann.org/en/resources/registries/rra-amendment-procedure>, and such revisions may not be adopted and implemented until approved by ICANN.

(b) If Registry Operator (i) becomes an Affiliate or reseller of an ICANN accredited registrar, or (ii) subcontracts the provision of any Registry Services to an ICANN accredited registrar, registrar reseller or any of their respective Affiliates, then, in either such case of (i) or (ii) above, Registry Operator will give ICANN prompt notice of the contract, transaction or other arrangement that resulted in such affiliation, reseller relationship or subcontract, as applicable, including, if requested by ICANN, copies of any contract relating thereto; provided, that ICANN will treat such contract or related documents that are appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15 (except that ICANN may disclose such contract and related documents to relevant competition authorities). ICANN reserves the right, but not the obligation, to refer any such contract, related documents, transaction or other arrangement to relevant competition authorities in the event that ICANN determines that such contract, related documents, transaction or other arrangement might raise significant competition issues under applicable law. If feasible and appropriate under the circumstances, ICANN will give Registry Operator advance notice prior to making any such referral to a competition authority.

(c) For the purposes of this Agreement: (i) “Affiliate” means a person or entity that, directly or indirectly, through one or more intermediaries, or in combination with one or more other persons or entities, controls, is controlled by, or is under common control with, the person or entity specified, and (ii) “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person or entity, whether through the ownership of securities, as trustee or executor, by serving as an employee or a member of a board of directors or equivalent governing body, by contract, by credit arrangement or otherwise.

## **2.10 Pricing for Registry Services.**

(a) With respect to initial domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying or other programs which had the effect of reducing the price charged to registrars, unless such refunds, rebates, discounts, product tying or other programs are of a limited duration that is clearly and conspicuously disclosed to the registrar when offered) of no less than thirty (30) calendar days. Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(b) With respect to renewal of domain name registrations, Registry Operator shall provide ICANN and each ICANN accredited registrar that has executed the registry-registrar agreement for the TLD advance written notice of any price increase (including as a result of the elimination of any refunds, rebates, discounts, product tying, Qualified Marketing Programs or other programs which had the effect of reducing the price charged to registrars) of no less than one hundred eighty (180) calendar days. Notwithstanding the foregoing sentence, with respect to renewal of domain name registrations: (i) Registry Operator need only provide thirty (30) calendar days notice of any price increase if the resulting price is less than or equal to (A) for the period beginning on the Effective Date and ending twelve (12) months following the Effective Date, the initial price charged for registrations in the TLD, or (B) for subsequent periods, a price for which Registry Operator provided a notice pursuant to the first sentence of this Section 2.10(b) within the twelve (12) month period preceding the effective date of the proposed price increase; and (ii) Registry Operator need not provide notice of any price increase for the imposition of the Variable Registry-Level Fee set forth in Section 6.3. Registry Operator shall offer registrars the option to obtain domain name registration renewals at the current price (i.e., the price in place prior to any noticed increase) for periods of one (1) to ten (10) years at the discretion of the registrar, but no greater than ten (10) years.

(c) In addition, Registry Operator must have uniform pricing for renewals of domain name registrations ("Renewal Pricing"). For the purposes of determining Renewal Pricing, the price for each domain registration renewal must be identical to the price of all other domain name registration renewals in place at the time of such renewal, and such price must take into account universal application of any refunds, rebates, discounts, product tying or other programs in place at the time of renewal. The foregoing requirements of this Section 2.10(c) shall not apply for (i) purposes of determining Renewal Pricing if the registrar has provided Registry Operator with documentation that demonstrates that the applicable registrant expressly agreed in its registration agreement with registrar to higher Renewal Pricing at the time of the initial registration of the domain name following clear and conspicuous disclosure of such Renewal Pricing to such registrant, and (ii) discounted Renewal Pricing pursuant to a Qualified Marketing Program (as defined below). The parties acknowledge that the purpose of this Section 2.10(c) is to prohibit abusive and/or discriminatory Renewal Pricing practices imposed by Registry



Operator without the written consent of the applicable registrant at the time of the initial registration of the domain and this Section 2.10(c) will be interpreted broadly to prohibit such practices. For purposes of this Section 2.10(c), a “Qualified Marketing Program” is a marketing program pursuant to which Registry Operator offers discounted Renewal Pricing, provided that each of the following criteria is satisfied: (i) the program and related discounts are offered for a period of time not to exceed one hundred eighty (180) calendar days (with consecutive substantially similar programs aggregated for purposes of determining the number of calendar days of the program), (ii) all ICANN accredited registrars are provided the same opportunity to qualify for such discounted Renewal Pricing; and (iii) the intent or effect of the program is not to exclude any particular class(es) of registrations (e.g., registrations held by large corporations) or increase the renewal price of any particular class(es) of registrations. Nothing in this Section 2.10(c) shall limit Registry Operator’s obligations pursuant to Section 2.10(b).

(d) Registry Operator shall provide public query-based DNS lookup service for the TLD (that is, operate the Registry TLD zone servers) at its sole expense.

## **2.11 Contractual and Operational Compliance Audits.**

(a) ICANN may from time to time (not to exceed twice per calendar year) conduct, or engage a third party to conduct, contractual compliance audits to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. Such audits shall be tailored to achieve the purpose of assessing compliance, and ICANN will (a) give reasonable advance notice of any such audit, which notice shall specify in reasonable detail the categories of documents, data and other information requested by ICANN, and (b) use commercially reasonable efforts to conduct such audit during regular business hours and in such a manner as to not unreasonably disrupt the operations of Registry Operator. As part of such audit and upon request by ICANN, Registry Operator shall timely provide all responsive documents, data and any other information reasonably necessary to demonstrate Registry Operator’s compliance with this Agreement. Upon no less than ten (10) calendar days notice (unless otherwise agreed to by Registry Operator), ICANN may, as part of any contractual compliance audit, conduct site visits during regular business hours to assess compliance by Registry Operator with its representations and warranties contained in Article 1 of this Agreement and its covenants contained in Article 2 of this Agreement. ICANN will treat any information obtained in connection with such audits that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of Registry Operator in accordance with Section 7.15.

(b) Any audit conducted pursuant to Section 2.11(a) will be at ICANN’s expense, unless (i) Registry Operator (A) controls, is controlled by, is under common control or is otherwise Affiliated with, any ICANN accredited registrar or registrar reseller or any of their respective Affiliates, or (B) has subcontracted the provision of Registry Services to an ICANN accredited registrar or registrar reseller or any of their respective Affiliates, and, in either case of (A) or (B) above, the audit relates to Registry Operator’s compliance with Section 2.14, in which case Registry Operator shall reimburse ICANN for

all reasonable costs and expenses associated with the portion of the audit related to Registry Operator's compliance with Section 2.14, or (ii) the audit is related to a discrepancy in the fees paid by Registry Operator hereunder in excess of 5% in a given quarter to ICANN's detriment, in which case Registry Operator shall reimburse ICANN for all reasonable costs and expenses associated with the entirety of such audit. In either such case of (i) or (ii) above, such reimbursement will be paid together with the next Registry-Level Fee payment due following the date of transmittal of the cost statement for such audit.

(c) Notwithstanding Section 2.11(a), if Registry Operator is found not to be in compliance with its representations and warranties contained in Article 1 of this Agreement or its covenants contained in Article 2 of this Agreement in two consecutive audits conducted pursuant to this Section 2.11, ICANN may increase the number of such audits to one per calendar quarter.

(d) Registry Operator will give ICANN immediate notice of Registry Operator's knowledge of the commencement of any of the proceedings referenced in Section 4.3(d) or the occurrence of any of the matters specified in Section 4.3(f).

**2.12 Continued Operations Instrument.** Registry Operator shall comply with the terms and conditions relating to the Continued Operations Instrument set forth in Specification 8 attached hereto ("Specification 8").

**2.13 Emergency Transition.** Registry Operator agrees that, in the event that any of the emergency thresholds for registry functions set forth in Section 6 of Specification 10 is reached, ICANN may designate an emergency interim registry operator of the registry for the TLD (an "Emergency Operator") in accordance with ICANN's registry transition process (available at <<http://www.icann.org/en/resources/registries/transition-processes>>) (as the same may be amended from time to time, the "Registry Transition Process") until such time as Registry Operator has demonstrated to ICANN's reasonable satisfaction that it can resume operation of the registry for the TLD without the reoccurrence of such failure. Following such demonstration, Registry Operator may transition back into operation of the registry for the TLD pursuant to the procedures set out in the Registry Transition Process, provided that Registry Operator pays all reasonable costs incurred (i) by ICANN as a result of the designation of the Emergency Operator and (ii) by the Emergency Operator in connection with the operation of the registry for the TLD, which costs shall be documented in reasonable detail in records that shall be made available to Registry Operator. In the event ICANN designates an Emergency Operator pursuant to this Section 2.13 and the Registry Transition Process, Registry Operator shall provide ICANN or any such Emergency Operator with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such Emergency Operator. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event that an Emergency Operator is designated pursuant to this Section 2.13. In addition, in the



event of such failure, ICANN shall retain and may enforce its rights under the Continued Operations Instrument.

**2.14 Registry Code of Conduct.** In connection with the operation of the registry for the TLD, Registry Operator shall comply with the Registry Code of Conduct as set forth in Specification 9 attached hereto (“Specification 9”).

**2.15 Cooperation with Economic Studies.** If ICANN initiates or commissions an economic study on the impact or functioning of new generic top-level domains on the Internet, the DNS or related matters, Registry Operator shall reasonably cooperate with such study, including by delivering to ICANN or its designee conducting such study all data related to the operation of the TLD reasonably necessary for the purposes of such study requested by ICANN or its designee, provided, that Registry Operator may withhold (a) any internal analyses or evaluations prepared by Registry Operator with respect to such data and (b) any data to the extent that the delivery of such data would be in violation of applicable law. Any data delivered to ICANN or its designee pursuant to this Section 2.15 that is appropriately marked as confidential (as required by Section 7.15) shall be treated as Confidential Information of Registry Operator in accordance with Section 7.15, provided that, if ICANN aggregates and makes anonymous such data, ICANN or its designee may disclose such data to any third party. Following completion of an economic study for which Registry Operator has provided data, ICANN will destroy all data provided by Registry Operator that has not been aggregated and made anonymous.

**2.16 Registry Performance Specifications.** Registry Performance Specifications for operation of the TLD will be as set forth in Specification 10 attached hereto (“Specification 10”). Registry Operator shall comply with such Performance Specifications and, for a period of at least one (1) year, shall keep technical and operational records sufficient to evidence compliance with such specifications for each calendar year during the Term.

**2.17 Additional Public Interest Commitments.** Registry Operator shall comply with the public interest commitments set forth in Specification 11 attached hereto (“Specification 11”).

**2.18 Personal Data.** Registry Operator shall (i) notify each ICANN-accredited registrar that is a party to the registry-registrar agreement for the TLD of the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to Registry Operator by such registrar is collected and used under this Agreement or otherwise and the intended recipients (or categories of recipients) of such Personal Data, and (ii) require such registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. Registry Operator shall take reasonable steps to protect Personal Data collected from such registrar from loss, misuse, unauthorized disclosure, alteration or destruction. Registry Operator shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

## ARTICLE 3.

### COVENANTS OF ICANN

ICANN covenants and agrees with Registry Operator as follows:

**3.1 Open and Transparent.** Consistent with ICANN's expressed mission and core values, ICANN shall operate in an open and transparent manner.

**3.2 Equitable Treatment.** ICANN shall not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and shall not single out Registry Operator for disparate treatment unless justified by substantial and reasonable cause.

**3.3 TLD Nameservers.** ICANN will use commercially reasonable efforts to ensure that any changes to the TLD nameserver designations submitted to ICANN by Registry Operator (in a format and with required technical elements specified by ICANN at <http://www.iana.org/domains/root/> will be implemented by ICANN within seven (7) calendar days or as promptly as feasible following technical verifications.

**3.4 Root-zone Information Publication.** ICANN's publication of root-zone contact information for the TLD will include Registry Operator and its administrative and technical contacts. Any request to modify the contact information for the Registry Operator must be made in the format specified from time to time by ICANN at <http://www.iana.org/domains/root/>.

**3.5 Authoritative Root Database.** To the extent that ICANN is authorized to set policy with regard to an authoritative root server system (the "Authoritative Root Server System"), ICANN shall use commercially reasonable efforts to (a) ensure that the authoritative root will point to the top-level domain nameservers designated by Registry Operator for the TLD, (b) maintain a stable, secure, and authoritative publicly available database of relevant information about the TLD, in accordance with ICANN publicly available policies and procedures, and (c) coordinate the Authoritative Root Server System so that it is operated and maintained in a stable and secure manner; provided, that ICANN shall not be in breach of this Agreement and ICANN shall have no liability in the event that any third party (including any governmental entity or internet service provider) blocks or restricts access to the TLD in any jurisdiction.

## ARTICLE 4.

### TERM AND TERMINATION

**4.1 Term.** The term of this Agreement will be ten (10) years from the Effective Date (as such term may be extended pursuant to Section 4.2, the "Term").

## **4.2 Renewal.**

(a) This Agreement will be renewed for successive periods of ten (10) years upon the expiration of the initial Term set forth in Section 4.1 and each successive Term, unless:

(i) Following notice by ICANN to Registry Operator of a fundamental and material breach of Registry Operator's covenants set forth in Article 2 or breach of its payment obligations under Article 6 of this Agreement, which notice shall include with specificity the details of the alleged breach, and such breach has not been cured within thirty (30) calendar days of such notice, (A) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator has been in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (B) Registry Operator has failed to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction; or

(ii) During the then current Term, Registry Operator shall have been found by an arbitrator (pursuant to Section 5.2 of this Agreement) or a court of competent jurisdiction on at least three (3) separate occasions to have been in (A) fundamental and material breach (whether or not cured) of Registry Operator's covenants set forth in Article 2 or (B) breach of its payment obligations under Article 6 of this Agreement.

(b) Upon the occurrence of the events set forth in Section 4.2(a) (i) or (ii), the Agreement shall terminate at the expiration of the then-current Term.

## **4.3 Termination by ICANN.**

(a) ICANN may, upon notice to Registry Operator, terminate this Agreement if: (i) Registry Operator fails to cure (A) any fundamental and material breach of Registry Operator's representations and warranties set forth in Article 1 or covenants set forth in Article 2, or (B) any breach of Registry Operator's payment obligations set forth in Article 6 of this Agreement, each within thirty (30) calendar days after ICANN gives Registry Operator notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in fundamental and material breach of such covenant(s) or in breach of its payment obligations, and (iii) Registry Operator fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) ICANN may, upon notice to Registry Operator, terminate this Agreement if Registry Operator fails to complete all testing and procedures (identified by ICANN in writing to Registry Operator prior to the date hereof) for delegation of the TLD

into the root zone within twelve (12) months of the Effective Date. Registry Operator may request an extension for up to additional twelve (12) months for delegation if it can demonstrate, to ICANN's reasonable satisfaction, that Registry Operator is working diligently and in good faith toward successfully completing the steps necessary for delegation of the TLD. Any fees paid by Registry Operator to ICANN prior to such termination date shall be retained by ICANN in full.

(c) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator fails to cure a material breach of Registry Operator's obligations set forth in Section 2.12 of this Agreement within thirty (30) calendar days of delivery of notice of such breach by ICANN, or if the Continued Operations Instrument is not in effect for greater than sixty (60) consecutive calendar days at any time following the Effective Date, (ii) an arbitrator or court of competent jurisdiction has finally determined that Registry Operator is in material breach of such covenant, and (iii) Registry Operator fails to cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(d) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator makes an assignment for the benefit of creditors or similar act, (ii) attachment, garnishment or similar proceedings are commenced against Registry Operator, which proceedings are a material threat to Registry Operator's ability to operate the registry for the TLD, and are not dismissed within sixty (60) calendar days of their commencement, (iii) a trustee, receiver, liquidator or equivalent is appointed in place of Registry Operator or maintains control over any of Registry Operator's property, (iv) execution is levied upon any material property of Registry Operator, (v) proceedings are instituted by or against Registry Operator under any bankruptcy, insolvency, reorganization or other laws relating to the relief of debtors and such proceedings are not dismissed within sixty (60) calendar days of their commencement, or (vi) Registry Operator files for protection under the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq., or a foreign equivalent or liquidates, dissolves or otherwise discontinues its operations or the operation of the TLD.

(e) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement pursuant to Section 2 of Specification 7 or Sections 2 and 3 of Specification 11, subject to Registry Operator's right to challenge such termination as set forth in the applicable procedure described therein.

(f) ICANN may, upon notice to Registry Operator, terminate this Agreement if (i) Registry Operator knowingly employs any officer who is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such officer is not terminated within thirty (30) calendar days of Registry Operator's knowledge of the foregoing, or (ii) any member of Registry Operator's board of directors or similar governing body is convicted of a misdemeanor related to financial activities or of any felony, or is judged by a court of

competent jurisdiction to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of the foregoing and such member is not removed from Registry Operator's board of directors or similar governing body within thirty (30) calendar days of Registry Operator's knowledge of the foregoing.

(g) ICANN may, upon thirty (30) calendar days' notice to Registry Operator, terminate this Agreement as specified in Section 7.5.

#### **4.4 Termination by Registry Operator.**

(a) Registry Operator may terminate this Agreement upon notice to ICANN if (i) ICANN fails to cure any fundamental and material breach of ICANN's covenants set forth in Article 3, within thirty (30) calendar days after Registry Operator gives ICANN notice of such breach, which notice will include with specificity the details of the alleged breach, (ii) an arbitrator or court of competent jurisdiction has finally determined that ICANN is in fundamental and material breach of such covenants, and (iii) ICANN fails to comply with such determination and cure such breach within ten (10) calendar days or such other time period as may be determined by the arbitrator or court of competent jurisdiction.

(b) Registry Operator may terminate this Agreement for any reason upon one hundred eighty (180) calendar day advance notice to ICANN.

**4.5 Transition of Registry upon Termination of Agreement.** Upon expiration of the Term pursuant to Section 4.1 or Section 4.2 or any termination of this Agreement pursuant to Section 4.3 or Section 4.4, Registry Operator shall provide ICANN or any successor registry operator that may be designated by ICANN for the TLD in accordance with this Section 4.5 with all data (including the data escrowed in accordance with Section 2.3) regarding operations of the registry for the TLD necessary to maintain operations and registry functions that may be reasonably requested by ICANN or such successor registry operator. After consultation with Registry Operator, ICANN shall determine whether or not to transition operation of the TLD to a successor registry operator in its sole discretion and in conformance with the Registry Transition Process; provided, however, that (i) ICANN will take into consideration any intellectual property rights of Registry Operator (as communicated to ICANN by Registry Operator) in determining whether to transition operation of the TLD to a successor registry operator and (ii) if Registry Operator demonstrates to ICANN's reasonable satisfaction that (A) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator or its Affiliates for their exclusive use, (B) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (C) transitioning operation of the TLD is not necessary to protect the public interest, then ICANN may not transition operation of the TLD to a successor registry operator upon the expiration or termination of this Agreement without the consent of Registry Operator (which shall not be unreasonably withheld, conditioned or delayed). For the avoidance of doubt, the foregoing sentence shall not prohibit ICANN from delegating the TLD pursuant



to a future application process for the delegation of top-level domains, subject to any processes and objection procedures instituted by ICANN in connection with such application process intended to protect the rights of third parties. Registry Operator agrees that ICANN may make any changes it deems necessary to the IANA database for DNS and WHOIS records with respect to the TLD in the event of a transition of the TLD pursuant to this Section 4.5. In addition, ICANN or its designee shall retain and may enforce its rights under the Continued Operations Instrument for the maintenance and operation of the TLD, regardless of the reason for termination or expiration of this Agreement.

**4.6 Effect of Termination.** Upon any expiration of the Term or termination of this Agreement, the obligations and rights of the parties hereto shall cease, provided that such expiration or termination of this Agreement shall not relieve the parties of any obligation or breach of this Agreement accruing prior to such expiration or termination, including, without limitation, all accrued payment obligations arising under Article 6. In addition, Article 5, Article 7, Section 2.12, Section 4.5, and this Section 4.6 shall survive the expiration or termination of this Agreement. For the avoidance of doubt, the rights of Registry Operator to operate the registry for the TLD shall immediately cease upon any expiration of the Term or termination of this Agreement.

## ARTICLE 5.

### DISPUTE RESOLUTION

**5.1 Mediation.** In the event of any dispute arising under or in connection with this Agreement, before either party may initiate arbitration pursuant to Section 5.2 below, ICANN and Registry Operator must attempt to resolve the dispute through mediation in accordance with the following terms and conditions:

(a) A party shall submit a dispute to mediation by written notice to the other party. The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days of delivery of written notice pursuant to this Section 5.1, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 5.1(a).

(b) The mediator shall conduct the mediation in accordance with the rules and procedures that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated

as a settlement discussion and shall therefore be confidential and may not be used against either party in any later proceeding relating to the dispute, including any arbitration pursuant to Section 5.2. The mediator may not testify for either party in any later proceeding relating to the dispute.

(c) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator. Each party shall treat information received from the other party pursuant to the mediation that is appropriately marked as confidential (as required by Section 7.15) as Confidential Information of such other party in accordance with Section 7.15.

(d) If the parties have engaged in good faith participation in the mediation but have not resolved the dispute for any reason, either party or the mediator may terminate the mediation at any time and the dispute can then proceed to arbitration pursuant to Section 5.2 below. If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following the date of the notice delivered pursuant to Section 5.1(a), the mediation shall automatically terminate (unless extended by agreement of the parties) and the dispute can then proceed to arbitration pursuant to Section 5.2 below.

**5.2 Arbitration.** Disputes arising under or in connection with this Agreement that are not resolved pursuant to Section 5.1, including requests for specific performance, will be resolved through binding arbitration conducted pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. The arbitration will be conducted in the English language and will occur in Los Angeles County, California. Any arbitration will be in front of a single arbitrator, unless (i) ICANN is seeking punitive or exemplary damages, or operational sanctions, (ii) the parties agree in writing to a greater number of arbitrators, or (iii) the dispute arises under Section 7.6 or 7.7. In the case of clauses (i), (ii) or (iii) in the preceding sentence, the arbitration will be in front of three arbitrators with each party selecting one arbitrator and the two selected arbitrators selecting the third arbitrator. In order to expedite the arbitration and limit its cost, the arbitrator(s) shall establish page limits for the parties' filings in conjunction with the arbitration, and should the arbitrator(s) determine that a hearing is necessary, the hearing shall be limited to one (1) calendar day, provided that in any arbitration in which ICANN is seeking punitive or exemplary damages, or operational sanctions, the hearing may be extended for one (1) additional calendar day if agreed upon by the parties or ordered by the arbitrator(s) based on the arbitrator(s) independent determination or the reasonable request of one of the parties thereto. The prevailing party in the arbitration will have the right to recover its costs and reasonable attorneys' fees, which the arbitrator(s) shall include in the awards. In the event the arbitrators determine that Registry Operator has been repeatedly and willfully in fundamental and material breach of its obligations set forth in Article 2, Article 6 or Section 5.4 of this Agreement, ICANN may request the arbitrators award punitive or exemplary damages, or operational sanctions (including without limitation an order temporarily restricting Registry Operator's right to sell new registrations). Each party shall treat information received from the other party pursuant to the arbitration that is appropriately marked as confidential (as required by Section 7.15) as

Confidential Information of such other party in accordance with Section 7.15. In any litigation involving ICANN concerning this Agreement, jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles County, California; however, the parties will also have the right to enforce a judgment of such a court in any court of competent jurisdiction.

**5.3 Limitation of Liability.** ICANN's aggregate monetary liability for violations of this Agreement will not exceed an amount equal to the Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to this Agreement (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any). Registry Operator's aggregate monetary liability to ICANN for breaches of this Agreement will be limited to an amount equal to the fees paid to ICANN during the preceding twelve-month period (excluding the Variable Registry-Level Fee set forth in Section 6.3, if any), and punitive and exemplary damages, if any, awarded in accordance with Section 5.2, except with respect to Registry Operator's indemnification obligations pursuant to Section 7.1 and Section 7.2. In no event shall either party be liable for special, punitive, exemplary or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided in Section 5.2. Except as otherwise provided in this Agreement, neither party makes any warranty, express or implied, with respect to the services rendered by itself, its servants or agents, or the results obtained from their work, including, without limitation, any implied warranty of merchantability, non-infringement or fitness for a particular purpose.

**5.4 Specific Performance.** Registry Operator and ICANN agree that irreparable damage could occur if any of the provisions of this Agreement was not performed in accordance with its specific terms. Accordingly, the parties agree that they each shall be entitled to seek from the arbitrator or court of competent jurisdiction specific performance of the terms of this Agreement (in addition to any other remedy to which each party is entitled).

## ARTICLE 6.

### FEES

#### 6.1 Registry-Level Fees.

(a) Registry Operator shall pay ICANN a registry-level fee equal to (i) the registry fixed fee of US\$6,250 per calendar quarter and (ii) the registry-level transaction fee (collectively, the "Registry-Level Fees"). The registry-level transaction fee will be equal to the number of annual increments of an initial or renewal domain name registration (at one or more levels, and including renewals associated with transfers from one ICANN-accredited registrar to another, each a "Transaction"), during the applicable calendar quarter multiplied by US\$0.25; provided, however that the registry-level transaction fee shall not apply until and unless more than 50,000 Transactions have occurred in the TLD during any calendar quarter or any consecutive four calendar quarter period in the



aggregate (the “Transaction Threshold”) and shall apply to each Transaction that occurred during each quarter in which the Transaction Threshold has been met, but shall not apply to each quarter in which the Transaction Threshold has not been met. Registry Operator’s obligation to pay the quarterly registry-level fixed fee will begin on the date on which the TLD is delegated in the DNS to Registry Operator. The first quarterly payment of the registry-level fixed fee will be prorated based on the number of calendar days between the delegation date and the end of the calendar quarter in which the delegation date falls.

(b) Subject to Section 6.1(a), Registry Operator shall pay the Registry-Level Fees on a quarterly basis to an account designated by ICANN within thirty (30) calendar days following the date of the invoice provided by ICANN.

**6.2 Cost Recovery for RSTEP.** Requests by Registry Operator for the approval of Additional Services pursuant to Section 2.1 may be referred by ICANN to the Registry Services Technical Evaluation Panel (“RSTEP”) pursuant to that process at <http://www.icann.org/en/registries/rsep/>. In the event that such requests are referred to RSTEP, Registry Operator shall remit to ICANN the invoiced cost of the RSTEP review within fourteen (14) calendar days of receipt of a copy of the RSTEP invoice from ICANN, unless ICANN determines, in its sole and absolute discretion, to pay all or any portion of the invoiced cost of such RSTEP review.

### **6.3 Variable Registry-Level Fee.**

(a) If the ICANN accredited registrars (accounting, in the aggregate, for payment of two-thirds of all registrar-level fees (or such portion of ICANN accredited registrars necessary to approve variable accreditation fees under the then-current registrar accreditation agreement), do not approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for any ICANN fiscal year, upon delivery of notice from ICANN, Registry Operator shall pay to ICANN a variable registry-level fee, which shall be paid on a fiscal quarter basis, and shall accrue as of the beginning of the first fiscal quarter of such ICANN fiscal year (the “Variable Registry-Level Fee”). The fee will be calculated and invoiced by ICANN on a quarterly basis, and shall be paid by Registry Operator within sixty (60) calendar days with respect to the first quarter of such ICANN fiscal year and within twenty (20) calendar days with respect to each remaining quarter of such ICANN fiscal year, of receipt of the invoiced amount by ICANN. The Registry Operator may invoice and collect the Variable Registry-Level Fees from the registrars that are party to a registry-registrar agreement with Registry Operator (which agreement may specifically provide for the reimbursement of Variable Registry-Level Fees paid by Registry Operator pursuant to this Section 6.3); provided, that the fees shall be invoiced to all ICANN accredited registrars if invoiced to any. The Variable Registry-Level Fee, if collectible by ICANN, shall be an obligation of Registry Operator and shall be due and payable as provided in this Section 6.3 irrespective of Registry Operator’s ability to seek and obtain reimbursement of such fee from registrars. In the event ICANN later collects variable accreditation fees for which Registry Operator has paid ICANN a Variable Registry-Level Fee, ICANN shall reimburse the Registry Operator an appropriate amount of the Variable Registry-Level Fee, as reasonably

determined by ICANN. If the ICANN accredited registrars (as a group) do approve, pursuant to the terms of their registrar accreditation agreements with ICANN, the variable accreditation fees established by the ICANN Board of Directors for a fiscal year, ICANN shall not be entitled to a Variable-Level Fee hereunder for such fiscal year, irrespective of whether the ICANN accredited registrars comply with their payment obligations to ICANN during such fiscal year.

(b) The amount of the Variable Registry-Level Fee will be specified for each registrar, and may include both a per-registrar component and a transactional component. The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year. The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each ICANN fiscal year but shall not exceed US\$0.25 per domain name registration (including renewals associated with transfers from one ICANN accredited registrar to another) per year.

**6.4 Pass Through Fees.** Registry Operator shall pay to ICANN (i) a one-time fee equal to US\$5,000 for access to and use of the Trademark Clearinghouse as described in Specification 7 (the “RPM Access Fee”) and (ii) an amount specified by ICANN not to exceed US\$0.25 per Sunrise Registration and Claims Registration (as such terms are used in Trademark Clearinghouse RPMs incorporated herein pursuant to Specification 7) (the “RPM Registration Fee”). The RPM Access Fee will be invoiced as of the Effective Date of this Agreement, and Registry Operator shall pay such fee to an account specified by ICANN within thirty (30) calendar days following the date of the invoice. ICANN will invoice Registry Operator quarterly for the RPM Registration Fee, which shall be due in accordance with the invoicing and payment procedure specified in Section 6.1.

**6.5 Adjustments to Fees.** Notwithstanding any of the fee limitations set forth in this Article 6, commencing upon the expiration of the first year of this Agreement, and upon the expiration of each year thereafter during the Term, the then-current fees set forth in Section 6.1 and Section 6.3 may be adjusted, at ICANN’s discretion, by a percentage equal to the percentage change, if any, in (i) the Consumer Price Index for All Urban Consumers, U.S. City Average (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics, or any successor index (the “CPI”) for the month which is one (1) month prior to the commencement of the applicable year, over (ii) the CPI published for the month which is one (1) month prior to the commencement of the immediately prior year. In the event of any such increase, ICANN shall provide notice to Registry Operator specifying the amount of such adjustment. Any fee adjustment under this Section 6.5 shall be effective as of the first day of the first calendar quarter following at least thirty (30) days after ICANN’s delivery to Registry Operator of such fee adjustment notice.

**6.6 Additional Fee on Late Payments.** For any payments thirty (30) calendar days or more overdue under this Agreement, Registry Operator shall pay an additional fee on late payments at the rate of 1.5% per month or, if less, the maximum rate permitted by applicable law.

## ARTICLE 7.

### MISCELLANEOUS

#### 7.1 Indemnification of ICANN.

(a) Registry Operator shall indemnify and defend ICANN and its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all third-party claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or relating to intellectual property ownership rights with respect to the TLD, the delegation of the TLD to Registry Operator, Registry Operator's operation of the registry for the TLD or Registry Operator's provision of Registry Services, provided that Registry Operator shall not be obligated to indemnify or defend any Indemnitee to the extent the claim, damage, liability, cost or expense arose: (i) due to the actions or omissions of ICANN, its subcontractors, panelists or evaluators specifically related to and occurring during the registry TLD application process (other than actions or omissions requested by or for the benefit of Registry Operator), or (ii) due to a breach by ICANN of any obligation contained in this Agreement or any willful misconduct by ICANN. This Section shall not be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for costs associated with the negotiation or execution of this Agreement, or with monitoring or management of the parties' respective obligations hereunder. Further, this Section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties, which shall be governed by Article 5 or otherwise awarded by a court of competent jurisdiction or arbitrator.

(b) For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the same actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Article 6 hereof for any applicable quarter) by the total number of domain names under registration within all top level domains for which the registry operators thereof are engaging in the same acts or omissions giving rise to such claim. For the purposes of reducing Registry Operator's liability under Section 7.1(a) pursuant to this Section 7.1(b), Registry Operator shall have the burden of identifying the other registry operators that are engaged in the same actions or omissions that gave rise to the claim, and demonstrating, to ICANN's reasonable satisfaction, such other registry operators' culpability for such actions or omissions. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN as set forth in Section 7.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.

**7.2 Indemnification Procedures.** If any third-party claim is commenced that is indemnified under Section 7.1 above, ICANN shall provide notice thereof to Registry

Operator as promptly as practicable. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to ICANN to handle and defend the same, at Registry Operator's sole cost and expense, provided that in all events ICANN will be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN's policies, Bylaws or conduct. ICANN shall cooperate, at Registry Operator's cost and expense, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom, and may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is fully indemnified by Registry Operator will be entered into without the consent of ICANN. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section 7.2, ICANN will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Registry Operator and Registry Operator shall cooperate in such defense.

**7.3 Defined Terms.** For purposes of this Agreement, unless such definitions are amended pursuant to a Consensus Policy at a future date, in which case the following definitions shall be deemed amended and restated in their entirety as set forth in such Consensus Policy, Security and Stability shall be defined as follows:

(a) For the purposes of this Agreement, an effect on "Security" shall mean (1) the unauthorized disclosure, alteration, insertion or destruction of registry data, or (2) the unauthorized access to or disclosure of information or resources on the Internet by systems operating in accordance with all applicable standards.

(b) For purposes of this Agreement, an effect on "Stability" shall refer to (1) lack of compliance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice Requests for Comments ("RFCs") sponsored by the Internet Engineering Task Force; or (2) the creation of a condition that adversely affects the throughput, response time, consistency or coherence of responses to Internet servers or end systems operating in accordance with applicable relevant standards that are authoritative and published by a well-established and recognized Internet standards body, such as the relevant Standards-Track or Best Current Practice RFCs, and relying on Registry Operator's delegated information or provisioning of services.

**7.4 No Offset.** All payments due under this Agreement will be made in a timely manner throughout the Term and notwithstanding the pendency of any dispute (monetary or otherwise) between Registry Operator and ICANN.

**7.5 Change of Control; Assignment and Subcontracting.** Except as set forth in this Section 7.5, neither party may assign any of its rights and obligations under this Agreement without the prior written approval of the other party, which approval will not

be unreasonably withheld. For purposes of this Section 7.5, a direct or indirect change of control of Registry Operator or any subcontracting arrangement that relates to any Critical Function (as identified in Section 6 of Specification 10) for the TLD (a “Material Subcontracting Arrangement”) shall be deemed an assignment.

(a) Registry Operator must provide no less than thirty (30) calendar days advance notice to ICANN of any assignment or Material Subcontracting Arrangement, and any agreement to assign or subcontract any portion of the operations of the TLD (whether or not a Material Subcontracting Arrangement) must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder, and Registry Operator shall continue to be bound by such covenants, obligations and agreements. Registry Operator must also provide no less than thirty (30) calendar days advance notice to ICANN prior to the consummation of any transaction anticipated to result in a direct or indirect change of control of Registry Operator.

(b) Within thirty (30) calendar days of either such notification pursuant to Section 7.5(a), ICANN may request additional information from Registry Operator establishing (i) compliance with this Agreement and (ii) that the party acquiring such control or entering into such assignment or Material Subcontracting Arrangement (in any case, the “Contracting Party”) and the ultimate parent entity of the Contracting Party meets the ICANN-adopted specification or policy on registry operator criteria then in effect (including with respect to financial resources and operational and technical capabilities), in which case Registry Operator must supply the requested information within fifteen (15) calendar days.

(c) Registry Operator agrees that ICANN’s consent to any assignment, change of control or Material Subcontracting Arrangement will also be subject to background checks on any proposed Contracting Party (and such Contracting Party’s Affiliates).

(d) If ICANN fails to expressly provide or withhold its consent to any assignment, direct or indirect change of control of Registry Operator or any Material Subcontracting Arrangement within thirty (30) calendar days of ICANN’s receipt of notice of such transaction (or, if ICANN has requested additional information from Registry Operator as set forth above, thirty (30) calendar days of the receipt of all requested written information regarding such transaction) from Registry Operator, ICANN shall be deemed to have consented to such transaction.

(e) In connection with any such assignment, change of control or Material Subcontracting Arrangement, Registry Operator shall comply with the Registry Transition Process.

(f) Notwithstanding the foregoing, (i) any consummated change of control shall not be voidable by ICANN; provided, however, that, if ICANN reasonably determines to withhold its consent to such transaction, ICANN may terminate this Agreement pursuant to Section 4.3(g), (ii) ICANN may assign this Agreement without the



consent of Registry Operator upon approval of the ICANN Board of Directors in conjunction with a reorganization, reconstitution or re-incorporation of ICANN upon such assignee's express assumption of the terms and conditions of this Agreement, (iii) Registry Operator may assign this Agreement without the consent of ICANN directly to a wholly-owned subsidiary of Registry Operator, or, if Registry Operator is a wholly-owned subsidiary, to its direct parent or to another wholly-owned subsidiary of its direct parent, upon such subsidiary's or parent's, as applicable, express assumption of the terms and conditions of this Agreement, and (iv) ICANN shall be deemed to have consented to any assignment, Material Subcontracting Arrangement or change of control transaction in which the Contracting Party is an existing operator of a generic top-level domain pursuant to a registry agreement between such Contracting Party and ICANN (provided that such Contracting Party is then in compliance with the terms and conditions of such registry agreement in all material respects), unless ICANN provides to Registry Operator a written objection to such transaction within ten (10) calendar days of ICANN's receipt of notice of such transaction pursuant to this Section 7.5. Notwithstanding Section 7.5(a), in the event an assignment is made pursuant to clauses (ii) or (iii) of this Section 7.5(f), the assigning party will provide the other party with prompt notice following any such assignment.

#### **7.6 Amendments and Waivers.**

(a) If the ICANN Board of Directors determines that an amendment to this Agreement (including to the Specifications referred to herein) and all other registry agreements between ICANN and the Applicable Registry Operators (the "Applicable Registry Agreements") is desirable (each, a "Special Amendment"), ICANN may adopt a Special Amendment pursuant to the requirements of and process set forth in this Section 7.6; provided that a Special Amendment may not be a Restricted Amendment.

(b) Prior to submitting a Special Amendment for Registry Operator Approval, ICANN shall first consult in good faith with the Working Group regarding the form and substance of such Special Amendment. The duration of such consultation shall be reasonably determined by ICANN based on the substance of the Special Amendment. Following such consultation, ICANN may propose the adoption of a Special Amendment by publicly posting such amendment on its website for no less than thirty (30) calendar days (the "Posting Period") and providing notice of such proposed amendment to the Applicable Registry Operators in accordance with Section 7.9. ICANN will consider the public comments submitted on a Special Amendment during the Posting Period (including comments submitted by the Applicable Registry Operators).

(c) If, within one hundred eighty (180) calendar days following the expiration of the Posting Period (the "Approval Period"), the ICANN Board of Directors approves a Special Amendment (which may be in a form different than submitted for public comment, but must address the subject matter of the Special Amendment posted for public comment, as modified to reflect and/or address input from the Working Group and public comments), ICANN shall provide notice of, and submit, such Special Amendment for approval or disapproval by the Applicable Registry Operators. If, during the sixty (60) calendar day period following the date ICANN provides such notice to the Applicable

Registry Operators, such Special Amendment receives Registry Operator Approval, such Special Amendment shall be deemed approved (an “Approved Amendment”) by the Applicable Registry Operators, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Approved Amendment to Registry Operator (the “Amendment Effective Date”). In the event that a Special Amendment does not receive Registry Operator Approval, the Special Amendment shall be deemed not approved by the Applicable Registry Operators (a “Rejected Amendment”). A Rejected Amendment will have no effect on the terms and conditions of this Agreement, except as set forth below.

(d) If the ICANN Board of Directors reasonably determines that a Rejected Amendment falls within the subject matter categories set forth in Section 1.2 of Specification 1, the ICANN Board of Directors may adopt a resolution (the date such resolution is adopted is referred to herein as the “Resolution Adoption Date”) requesting an Issue Report (as such term is defined in ICANN’s Bylaws) by the Generic Names Supporting Organization (the “GNSO”) regarding the substance of such Rejected Amendment. The policy development process undertaken by the GNSO pursuant to such requested Issue Report is referred to herein as a “PDP.” If such PDP results in a Final Report supported by a GNSO Supermajority (as defined in ICANN’s Bylaws) that either (i) recommends adoption of the Rejected Amendment as Consensus Policy or (ii) recommends against adoption of the Rejected Amendment as Consensus Policy, and, in the case of (i) above, the Board adopts such Consensus Policy, Registry Operator shall comply with its obligations pursuant to Section 2.2 of this Agreement. In either case, ICANN will abandon the Rejected Amendment and it will have no effect on the terms and conditions of this Agreement. Notwithstanding the foregoing provisions of this Section 7.6(d), the ICANN Board of Directors shall not be required to initiate a PDP with respect to a Rejected Amendment if, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject matter of such Rejected Amendment was the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation.

(e) If (a) a Rejected Amendment does not fall within the subject matter categories set forth in Section 1.2 of Specification 1, (b) the subject matter of a Rejected Amendment was, at any time in the twelve (12) month period preceding the submission of such Rejected Amendment for Registry Operator Approval pursuant to Section 7.6(c), the subject of a concluded or otherwise abandoned or terminated PDP that did not result in a GNSO Supermajority recommendation, or (c) a PDP does not result in a Final Report supported by a GNSO Supermajority that either (A) recommends adoption of the Rejected Amendment as Consensus Policy or (B) recommends against adoption of the Rejected Amendment as Consensus Policy (or such PDP has otherwise been abandoned or terminated for any reason), then, in any such case, such Rejected Amendment may still be adopted and become effective in the manner described below. In order for the Rejected Amendment to be adopted, the following requirements must be satisfied:

(i) the subject matter of the Rejected Amendment must be within the scope of ICANN's mission and consistent with a balanced application of its core values (as described in ICANN's Bylaws);

(ii) the Rejected Amendment must be justified by a Substantial and Compelling Reason in the Public Interest, must be likely to promote such interest, taking into account competing public and private interests that are likely to be affected by the Rejected Amendment, and must be narrowly tailored and no broader than reasonably necessary to address such Substantial and Compelling Reason in the Public Interest;

(iii) to the extent the Rejected Amendment prohibits or requires conduct or activities, imposes material costs on the Applicable Registry Operators, and/or materially reduces public access to domain name services, the Rejected Amendment must be the least restrictive means reasonably available to address the Substantial and Compelling Reason in the Public Interest;

(iv) the ICANN Board of Directors must submit the Rejected Amendment, along with a written explanation of the reasoning related to its determination that the Rejected Amendment meets the requirements set out in subclauses (i) through (iii) above, for public comment for a period of no less than thirty (30) calendar days; and

(v) following such public comment period, the ICANN Board of Directors must (a) engage in consultation (or direct ICANN management to engage in consultation) with the Working Group, subject matter experts, members of the GNSO, relevant advisory committees and other interested stakeholders with respect to such Rejected Amendment for a period of no less than sixty (60) calendar days; and (b) following such consultation, reapprove the Rejected Amendment (which may be in a form different than submitted for Registry Operator Approval, but must address the subject matter of the Rejected Amendment, as modified to reflect and/or address input from the Working Group and public comments) by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN's Conflict of Interest Policy (a "Board Amendment").

Such Board Amendment shall, subject to Section 7.6(f), be deemed an Approved Amendment, and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Board Amendment to Registry Operator (which effective date shall be deemed the Amendment Effective Date hereunder). Notwithstanding the foregoing, a Board Amendment may not amend the registry fees charged by ICANN hereunder, or amend this Section 7.6.



(f) Notwithstanding the provisions of Section 7.6(e), a Board Amendment shall not be deemed an Approved Amendment if, during the thirty (30) calendar day period following the approval by the ICANN Board of Directors of the Board Amendment, the Working Group, on the behalf of the Applicable Registry Operators, submits to the ICANN Board of Directors an alternative to the Board Amendment (an “Alternative Amendment”) that meets the following requirements:

(i) sets forth the precise text proposed by the Working Group to amend this Agreement in lieu of the Board Amendment;

(ii) addresses the Substantial and Compelling Reason in the Public Interest identified by the ICANN Board of Directors as the justification for the Board Amendment; and

(iii) compared to the Board Amendment is: (a) more narrowly tailored to address such Substantial and Compelling Reason in the Public Interest, and (b) to the extent the Alternative Amendment prohibits or requires conduct or activities, imposes material costs on Affected Registry Operators, or materially reduces access to domain name services, is a less restrictive means to address the Substantial and Compelling Reason in the Public Interest.

Any proposed amendment that does not meet the requirements of subclauses (i) through (iii) in the immediately preceding sentence shall not be considered an Alternative Amendment hereunder and therefore shall not supersede or delay the effectiveness of the Board Amendment. If, following the submission of the Alternative Amendment to the ICANN Board of Directors, the Alternative Amendment receives Registry Operator Approval, the Alternative Amendment shall supersede the Board Amendment and shall be deemed an Approved Amendment hereunder (and shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice of the approval of such Alternative Amendment to Registry Operator, which effective date shall be deemed the Amendment Effective Date hereunder), unless, within a period of sixty (60) calendar days following the date that the Working Group notifies the ICANN Board of Directors of Registry Operator Approval of such Alternative Amendment (during which time ICANN shall engage with the Working Group with respect to the Alternative Amendment), the ICANN Board of Directors by the affirmative vote of at least two-thirds of the members of the ICANN Board of Directors eligible to vote on such matter, taking into account any ICANN policy affecting such eligibility, including ICANN’s Conflict of Interest Policy, rejects the Alternative Amendment. If (A) the Alternative Amendment does not receive Registry Operator Approval within thirty (30) calendar days of submission of such Alternative Amendment to the Applicable Registry Operators (and the Working Group shall notify ICANN of the date of such submission), or (B) the ICANN Board of Directors rejects the Alternative Amendment by such two-thirds vote, the Board Amendment (and not the Alternative Amendment) shall be effective and deemed an amendment to this Agreement on the date that is sixty (60) calendar days following the date ICANN provided notice to Registry Operator (which

effective date shall be deemed the Amendment Effective Date hereunder). If the ICANN Board of Directors rejects an Alternative Amendment, the board shall publish a written rationale setting forth its analysis of the criteria set forth in Sections 7.6(f)(i) through 7.6(f)(iii). The ability of the ICANN Board of Directors to reject an Alternative Amendment hereunder does not relieve the Board of the obligation to ensure that any Board Amendment meets the criteria set forth in Section 7.6(e)(i) through 7.6(e)(v).

(g) In the event that Registry Operator believes an Approved Amendment does not meet the substantive requirements set out in this Section 7.6 or has been adopted in contravention of any of the procedural provisions of this Section 7.6, Registry Operator may challenge the adoption of such Special Amendment pursuant to the dispute resolution provisions set forth in Article 5, except that such arbitration shall be conducted by a three-person arbitration panel. Any such challenge must be brought within sixty (60) calendar days following the date ICANN provided notice to Registry Operator of the Approved Amendment, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. The Approved Amendment will be deemed not to have amended this Agreement during the pendency of the dispute resolution process.

(h) Registry Operator may apply in writing to ICANN for an exemption from the Approved Amendment (each such request submitted by Registry Operator hereunder, an "Exemption Request") during the thirty (30) calendar day period following the date ICANN provided notice to Registry Operator of such Approved Amendment. Each Exemption Request will set forth the basis for such request and provide detailed support for an exemption from the Approved Amendment. An Exemption Request may also include a detailed description and support for any alternatives to, or a variation of, the Approved Amendment proposed by such Registry Operator. An Exemption Request may only be granted upon a clear and convincing showing by Registry Operator that compliance with the Approved Amendment conflicts with applicable laws or would have a material adverse effect on the long-term financial condition or results of operations of Registry Operator. No Exemption Request will be granted if ICANN determines, in its reasonable discretion, that granting such Exemption Request would be materially harmful to registrants or result in the denial of a direct benefit to registrants. Within ninety (90) calendar days of ICANN's receipt of an Exemption Request, ICANN shall either approve (which approval may be conditioned or consist of alternatives to or a variation of the Approved Amendment) or deny the Exemption Request in writing, during which time the Approved Amendment will not amend this Agreement. If the Exemption Request is approved by ICANN, the Approved Amendment will not amend this Agreement; provided, that any conditions, alternatives or variations of the Approved Amendment required by ICANN shall be effective and, to the extent applicable, will amend this Agreement as of the Amendment Effective Date. If such Exemption Request is denied by ICANN, the Approved Amendment will amend this Agreement as of the Amendment Effective Date (or, if such date has passed, such Approved Amendment shall be deemed effective immediately on the date of such denial), provided that Registry Operator may, within thirty (30) calendar days following receipt of ICANN's determination, appeal ICANN's decision to deny the Exemption Request pursuant to the dispute resolution procedures set forth in Article 5. The Approved Amendment will be

deemed not to have amended this Agreement during the pendency of the dispute resolution process. For avoidance of doubt, only Exemption Requests submitted by Registry Operator that are approved by ICANN pursuant to this Section 7.6(j), agreed to by ICANN following mediation pursuant to Section 5.1 or through an arbitration decision pursuant to Section 5.2 shall exempt Registry Operator from any Approved Amendment, and no Exemption Request granted to any other Applicable Registry Operator (whether by ICANN or through arbitration) shall have any effect under this Agreement or exempt Registry Operator from any Approved Amendment.

(i) Except as set forth in this Section 7.6, Section 7.7 and as otherwise set forth in this Agreement and the Specifications hereto, no amendment, supplement or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties, and nothing in this Section 7.6 or Section 7.7 shall restrict ICANN and Registry Operator from entering into bilateral amendments and modifications to this Agreement negotiated solely between the two parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement or failure to enforce any of the provisions hereof shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. For the avoidance of doubt, nothing in this Sections 7.6 or 7.7 shall be deemed to limit Registry Operator's obligation to comply with Section 2.2.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "Applicable Registry Operators" means, collectively, the registry operators of top-level domains party to a registry agreement that contains a provision similar to this Section 7.6, including Registry Operator.

(ii) "Registry Operator Approval" means the receipt of each of the following: (A) the affirmative approval of the Applicable Registry Operators whose payments to ICANN accounted for two-thirds of the total amount of fees (converted to U.S. dollars, if applicable, at the prevailing exchange rate published the prior day in the U.S. Edition of the Wall Street Journal for the date such calculation is made by ICANN) paid to ICANN by all the Applicable Registry Operators during the immediately previous calendar year pursuant to the Applicable Registry Agreements, and (B) the affirmative approval of a majority of the Applicable Registry Operators at the time such approval is obtained. For the avoidance of doubt, with respect to clause (B), each Applicable Registry Operator shall have one vote for each top-level domain operated by such Registry Operator pursuant to an Applicable Registry Agreement.

(iii) "Restricted Amendment" means the following: (A) an amendment of Specification 1, (B) except to the extent addressed in Section

2.10 hereof, an amendment that specifies the price charged by Registry Operator to registrars for domain name registrations, (C) an amendment to the definition of Registry Services as set forth in the first paragraph of Section 2.1 of Specification 6, or (D) an amendment to the length of the Term.

(iv) “Substantial and Compelling Reason in the Public Interest” means a reason that is justified by an important, specific, and articulated public interest goal that is within ICANN's mission and consistent with a balanced application of ICANN's core values as defined in ICANN's Bylaws.

(v) “Working Group” means representatives of the Applicable Registry Operators and other members of the community that the Registry Stakeholders Group appoints, from time to time, to serve as a working group to consult on amendments to the Applicable Registry Agreements (excluding bilateral amendments pursuant to Section 7.6(i)).

(k) Notwithstanding anything in this Section 7.6 to the contrary, (i) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for Approved Amendment to become effective with respect to Registry Operator, and (ii) no Approved Amendment adopted pursuant to Section 7.6 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

## **7.7 Negotiation Process.**

(a) If either the Chief Executive Officer of ICANN (“CEO”) or the Chairperson of the Registry Stakeholder Group (“Chair”) desires to discuss any revision(s) to this Agreement, the CEO or Chair, as applicable, shall provide written notice to the other person, which shall set forth in reasonable detail the proposed revisions to this Agreement (a “Negotiation Notice”). Notwithstanding the foregoing, neither the CEO nor the Chair may (i) propose revisions to this Agreement that modify any Consensus Policy then existing, (ii) propose revisions to this Agreement pursuant to this Section 7.7 on or before June 30, 2014, or (iii) propose revisions or submit a Negotiation Notice more than once during any twelve (12) month period beginning on July 1, 2014.

(b) Following receipt of the Negotiation Notice by either the CEO or the Chair, ICANN and the Working Group (as defined in Section 7.6) shall consult in good faith negotiations regarding the form and substance of the proposed revisions to this Agreement, which shall be in the form of a proposed amendment to this Agreement (the “Proposed Revisions”), for a period of at least ninety (90) calendar days (unless a resolution is earlier reached) and attempt to reach a mutually acceptable agreement relating to the Proposed Revisions (the “Discussion Period”).

(c) If, following the conclusion of the Discussion Period, an agreement is reached on the Proposed Revisions, ICANN shall post the mutually agreed Proposed

Revisions on its website for public comment for no less than thirty (30) calendar days (the "Posting Period") and provide notice of such revisions to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval (as defined in Section 7.6) and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(d) If, following the conclusion of the Discussion Period, an agreement is not reached between ICANN and the Working Group on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (the "Mediation Notice") requiring each party to attempt to resolve the disagreements related to the Proposed Revisions through impartial, facilitative (non-evaluative) mediation in accordance with the terms and conditions set forth below. In the event that a Mediation Notice is provided, ICANN and the Working Group shall, within fifteen (15) calendar days thereof, simultaneously post the text of their desired version of the Proposed Revisions and a position paper with respect thereto on ICANN's website.

(i) The mediation shall be conducted by a single mediator selected by the parties. If the parties cannot agree on a mediator within fifteen (15) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the parties will promptly select a mutually acceptable mediation provider entity, which entity shall, as soon as practicable following such entity's selection, designate a mediator, who is a licensed attorney with general knowledge of contract law, who has no ongoing business relationship with either party and, to the extent necessary to mediate the particular dispute, general knowledge of the domain name system. Any mediator must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or security holder of ICANN or an Applicable Registry Operator. If such confirmation is not provided by the appointed mediator, then a replacement mediator shall be appointed pursuant to this Section 7.7(d)(i).

(ii) The mediator shall conduct the mediation in accordance with the rules and procedures for facilitative mediation that he or she determines following consultation with the parties. The parties shall discuss the dispute in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute.

(iii) Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.



(iv) If an agreement is reached during the mediation, ICANN shall post the mutually agreed Proposed Revisions on its website for the Posting Period and provide notice to all Applicable Registry Operators in accordance with Section 7.9. ICANN and the Working Group will consider the public comments submitted on the agreed Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators). Following the conclusion of the Posting Period, the Proposed Revisions shall be submitted for Registry Operator Approval and approval by the ICANN Board of Directors. If such approvals are obtained, the Proposed Revisions shall be deemed an Approved Amendment (as defined in Section 7.6) by the Applicable Registry Operators and ICANN, and shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator.

(v) If the parties have not resolved the dispute for any reason by the date that is ninety (90) calendar days following receipt by the CEO or Chair, as applicable, of the Mediation Notice, the mediation shall automatically terminate (unless extended by agreement of the parties). The mediator shall deliver to the parties a definition of the issues that could be considered in future arbitration, if invoked. Those issues are subject to the limitations set forth in Section 7.7(e)(ii) below.

(e) If, following mediation, ICANN and the Working Group have not reached an agreement on the Proposed Revisions, either the CEO or the Chair may provide the other person written notice (an "Arbitration Notice") requiring ICANN and the Applicable Registry Operators to resolve the dispute through binding arbitration in accordance with the arbitration provisions of Section 5.2, subject to the requirements and limitations of this Section 7.7(e).

(i) If an Arbitration Notice is sent, the mediator's definition of issues, along with the Proposed Revisions (be those from ICANN, the Working Group or both) shall be posted for public comment on ICANN's website for a period of no less than thirty (30) calendar days. ICANN and the Working Group will consider the public comments submitted on the Proposed Revisions during the Posting Period (including comments submitted by the Applicable Registry Operators), and information regarding such comments and consideration shall be provided to a three (3) person arbitrator panel. Each party may modify its Proposed Revisions before and after the Posting Period. The arbitration proceeding may not commence prior to the closing of such public comment period, and ICANN may consolidate all challenges brought by registry operators (including Registry Operator) into a single proceeding. Except as set forth in this Section 7.7, the arbitration shall be conducted pursuant to Section 5.2.

(ii) No dispute regarding the Proposed Revisions may be submitted for arbitration to the extent the subject matter of the Proposed

Revisions (i) relates to Consensus Policy, (ii) falls within the subject matter categories set forth in Section 1.2 of Specification 1, or (iii) seeks to amend any of the following provisions or Specifications of this Agreement: Articles 1, 3 and 6; Sections 2.1, 2.2, 2.5, 2.7, 2.9, 2.10, 2.16, 2.17, 2.19, 4.1, 4.2, 7.3, 7.6, 7.7, 7.8, 7.10, 7.11, 7.12, 7.13, 7.14, 7.16; Section 2.8 and Specification 7 (but only to the extent such Proposed Revisions seek to implement an RPM not contemplated by Sections 2.8 and Specification 7); Exhibit A; and Specifications 1, 4, 6, 10 and 11.

(iii) The mediator will brief the arbitrator panel regarding ICANN and the Working Group's respective proposals relating to the Proposed Revisions.

(iv) No amendment to this Agreement relating to the Proposed Revisions may be submitted for arbitration by either the Working Group or ICANN, unless, in the case of the Working Group, the proposed amendment has received Registry Operator Approval and, in the case of ICANN, the proposed amendment has been approved by the ICANN Board of Directors.

(v) In order for the arbitrator panel to approve either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions, the arbitrator panel must conclude that such proposed amendment is consistent with a balanced application of ICANN's core values (as described in ICANN's Bylaws) and reasonable in light of the balancing of the costs and benefits to the business interests of the Applicable Registry Operators and ICANN (as applicable), and the public benefit sought to be achieved by the Proposed Revisions as set forth in such amendment. If the arbitrator panel concludes that either ICANN or the Working Group's proposed amendment relating to the Proposed Revisions meets the foregoing standard, such amendment shall be effective and deemed an amendment to this Agreement upon sixty (60) calendar days notice from ICANN to Registry Operator and deemed an Approved Amendment hereunder.

(f) With respect to an Approved Amendment relating to an amendment proposed by ICANN, Registry may apply in writing to ICANN for an exemption from such amendment pursuant to the provisions of Section 7.6.

(g) Notwithstanding anything in this Section 7.7 to the contrary, (a) if Registry Operator provides evidence to ICANN's reasonable satisfaction that the Approved Amendment would materially increase the cost of providing Registry Services, then ICANN will allow up to one-hundred eighty (180) calendar days for the Approved Amendment to become effective with respect to Registry Operator, and (b) no Approved Amendment adopted pursuant to Section 7.7 shall become effective with respect to Registry Operator if Registry Operator provides ICANN with an irrevocable notice of termination pursuant to Section 4.4(b).

**7.8 No Third-Party Beneficiaries.** This Agreement will not be construed to create any obligation by either ICANN or Registry Operator to any non-party to this Agreement, including any registrar or registered name holder.

**7.9 General Notices.** Except for notices pursuant to Sections 7.6 and 7.7, all notices to be given under or in relation to this Agreement will be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this Agreement. All notices under Sections 7.6 and 7.7 shall be given by both posting of the applicable information on ICANN's web site and transmission of such information to Registry Operator by electronic mail. Any change in the contact information for notice below will be given by the party within thirty (30) calendar days of such change. Other than notices under Sections 7.6 or 7.7, any notice required by this Agreement will be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within three (3) calendar days. Any notice required by Sections 7.6 or 7.7 will be deemed to have been given when electronically posted on ICANN's website and upon confirmation of receipt by the email server. In the event other means of notice become practically achievable, such as notice via a secure website, the parties will work together to implement such notice means under this Agreement.

If to ICANN, addressed to:  
Internet Corporation for Assigned Names and Numbers  
12025 Waterfront Drive, Suite 300  
Los Angeles, CA 90094-2536  
USA  
Telephone: +1-310-301-5800  
Facsimile: +1-310-823-8649  
Attention: President and CEO

With a Required Copy to: General Counsel  
Email: (As specified from time to time.)

If to Registry Operator, addressed to:  
Symantec Corporation c/o FairWinds Partners  
1000 Potomac Street #350  
Washington, DC 20007  
USA  
Telephone: + 1 202 223 9252  
Facsimile: + 1 202 223 9256  
Attention: Philip Lodico, Managing Partner  
Email: lodico.sm@fairwindspartners.com



**7.10 Entire Agreement.** This Agreement (including those specifications and documents incorporated by reference to URL locations which form a part of it) constitutes the entire agreement of the parties hereto pertaining to the operation of the TLD and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject.

**7.11 English Language Controls.** Notwithstanding any translated version of this Agreement and/or specifications that may be provided to Registry Operator, the English language version of this Agreement and all referenced specifications are the official versions that bind the parties hereto. In the event of any conflict or discrepancy between any translated version of this Agreement and the English language version, the English language version controls. Notices, designations, determinations, and specifications made under this Agreement shall be in the English language.

**7.12 Ownership Rights.** Nothing contained in this Agreement shall be construed as (a) establishing or granting to Registry Operator any property ownership rights or interests of Registry Operator in the TLD or the letters, words, symbols or other characters making up the TLD string, or (b) affecting any existing intellectual property or ownership rights of Registry Operator.

**7.13 Severability; Conflicts with Laws.** This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of the balance of this Agreement or of any other term hereof, which shall remain in full force and effect. If any of the provisions hereof are determined to be invalid or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible. ICANN and the Working Group will mutually cooperate to develop an ICANN procedure for ICANN's review and consideration of alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement. Until such procedure is developed and implemented by ICANN, ICANN will review and consider alleged conflicts between applicable laws and non-WHOIS related provisions of this Agreement in a manner similar to ICANN's Procedure For Handling WHOIS Conflicts with Privacy Law.

**7.14 Court Orders.** ICANN will respect any order from a court of competent jurisdiction, including any orders from any jurisdiction where the consent or non-objection of the government was a requirement for the delegation of the TLD. Notwithstanding any other provision of this Agreement, ICANN's implementation of any such order will not be a breach of this Agreement

#### **7.15 Confidentiality**

(a) Subject to Section 7.15(c), during the Term and for a period of three (3) years thereafter, each party shall, and shall cause its and its Affiliates' officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to any third party, directly or indirectly, any information that is, and the disclosing party has

marked as, or has otherwise designated in writing to the receiving party as, “confidential trade secret,” “confidential commercial information” or “confidential financial information” (collectively, “Confidential Information”), except to the extent such disclosure is permitted by the terms of this Agreement.

(b) The confidentiality obligations under Section 7.15(a) shall not apply to any Confidential Information that (i) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no fault of the receiving party in breach of this Agreement, (ii) can be demonstrated by documentation or other competent proof to have been in the receiving party’s possession prior to disclosure by the disclosing party without any obligation of confidentiality with respect to such information, (iii) is subsequently received by the receiving party from a third party who is not bound by any obligation of confidentiality with respect to such information, (iv) has been published by a third party or otherwise enters the public domain through no fault of the receiving party, or (v) can be demonstrated by documentation or other competent evidence to have been independently developed by or for the receiving party without reference to the disclosing party’s Confidential Information.

(c) Each party shall have the right to disclose Confidential Information to the extent that such disclosure is (i) made in response to a valid order of a court of competent jurisdiction or, if in the reasonable opinion of the receiving party’s legal counsel, such disclosure is otherwise required by applicable law; provided, however, that the receiving party shall first have given notice to the disclosing party and given the disclosing party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment order requiring that the Confidential Information that is the subject of such order or other applicable law be held in confidence by such court or other third party recipient, unless the receiving party is not permitted to provide such notice under such order or applicable law, or (ii) made by the receiving party or any of its Affiliates to its or their attorneys, auditors, advisors, consultants, contractors or other third parties for use by such person or entity as may be necessary or useful in connection with the performance of the activities under this Agreement, provided that such third party is bound by confidentiality obligations at least as stringent as those set forth herein, either by written agreement or through professional responsibility standards.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS**

By: \_\_\_\_\_  
Akram Atallah  
President, Global Domains Division

**SYMANTEC CORPORATION**

By: \_\_\_\_\_  
Simon Arenas  
Global Marketing Category Manager, Americas Procurement

## **EXHIBIT A**

### **Approved Services**

The ICANN gTLD Applicant Guidebook (located at <http://newgtlds.icann.org/en/applicants/agb>) and the RSEP specify processes for consideration of proposed registry services. Registry Operator may provide any service that is required by the terms of this Agreement. In addition, the following services (if any) are specifically identified as having been approved by ICANN prior to the effective date of the Agreement, and Registry Operator may provide such services:

#### **1. DNS Service – TLD Zone Contents**

Notwithstanding anything else in this Agreement, as indicated in section 2.2.3.3 of the gTLD Applicant Guidebook, permissible contents for the TLD's zone are:

- 1.1.** Apex SOA record
- 1.2.** Apex NS records and in-bailiwick glue for the TLD's DNS servers
- 1.3.** NS records and in-bailiwick glue for DNS servers of registered names in the TLD
- 1.4.** DS records for registered names in the TLD
- 1.5.** Records associated with signing the TLD zone (i.e., RRSIG, DNSKEY, NSEC, and NSEC3)

(Note: The above language effectively does not allow, among other things, the inclusion of DNS resource records that would enable a dotless domain name (e.g., apex A, AAAA, MX records) in the TLD zone.)

If Registry Operator wishes to place any DNS resource record type into its TLD DNS zone (other than those listed in Sections 1.1 through 1.5 above), it must describe in detail its proposal and submit a Registry Services Evaluation Process (RSEP) request. This will be evaluated per RSEP to determine whether the service would create a risk of a meaningful adverse impact on security or stability of the DNS. Registry Operator recognizes and acknowledges that a service based on the use of less-common DNS resource records in the TLD zone, even if approved, might not work as intended for all users due to lack of software support.

#### **2. Anti-Abuse**

Registry Operator may suspend, delete or otherwise make changes to domain names in compliance with its anti-abuse policy.

#### **3. Searchable Whois**

Notwithstanding anything else in this Agreement, Registry Operator must offer a searchable Whois service compliant with the requirements described in Section 1.10 of Specification 4 of this Agreement. Registry Operator must make available the services only to authenticated users after they logged in by supplying proper credentials (i.e., user name and password). Registry Operator must issue such credentials exclusively to eligible users and institutions that

supply sufficient proof of their legitimate interest in this feature (e.g., law enforcement agencies).

## SPECIFICATION 1

### CONSENSUS POLICIES AND TEMPORARY POLICIES SPECIFICATION

#### 1. Consensus Policies.

- 1.1. “*Consensus Policies*” are those policies established (1) pursuant to the procedure set forth in ICANN’s Bylaws and due process, and (2) covering those topics listed in Section 1.2 of this Specification. The Consensus Policy development process and procedure set forth in ICANN’s Bylaws may be revised from time to time in accordance with the process set forth therein.
- 1.2. Consensus Policies and the procedures by which they are developed shall be designed to produce, to the extent possible, a consensus of Internet stakeholders, including the operators of gTLDs. Consensus Policies shall relate to one or more of the following:
  - 1.2.1 issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or Domain Name System (“DNS”);
  - 1.2.2 functional and performance specifications for the provision of Registry Services;
  - 1.2.3 Security and Stability of the registry database for the TLD;
  - 1.2.4 registry policies reasonably necessary to implement Consensus Policies relating to registry operations or registrars;
  - 1.2.5 resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names); or
  - 1.2.6 restrictions on cross-ownership of registry operators and registrars or registrar resellers and regulations and restrictions with respect to registry operations and the use of registry and registrar data in the event that a registry operator and a registrar or registrar reseller are affiliated.
- 1.3. Such categories of issues referred to in Section 1.2 of this Specification shall include, without limitation:
  - 1.3.1 principles for allocation of registered names in the TLD (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - 1.3.2 prohibitions on warehousing of or speculation in domain names by registries or registrars;

- 1.3.3 reservation of registered names in the TLD that may not be registered initially or that may not be renewed due to reasons reasonably related to (i) avoidance of confusion among or misleading of users, (ii) intellectual property, or (iii) the technical management of the DNS or the Internet (e.g., establishment of reservations of names from registration); and
    - 1.3.4 maintenance of and access to accurate and up-to-date information concerning domain name registrations; and procedures to avoid disruptions of domain name registrations due to suspension or termination of operations by a registry operator or a registrar, including procedures for allocation of responsibility for serving registered domain names in a TLD affected by such a suspension or termination.
  - 1.4. In addition to the other limitations on Consensus Policies, they shall not:
    - 1.4.1 prescribe or limit the price of Registry Services;
    - 1.4.2 modify the terms or conditions for the renewal or termination of the Registry Agreement;
    - 1.4.3 modify the limitations on Temporary Policies (defined below) or Consensus Policies;
    - 1.4.4 modify the provisions in the registry agreement regarding fees paid by Registry Operator to ICANN; or
    - 1.4.5 modify ICANN's obligations to ensure equitable treatment of registry operators and act in an open and transparent manner.
2. **Temporary Policies.** Registry Operator shall comply with and implement all specifications or policies established by the Board on a temporary basis, if adopted by the Board by a vote of at least two-thirds of its members, so long as the Board reasonably determines that such modifications or amendments are justified and that immediate temporary establishment of a specification or policy on the subject is necessary to maintain the stability or security of Registry Services or the DNS ("**Temporary Policies**").
  - 2.1. Such proposed specification or policy shall be as narrowly tailored as feasible to achieve those objectives. In establishing any Temporary Policy, the Board shall state the period of time for which the Temporary Policy is adopted and shall immediately implement the Consensus Policy development process set forth in ICANN's Bylaws.
    - 2.1.1 ICANN shall also issue an advisory statement containing a detailed explanation of its reasons for adopting the Temporary Policy and why



the Board believes such Temporary Policy should receive the consensus support of Internet stakeholders.

2.1.2 If the period of time for which the Temporary Policy is adopted exceeds ninety (90) calendar days, the Board shall reaffirm its temporary adoption every ninety (90) calendar days for a total period not to exceed one (1) year, in order to maintain such Temporary Policy in effect until such time as it becomes a Consensus Policy. If the one (1) year period expires or, if during such one (1) year period, the Temporary Policy does not become a Consensus Policy and is not reaffirmed by the Board, Registry Operator shall no longer be required to comply with or implement such Temporary Policy.

3. **Notice and Conflicts.** Registry Operator shall be afforded a reasonable period of time following notice of the establishment of a Consensus Policy or Temporary Policy in which to comply with such policy or specification, taking into account any urgency involved. In the event of a conflict between Registry Services and Consensus Policies or any Temporary Policy, the Consensus Policies or Temporary Policy shall control, but only with respect to subject matter in conflict.

## SPECIFICATION 2

### DATA ESCROW REQUIREMENTS

Registry Operator will engage an independent entity to act as data escrow agent (“**Escrow Agent**”) for the provision of data escrow services related to the Registry Agreement. The following Technical Specifications set forth in Part A, and Legal Requirements set forth in Part B, will be included in any data escrow agreement between Registry Operator and the Escrow Agent, under which ICANN must be named a third-party beneficiary. In addition to the following requirements, the data escrow agreement may contain other provisions that are not contradictory or intended to subvert the required terms provided below.

#### PART A – TECHNICAL SPECIFICATIONS

1. **Deposits.** There will be two types of Deposits: Full and Differential. For both types, the universe of Registry objects to be considered for data escrow are those objects necessary in order to offer all of the approved Registry Services.
  - 1.1. “**Full Deposit**” will consist of data that reflects the state of the registry as of 00:00:00 UTC (Coordinated Universal Time) on the day that such Full Deposit is submitted to Escrow Agent.
  - 1.2. “**Differential Deposit**” means data that reflects all transactions that were not reflected in the last previous Full or Differential Deposit, as the case may be. Each Differential Deposit will contain all database transactions since the previous Deposit was completed as of 00:00:00 UTC of each day, but Sunday. Differential Deposits must include complete Escrow Records as specified below that were not included or changed since the most recent full or Differential Deposit (i.e., newly added or modified domain names).
2. **Schedule for Deposits.** Registry Operator will submit a set of escrow files on a daily basis as follows:
  - 2.1. Each Sunday, a Full Deposit must be submitted to the Escrow Agent by 23:59 UTC.
  - 2.2. The other six (6) days of the week, a Full Deposit or the corresponding Differential Deposit must be submitted to Escrow Agent by 23:59 UTC.
3. **Escrow Format Specification.**
  - 3.1. **Deposit’s Format.** Registry objects, such as domains, contacts, name servers, registrars, etc. will be compiled into a file constructed as described in draft-arias-noguchi-registry-data-escrow, see Part A, Section 9, reference 1 of this Specification and draft-arias-noguchi-dnrd-objects-mapping, see Part A, Section 9, reference 2 of this Specification (collectively, the “DNDE Specification”). The DNDE Specification describes some elements as

optional; Registry Operator will include those elements in the Deposits if they are available. If not already an RFC, Registry Operator will use the most recent draft version of the DNDE Specification available at the Effective Date. Registry Operator may at its election use newer versions of the DNDE Specification after the Effective Date. Once the DNDE Specification is published as an RFC, Registry Operator will implement that version of the DNDE Specification, no later than one hundred eighty (180) calendar days after. UTF-8 character encoding will be used.

- 3.2. **Extensions.** If a Registry Operator offers additional Registry Services that require submission of additional data, not included above, additional “extension schemas” shall be defined in a case by case basis to represent that data. These “extension schemas” will be specified as described in Part A, Section 9, reference 2 of this Specification. Data related to the “extensions schemas” will be included in the deposit file described in Part A, Section 3.1 of this Specification. ICANN and the respective Registry Operator shall work together to agree on such new objects’ data escrow specifications.
4. **Processing of Deposit files.** The use of compression is recommended in order to reduce electronic data transfer times, and storage capacity requirements. Data encryption will be used to ensure the privacy of registry escrow data. Files processed for compression and encryption will be in the binary OpenPGP format as per OpenPGP Message Format - RFC 4880, see Part A, Section 9, reference 3 of this Specification. Acceptable algorithms for Public-key cryptography, Symmetric-key cryptography, Hash and Compression are those enumerated in RFC 4880, not marked as deprecated in OpenPGP IANA Registry, see Part A, Section 9, reference 4 of this Specification, that are also royalty-free. The process to follow for the data file in original text format is:
  - (1) The XML file of the deposit as described in Part A, Section 9, reference 1 of this Specification must be named as the containing file as specified in Section 5 but with the extension xml.
  - (2) The data file(s) are aggregated in a tarball file named the same as (1) but with extension tar.
  - (3) A compressed and encrypted OpenPGP Message is created using the tarball file as sole input. The suggested algorithm for compression is ZIP as per RFC 4880. The compressed data will be encrypted using the escrow agent’s public key. The suggested algorithms for Public-key encryption are Elgamal and RSA as per RFC 4880. The suggested algorithms for Symmetric-key encryption are TripleDES, AES128 and CAST5 as per RFC 4880.
  - (4) The file may be split as necessary if, once compressed and encrypted, it is larger than the file size limit agreed with the escrow agent. Every part of a

split file, or the whole file if not split, will be called a processed file in this section.

- (5) A digital signature file will be generated for every processed file using the Registry Operator's private key. The digital signature file will be in binary OpenPGP format as per RFC 4880 Section 9, reference 3, and will not be compressed or encrypted. The suggested algorithms for Digital signatures are DSA and RSA as per RFC 4880. The suggested algorithm for Hashes in Digital signatures is SHA256.
- (6) The processed files and digital signature files will then be transferred to the Escrow Agent through secure electronic mechanisms, such as, SFTP, SCP, HTTPS file upload, etc. as agreed between the Escrow Agent and the Registry Operator. Non-electronic delivery through a physical medium such as CD-ROMs, DVD-ROMs, or USB storage devices may be used if authorized by ICANN.
- (7) The Escrow Agent will then validate every (processed) transferred data file using the procedure described in Part A, Section 8 of this Specification.

5. **File Naming Conventions.** Files will be named according to the following convention: {gTLD}\_{YYYY-MM-DD}\_{type}\_S{#}\_R{rev}.{ext} where:

- 5.1. {gTLD} is replaced with the gTLD name; in case of an IDN-TLD, the ASCII-compatible form (A-Label) must be used;
- 5.2. {YYYY-MM-DD} is replaced by the date corresponding to the time used as a timeline watermark for the transactions; i.e. for the Full Deposit corresponding to 2009-08-02T00:00Z, the string to be used would be "2009-08-02";
- 5.3. {type} is replaced by:
  - (1) "full", if the data represents a Full Deposit;
  - (2) "diff", if the data represents a Differential Deposit;
  - (3) "thin", if the data represents a Bulk Registration Data Access file, as specified in Section 3 of Specification 4;
- 5.4. {#} is replaced by the position of the file in a series of files, beginning with "1"; in case of a lone file, this must be replaced by "1".
- 5.5. {rev} is replaced by the number of revision (or resend) of the file beginning with "0":

- 5.6. {ext} is replaced by “sig” if it is a digital signature file of the quasi-homonymous file. Otherwise it is replaced by “ryde”.
6. **Distribution of Public Keys.** Each of Registry Operator and Escrow Agent will distribute its public key to the other party (Registry Operator or Escrow Agent, as the case may be) via email to an email address to be specified. Each party will confirm receipt of the other party’s public key with a reply email, and the distributing party will subsequently reconfirm the authenticity of the key transmitted via offline methods, like in person meeting, telephone, etc. In this way, public key transmission is authenticated to a user able to send and receive mail via a mail server operated by the distributing party. Escrow Agent, Registry Operator and ICANN will exchange public keys by the same procedure.
7. **Notification of Deposits.** Along with the delivery of each Deposit, Registry Operator will deliver to Escrow Agent and to ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification (the “Interface Specification”)) a written statement (which may be by authenticated e-mail) that includes a copy of the report generated upon creation of the Deposit and states that the Deposit has been inspected by Registry Operator and is complete and accurate. Registry Operator will include the Deposit’s “id” and “resend” attributes in its statement. The attributes are explained in Part A, Section 9, reference 1 of this Specification.

If not already an RFC, Registry Operator will use the most recent draft version of the Interface Specification at the Effective Date. Registry Operator may at its election use newer versions of the Interface Specification after the Effective Date. Once the Interface Specification is published as an RFC, Registry Operator will implement that version of the Interface Specification, no later than one hundred eighty (180) calendar days after such publishing.

8. **Verification Procedure.**
- (1) The signature file of each processed file is validated.
  - (2) If processed files are pieces of a bigger file, the latter is put together.
  - (3) Each file obtained in the previous step is then decrypted and uncompressed.
  - (4) Each data file contained in the previous step is then validated against the format defined in Part A, Section 9, reference 1 of this Specification.
  - (5) If Part A, Section 9, reference 1 of this Specification includes a verification process, that will be applied at this step.

If any discrepancy is found in any of the steps, the Deposit will be considered incomplete.

9. **References.**

- (1) Domain Name Data Escrow Specification (work in progress),  
<http://tools.ietf.org/html/draft-arias-noguchi-registry-data-escrow>
- (2) Domain Name Registration Data (DNRD) Objects Mapping,  
<http://tools.ietf.org/html/draft-arias-noguchi-dnrd-objects-mapping>
- (3) OpenPGP Message Format, <http://www.rfc-editor.org/rfc/rfc4880.txt>
- (4) OpenPGP parameters,  
<http://www.iana.org/assignments/pgp-parameters/pgp-parameters.xhtml>
- (5) ICANN interfaces for registries and data escrow agents,  
<http://tools.ietf.org/html/draft-lozano-icann-registry-interfaces>

## PART B – LEGAL REQUIREMENTS

1. **Escrow Agent.** Prior to entering into an escrow agreement, the Registry Operator must provide notice to ICANN as to the identity of the Escrow Agent, and provide ICANN with contact information and a copy of the relevant escrow agreement, and all amendments thereto. In addition, prior to entering into an escrow agreement, Registry Operator must obtain the consent of ICANN to (a) use the specified Escrow Agent, and (b) enter into the form of escrow agreement provided. ICANN must be expressly designated as a third-party beneficiary of the escrow agreement. ICANN reserves the right to withhold its consent to any Escrow Agent, escrow agreement, or any amendment thereto, all in its sole discretion.
2. **Fees.** Registry Operator must pay, or have paid on its behalf, fees to the Escrow Agent directly. If Registry Operator fails to pay any fee by the due date(s), the Escrow Agent will give ICANN written notice of such non-payment and ICANN may pay the past-due fee(s) within fifteen (15) calendar days after receipt of the written notice from Escrow Agent. Upon payment of the past-due fees by ICANN, ICANN shall have a claim for such amount against Registry Operator, which Registry Operator shall be required to submit to ICANN together with the next fee payment due under the Registry Agreement.
3. **Ownership.** Ownership of the Deposits during the effective term of the Registry Agreement shall remain with Registry Operator at all times. Thereafter, Registry Operator shall assign any such ownership rights (including intellectual property rights, as the case may be) in such Deposits to ICANN. In the event that during the term of the Registry Agreement any Deposit is released from escrow to ICANN, any intellectual property rights held by Registry Operator in the Deposits will automatically be licensed to ICANN or to a party designated in writing by ICANN on a non-exclusive, perpetual, irrevocable, royalty-free, paid-up basis, for any use related to the operation, maintenance or transition of the TLD.
4. **Integrity and Confidentiality.** Escrow Agent will be required to (i) hold and maintain the Deposits in a secure, locked, and environmentally safe facility, which is accessible only to authorized representatives of Escrow Agent, (ii) protect the integrity and confidentiality of the Deposits using commercially reasonable measures and (iii) keep and safeguard each Deposit for one (1) year. ICANN and Registry Operator will be provided the right to inspect Escrow Agent’s applicable records upon reasonable prior notice and during normal business hours. Registry Operator and ICANN will be provided with the right to designate a third-party auditor to audit Escrow Agent’s compliance with the technical specifications and maintenance requirements of this Specification 2 from time to time.

If Escrow Agent receives a subpoena or any other order from a court or other judicial tribunal pertaining to the disclosure or release of the Deposits, Escrow Agent will promptly notify the Registry Operator and ICANN unless prohibited by law. After notifying the Registry Operator and ICANN, Escrow Agent shall allow



sufficient time for Registry Operator or ICANN to challenge any such order, which shall be the responsibility of Registry Operator or ICANN; provided, however, that Escrow Agent does not waive its rights to present its position with respect to any such order. Escrow Agent will cooperate with the Registry Operator or ICANN to support efforts to quash or limit any subpoena, at such party's expense. Any party requesting additional assistance shall pay Escrow Agent's standard charges or as quoted upon submission of a detailed request.

5. **Copies.** Escrow Agent may be permitted to duplicate any Deposit, in order to comply with the terms and provisions of the escrow agreement.
6. **Release of Deposits.** Escrow Agent will make available for electronic download (unless otherwise requested) to ICANN or its designee, within twenty-four (24) hours, at the Registry Operator's expense, all Deposits in Escrow Agent's possession in the event that the Escrow Agent receives a request from Registry Operator to effect such delivery to ICANN, or receives one of the following written notices by ICANN stating that:
  - 6.1. the Registry Agreement has expired without renewal, or been terminated; or
  - 6.2. ICANN has not received a notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent within five (5) calendar days after the Deposit's scheduled delivery date; (a) ICANN gave notice to Escrow Agent and Registry Operator of that failure; and (b) ICANN has not, within seven (7) calendar days after such notice, received the notification from Escrow Agent; or
  - 6.3. ICANN has received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of failed verification of the latest escrow deposit for a specific date or a notification of a missing deposit, and the notification is for a deposit that should have been made on Sunday (i.e., a Full Deposit); (a) ICANN gave notice to Registry Operator of that receipt; and (b) ICANN has not, within seven (7) calendar days after such notice, received notification as described in Part B, Sections 7.1 and 7.2 of this Specification from Escrow Agent of verification of a remediated version of such Full Deposit; or
  - 6.4. ICANN has received five notifications from Escrow Agent within the last thirty (30) calendar days notifying ICANN of either missing or failed escrow deposits that should have been made Monday through Saturday (i.e., a Differential Deposit), and (x) ICANN provided notice to Registry Operator of the receipt of such notifications; and (y) ICANN has not, within seven (7) calendar days after delivery of such notice to Registry Operator, received notification from Escrow Agent of verification of a remediated version of such Differential Deposit; or

- 6.5. Registry Operator has: (i) ceased to conduct its business in the ordinary course; or (ii) filed for bankruptcy, become insolvent or anything analogous to any of the foregoing under the laws of any jurisdiction anywhere in the world; or
- 6.6. Registry Operator has experienced a failure of critical registry functions and ICANN has asserted its rights pursuant to Section 2.13 of the Agreement; or
- 6.7. a competent court, arbitral, legislative, or government agency mandates the release of the Deposits to ICANN; or
- 6.8. pursuant to Contractual and Operational Compliance Audits as specified under Section 2.11 of the Agreement.

Unless Escrow Agent has previously released the Registry Operator's Deposits to ICANN or its designee, Escrow Agent will deliver all Deposits to ICANN upon expiration or termination of the Registry Agreement or the Escrow Agreement.

7. **Verification of Deposits.**

- 7.1. Within twenty-four (24) hours after receiving each Deposit or corrected Deposit, Escrow Agent must verify the format and completeness of each Deposit and deliver to ICANN a notification generated for each Deposit. Reports will be delivered electronically using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification.
- 7.2. If Escrow Agent discovers that any Deposit fails the verification procedures or if Escrow Agent does not receive any scheduled Deposit, Escrow Agent must notify Registry Operator either by email, fax or phone and ICANN (using the API described in draft-lozano-icann-registry-interfaces, see Part A, Section 9, reference 5 of this Specification) of such nonconformity or non-receipt within twenty-four (24) hours after receiving the non-conformant Deposit or the deadline for such Deposit, as applicable. Upon notification of such verification or delivery failure, Registry Operator must begin developing modifications, updates, corrections, and other fixes of the Deposit necessary for the Deposit to be delivered and pass the verification procedures and deliver such fixes to Escrow Agent as promptly as possible.

8. **Amendments.** Escrow Agent and Registry Operator shall amend the terms of the Escrow Agreement to conform to this Specification 2 within ten (10) calendar days of any amendment or modification to this Specification 2. In the event of a conflict between this Specification 2 and the Escrow Agreement, this Specification 2 shall control.

9. **Indemnity.** Escrow Agent shall indemnify and hold harmless Registry Operator and ICANN, and each of their respective directors, officers, agents, employees, members,

and stockholders (“Indemnitees”) absolutely and forever from and against any and all claims, actions, damages, suits, liabilities, obligations, costs, fees, charges, and any other expenses whatsoever, including reasonable attorneys’ fees and costs, that may be asserted by a third party against any Indemnitee in connection with the misrepresentation, negligence or misconduct of Escrow Agent, its directors, officers, agents, employees and contractors.

## SPECIFICATION 3

### FORMAT AND CONTENT FOR REGISTRY OPERATOR MONTHLY REPORTING

Registry Operator shall provide one set of monthly reports per gTLD, using the API described in draft-lozano-icann-registry-interfaces, see Specification 2, Part A, Section 9, reference 5, with the following content.

ICANN may request in the future that the reports be delivered by other means and using other formats. ICANN will use reasonable commercial efforts to preserve the confidentiality of the information reported until three (3) months after the end of the month to which the reports relate. Unless set forth in this Specification 3, any reference to a specific time refers to Coordinated Universal Time (UTC). Monthly reports shall consist of data that reflects the state of the registry at the end of the month (UTC).

1. **Per-Registrar Transactions Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-transactions-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields per registrar:

Field #	Field name	Description
01	registrar-name	Registrar’s full corporate name as registered with IANA
02	iana-id	For cases where the registry operator acts as registrar (i.e., without the use of an ICANN accredited registrar) 9999 should be used, otherwise the sponsoring Registrar IANA id should be used as specified in <a href="http://www.iana.org/assignments/registrar-ids">http://www.iana.org/assignments/registrar-ids</a>
03	total-domains	total domain names under sponsorship in any EPP status but pendingCreate that have not been purged
04	total-nameservers	total name servers (either host objects or name server hosts as domain name attributes) associated with domain names registered for the TLD in any EPP status but pendingCreate that have not been purged
05	net-adds-1-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of one (1) year (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
06	net-adds-2-yr	number of domains successfully registered (i.e., not

		in EPP pendingCreate status) with an initial term of two(2) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
07	net-adds-3-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of three (3) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
08	net-adds-4-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of four (4) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
09	net-adds-5-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of five (5) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
10	net-adds-6-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of six (6) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
11	net-adds-7-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of seven (7) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
12	net-adds-8-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of eight (8) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
13	net-adds-9-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of nine (9) years (and not deleted within the add grace period). A transaction must be reported in the month the add grace period ends.
14	net-adds-10-yr	number of domains successfully registered (i.e., not in EPP pendingCreate status) with an initial term of ten (10) years (and not deleted within the add grace period). A transaction must be reported in the month

		the add grace period ends.
15	net-renews-1-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of one (1) year (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
16	net-renews-2-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of two (2) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
17	net-renews-3-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of three (3) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
18	net-renews-4-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of four (4) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
19	net-renews-5-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of five (5) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
20	net-renews-6-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of six (6) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.

21	net-renews-7-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of seven (7) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
22	net-renews-8-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of eight (8) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
23	net-renews-9-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of nine (9) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
24	net-renews-10-yr	number of domains successfully renewed (i.e., not in EPP pendingRenew status) either automatically or by command with a new renewal period of ten (10) years (and not deleted within the renew or auto-renew grace period). A transaction must be reported in the month the renew or auto-renew grace period ends.
25	transfer-gaining-successful	number of domain transfers initiated by this registrar that were successfully completed (either explicitly or automatically approved) and not deleted within the transfer grace period. A transaction must be reported in the month the transfer grace period ends.
26	transfer-gaining-nacked	number of domain transfers initiated by this registrar that were rejected (e.g., EPP transfer op="reject") by the other registrar
27	transfer-losing-successful	number of domain transfers initiated by another registrar that were successfully completed (either explicitly or automatically approved)
28	transfer-losing-nacked	number of domain transfers initiated by another registrar that this registrar rejected (e.g., EPP transfer op="reject")



29	transfer-disputed-won	number of transfer disputes in which this registrar prevailed (reported in the month where the determination happened)
30	transfer-disputed-lost	number of transfer disputes this registrar lost (reported in the month where the determination happened)
31	transfer-disputed-nodecision	number of transfer disputes involving this registrar with a split or no decision (reported in the month where the determination happened)
32	deleted-domains-grace	domains deleted within the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
33	deleted-domains-nograce	domains deleted outside the add grace period (does not include names deleted while in EPP pendingCreate status). A deletion must be reported in the month the name is purged.
34	restored-domains	domain names restored from redemption period
35	restored-noreport	total number of restored names for which the registrar failed to submit a restore report
36	agp-exemption-requests	total number of AGP (add grace period) exemption requests
37	agp-exemptions-granted	total number of AGP (add grace period) exemption requests granted
38	agp-exempted-domains	total number of names affected by granted AGP (add grace period) exemption requests
39	attempted-adds	number of attempted (both successful and failed) domain name create commands

The first line shall include the field names exactly as described in the table above as a “header line” as described in section 2 of RFC 4180. The last line of each report shall include totals for each column across all registrars; the first field of this line shall read “Totals” while the second field shall be left empty in that line. No other lines besides the ones described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

2. **Registry Functions Activity Report.** This report shall be compiled in a comma separated-value formatted file as specified in RFC 4180. The file shall be named “gTLD-activity-yyyymm.csv”, where “gTLD” is the gTLD name; in case of an IDN-TLD, the A-label shall be used; “yyyymm” is the year and month being reported. The file shall contain the following fields:

Field #	Field Name	Description
01	operational-registrars	number of operational registrars at the end of the reporting period
02	ramp-up-registrars	number of registrars that have received a password for access to OT&E at the end of the reporting period
03	pre-ramp-up-registrars	number of registrars that have requested access, but have not yet entered the ramp-up period at the end of the reporting period
04	zfa-passwords	number of active zone file access passwords at the end of the reporting period
05	whois-43-queries	number of WHOIS (port-43) queries responded during the reporting period
06	web-whois-queries	number of Web-based Whois queries responded during the reporting period, not including searchable Whois
07	searchable-whois-queries	number of searchable Whois queries responded during the reporting period, if offered
08	dns-udp-queries-received	number of DNS queries received over UDP transport during the reporting period
09	dns-udp-queries-responded	number of DNS queries received over UDP transport that were responded during the reporting period
10	dns-tcp-queries-received	number of DNS queries received over TCP transport during the reporting period
11	dns-tcp-queries-responded	number of DNS queries received over TCP transport that were responded during the reporting period
12	srs-dom-check	number of SRS (EPP and any other interface) domain name "check" requests responded during the reporting period
13	srs-dom-create	number of SRS (EPP and any other interface) domain name "create" requests responded during the reporting period
14	srs-dom-delete	number of SRS (EPP and any other interface) domain name "delete" requests responded during the reporting period
15	srs-dom-info	number of SRS (EPP and any other interface) domain name "info" requests responded during the reporting period

Field #	Field Name	Description
16	srs-dom-renew	number of SRS (EPP and any other interface) domain name "renew" requests responded during the reporting period
17	srs-dom-rgp-restore-report	number of SRS (EPP and any other interface) domain name RGP "restore" requests delivering a restore report responded during the reporting period
18	srs-dom-rgp-restore-request	number of SRS (EPP and any other interface) domain name RGP "restore" requests responded during the reporting period
19	srs-dom-transfer-approve	number of SRS (EPP and any other interface) domain name "transfer" requests to approve transfers responded during the reporting period
20	srs-dom-transfer-cancel	number of SRS (EPP and any other interface) domain name "transfer" requests to cancel transfers responded during the reporting period
21	srs-dom-transfer-query	number of SRS (EPP and any other interface) domain name "transfer" requests to query about a transfer responded during the reporting period
22	srs-dom-transfer-reject	number of SRS (EPP and any other interface) domain name "transfer" requests to reject transfers responded during the reporting period
23	srs-dom-transfer-request	number of SRS (EPP and any other interface) domain name "transfer" requests to request transfers responded during the reporting period
24	srs-dom-update	number of SRS (EPP and any other interface) domain name "update" requests (not including RGP restore requests) responded during the reporting period
25	srs-host-check	number of SRS (EPP and any other interface) host "check" requests responded during the reporting period
26	srs-host-create	number of SRS (EPP and any other interface) host "create" requests responded during the reporting period
27	srs-host-delete	number of SRS (EPP and any other interface) host "delete" requests responded during the reporting period

Field #	Field Name	Description
28	srs-host-info	number of SRS (EPP and any other interface) host "info" requests responded during the reporting period
29	srs-host-update	number of SRS (EPP and any other interface) host "update" requests responded during the reporting period
30	srs-cont-check	number of SRS (EPP and any other interface) contact "check" requests responded during the reporting period
31	srs-cont-create	number of SRS (EPP and any other interface) contact "create" requests responded during the reporting period
32	srs-cont-delete	number of SRS (EPP and any other interface) contact "delete" requests responded during the reporting period
33	srs-cont-info	number of SRS (EPP and any other interface) contact "info" requests responded during the reporting period
34	srs-cont-transfer-approve	number of SRS (EPP and any other interface) contact "transfer" requests to approve transfers responded during the reporting period
35	srs-cont-transfer-cancel	number of SRS (EPP and any other interface) contact "transfer" requests to cancel transfers responded during the reporting period
36	srs-cont-transfer-query	number of SRS (EPP and any other interface) contact "transfer" requests to query about a transfer responded during the reporting period
37	srs-cont-transfer-reject	number of SRS (EPP and any other interface) contact "transfer" requests to reject transfers responded during the reporting period
38	srs-cont-transfer-request	number of SRS (EPP and any other interface) contact "transfer" requests to request transfers responded during the reporting period
39	srs-cont-update	number of SRS (EPP and any other interface) contact "update" requests responded during the reporting period

The first line shall include the field names exactly as described in the table above as a "header line" as described in section 2 of RFC 4180. No other lines besides the ones

described above shall be included. Line breaks shall be <U+000D, U+000A> as described in RFC 4180.

For gTLDs that are part of a single-instance Shared Registry System, the Registry Functions Activity Report may include the total contact or host transactions for all the gTLDs in the system.

## SPECIFICATION 4

### REGISTRATION DATA PUBLICATION SERVICES

1. **Registration Data Directory Services.** Until ICANN requires a different protocol, Registry Operator will operate a WHOIS service available via port 43 in accordance with RFC 3912, and a web-based Directory Service at <whois.nic.TLD> providing free public query-based access to at least the following elements in the following format. ICANN reserves the right to specify alternative formats and protocols, and upon such specification, the Registry Operator will implement such alternative specification as soon as reasonably practicable.

Registry Operator shall implement a new standard supporting access to domain name registration data (SAC 051) no later than one hundred thirty-five (135) days after it is requested by ICANN if: 1) the IETF produces a standard (i.e., it is published, at least, as a Proposed Standard RFC as specified in RFC 2026); and 2) its implementation is commercially reasonable in the context of the overall operation of the registry.

- 1.1. The format of responses shall follow a semi-free text format outline below, followed by a blank line and a legal disclaimer specifying the rights of Registry Operator, and of the user querying the database.
- 1.2. Each data object shall be represented as a set of key/value pairs, with lines beginning with keys, followed by a colon and a space as delimiters, followed by the value.
- 1.3. For fields where more than one value exists, multiple key/value pairs with the same key shall be allowed (for example to list multiple name servers). The first key/value pair after a blank line should be considered the start of a new record, and should be considered as identifying that record, and is used to group data, such as hostnames and IP addresses, or a domain name and registrant information, together.
- 1.4. The fields specified below set forth the minimum output requirements. Registry Operator may output data fields in addition to those specified below, subject to approval by ICANN, which approval shall not be unreasonably withheld.
- 1.5. **Domain Name Data:**

1.5.1 **Query format:** whois EXAMPLE.TLD

1.5.2 **Response format:**

Domain Name: EXAMPLE.TLD

Domain ID: D1234567-TLD

WHOIS Server: whois.example.tld  
Referral URL: http://www.example.tld  
Updated Date: 2009-05-29T20:13:00Z  
Creation Date: 2000-10-08T00:45:00Z  
Registry Expiry Date: 2010-10-08T00:44:59Z  
Sponsoring Registrar: EXAMPLE REGISTRAR LLC  
Sponsoring Registrar IANA ID: 5555555  
Domain Status: clientDeleteProhibited  
Domain Status: clientRenewProhibited  
Domain Status: clientTransferProhibited  
Domain Status: serverUpdateProhibited  
Registrant ID: 5372808-ERL  
Registrant Name: EXAMPLE REGISTRANT  
Registrant Organization: EXAMPLE ORGANIZATION  
Registrant Street: 123 EXAMPLE STREET  
Registrant City: ANYTOWN  
Registrant State/Province: AP  
Registrant Postal Code: A1A1A1  
Registrant Country: EX  
Registrant Phone: +1.5555551212  
Registrant Phone Ext: 1234  
Registrant Fax: +1.5555551213  
Registrant Fax Ext: 4321  
Registrant Email: EMAIL@EXAMPLE.TLD  
Admin ID: 5372809-ERL  
Admin Name: EXAMPLE REGISTRANT ADMINISTRATIVE  
Admin Organization: EXAMPLE REGISTRANT ORGANIZATION  
Admin Street: 123 EXAMPLE STREET  
Admin City: ANYTOWN  
Admin State/Province: AP  
Admin Postal Code: A1A1A1  
Admin Country: EX  
Admin Phone: +1.5555551212  
Admin Phone Ext: 1234  
Admin Fax: +1.5555551213  
Admin Fax Ext:  
Admin Email: EMAIL@EXAMPLE.TLD  
Tech ID: 5372811-ERL  
Tech Name: EXAMPLE REGISTRAR TECHNICAL  
Tech Organization: EXAMPLE REGISTRAR LLC  
Tech Street: 123 EXAMPLE STREET  
Tech City: ANYTOWN  
Tech State/Province: AP  
Tech Postal Code: A1A1A1  
Tech Country: EX  
Tech Phone: +1.1235551234



Tech Phone Ext: 1234  
Tech Fax: +1.5555551213  
Tech Fax Ext: 93  
Tech Email: EMAIL@EXAMPLE.TLD  
Name Server: NS01.EXAMPLEREGISTRAR.TLD  
Name Server: NS02.EXAMPLEREGISTRAR.TLD  
DNSSEC: signedDelegation  
DNSSEC: unsigned  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.6. Registrar Data:

1.6.1 **Query format:** whois "registrar Example Registrar, Inc."

1.6.2 **Response format:**

Registrar Name: Example Registrar, Inc.  
Street: 1234 Admiralty Way  
City: Marina del Rey  
State/Province: CA  
Postal Code: 90292  
Country: US  
Phone Number: +1.3105551212  
Fax Number: +1.3105551213  
Email: registrar@example.tld  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
Admin Contact: Joe Registrar  
Phone Number: +1.3105551213  
Fax Number: +1.3105551213  
Email: joeregistrar@example-registrar.tld  
Admin Contact: Jane Registrar  
Phone Number: +1.3105551214  
Fax Number: +1.3105551213  
Email: janeregistrar@example-registrar.tld  
Technical Contact: John Geek  
Phone Number: +1.3105551215  
Fax Number: +1.3105551216  
Email: johngeek@example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

## 1.7. Nameserver Data:

1.7.1 **Query format:** whois "NS1.EXAMPLE.TLD", whois "nameserver (nameserver name)", or whois "nameserver (IP Address)"

### 1.7.2 Response format:

Server Name: NS1.EXAMPLE.TLD  
IP Address: 192.0.2.123  
IP Address: 2001:0DB8::1  
Registrar: Example Registrar, Inc.  
WHOIS Server: whois.example-registrar.tld  
Referral URL: http://www.example-registrar.tld  
>>> Last update of WHOIS database: 2009-05-29T20:15:00Z <<<

- 1.8. The format of the following data fields: domain status, individual and organizational names, address, street, city, state/province, postal code, country, telephone and fax numbers (the extension will be provided as a separate field as shown above), email addresses, date and times should conform to the mappings specified in EPP RFCs 5730-5734 so that the display of this information (or values return in WHOIS responses) can be uniformly processed and understood.
- 1.9. In order to be compatible with ICANN's common interface for WHOIS (InterNIC), WHOIS output shall be in the format outline above.
- 1.10. **Searchability.** Offering searchability capabilities on the Directory Services is optional but if offered by the Registry Operator it shall comply with the specification described in this section.
  - 1.10.1 Registry Operator will offer searchability on the web-based Directory Service.
  - 1.10.2 Registry Operator will offer partial match capabilities, at least, on the following fields: domain name, contacts and registrant's name, and contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.).
  - 1.10.3 Registry Operator will offer exact-match capabilities, at least, on the following fields: registrar id, name server name, and name server's IP address (only applies to IP addresses stored by the registry, i.e., glue records).
  - 1.10.4 Registry Operator will offer Boolean search capabilities supporting, at least, the following logical operators to join a set of search criteria: AND, OR, NOT.
  - 1.10.5 Search results will include domain names matching the search criteria.
  - 1.10.6 Registry Operator will: 1) implement appropriate measures to avoid abuse of this feature (e.g., permitting access only to legitimate

authorized users); and 2) ensure the feature is in compliance with any applicable privacy laws or policies.

- 1.11. Registry Operator shall provide a link on the primary website for the TLD (i.e., the website provided to ICANN for publishing on the ICANN website) to a web page designated by ICANN containing WHOIS policy and educational materials.

## 2. Zone File Access

### 2.1. Third-Party Access

- 2.1.1 **Zone File Access Agreement.** Registry Operator will enter into an agreement with any Internet user, which will allow such user to access an Internet host server or servers designated by Registry Operator and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider, which may be ICANN or an ICANN designee (the "CZDA Provider"). Registry Operator (optionally through the CZDA Provider) will provide access to zone file data per Section 2.1.3 of this Specification and do so using the file format described in Section 2.1.4 of this Specification. Notwithstanding the foregoing, (a) the CZDA Provider may reject the request for access of any user that does not satisfy the credentialing requirements in Section 2.1.2 below; (b) Registry Operator may reject the request for access of any user that does not provide correct or legitimate credentials under Section 2.1.2 below or where Registry Operator reasonably believes will violate the terms of Section 2.1.5. below; and, (c) Registry Operator may revoke access of any user if Registry Operator has evidence to support that the user has violated the terms of Section 2.1.5 below.
- 2.1.2 **Credentialing Requirements.** Registry Operator, through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address and IP address.
- 2.1.3 **Grant of Access.** Each Registry Operator (optionally through the CZDA Provider) will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL (specifically, <TLD>.zda.icann.org where <TLD> is the TLD for which the registry is responsible) for the user to access the Registry's zone data archives. Registry Operator will grant the user a non-exclusive, nontransferable, limited right to access Registry Operator's (optionally CZDA Provider's) Zone File hosting server, and to transfer

a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN. For every zone file access server, the zone files are in the top-level directory called <zone>.zone.gz, with <zone>.zone.gz.md5 and <zone>.zone.gz.sig to verify downloads. If the Registry Operator (or the CZDA Provider) also provides historical data, it will use the naming pattern <zone>-yyyymmdd.zone.gz, etc.

2.1.4 **File Format Standard.** Registry Operator (optionally through the CZDA Provider) will provide zone files using a subformat of the standard Master File format as originally defined in RFC 1035, Section 5, including all the records present in the actual zone used in the public DNS. Sub-format is as follows:

1. Each record must include all fields in one line as: <domain-name> <TTL> <class> <type> <RDATA>.
2. Class and Type must use the standard mnemonics and must be in lower case.
3. TTL must be present as a decimal integer.
4. Use of /X and /DDD inside domain names is allowed.
5. All domain names must be in lower case.
6. Must use exactly one tab as separator of fields inside a record.
7. All domain names must be fully qualified.
8. No \$ORIGIN directives.
9. No use of "@" to denote current origin.
10. No use of "blank domain names" at the beginning of a record to continue the use of the domain name in the previous record.
11. No \$INCLUDE directives.
12. No \$TTL directives.
13. No use of parentheses, e.g., to continue the list of fields in a record across a line boundary.
14. No use of comments.
15. No blank lines.

16. The SOA record should be present at the top and (duplicated at) the end of the zone file.
17. With the exception of the SOA record, all the records in a file must be in alphabetical order.
18. One zone per file. If a TLD divides its DNS data into multiple zones, each goes into a separate file named as above, with all the files combined using tar into a file called <tld>.zone.tar.

2.1.5 **Use of Data by User.** Registry Operator will permit user to use the zone file for lawful purposes; provided that (a) user takes all reasonable steps to protect against unauthorized access to and use and disclosure of the data and (b) under no circumstances will Registry Operator be required or permitted to allow user to use the data to, (i) allow, enable, or otherwise support the transmission by email, telephone, or facsimile of mass unsolicited, commercial advertising or solicitations to entities other than user's own existing customers, or (ii) enable high volume, automated, electronic processes that send queries or data to the systems of Registry Operator or any ICANN-accredited registrar.

2.1.6 **Term of Use.** Registry Operator, through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. Registry Operator will allow users to renew their Grant of Access.

2.1.7 **No Fee for Access.** Registry Operator will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

## 2.2. **Co-operation**

2.2.1 **Assistance.** Registry Operator will co-operate and provide reasonable assistance to ICANN and the CZDA Provider to facilitate and maintain the efficient access of zone file data by permitted users as contemplated under this Schedule.

2.3. **ICANN Access.** Registry Operator shall provide bulk access to the zone files for the TLD to ICANN or its designee on a continuous basis in the manner ICANN may reasonably specify from time to time. Access will be provided at least daily. Zone files will include SRS data committed as close as possible to 00:00:00 UTC.

2.4. **Emergency Operator Access.** Registry Operator shall provide bulk access to the zone files for the TLD to the Emergency Operators designated by ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.

### 3. Bulk Registration Data Access to ICANN

- 3.1. **Periodic Access to Thin Registration Data.** In order to verify and ensure the operational stability of Registry Services as well as to facilitate compliance checks on accredited registrars, Registry Operator will provide ICANN on a weekly basis (the day to be designated by ICANN) with up-to-date Registration Data as specified below. Data will include data committed as of 00:00:00 UTC on the day previous to the one designated for retrieval by ICANN.
- 3.1.1 **Contents.** Registry Operator will provide, at least, the following data for all registered domain names: domain name, domain name repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars, at least, it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar.
- 3.1.2 **Format.** The data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the previous section, i.e., the file will only contain Domain and Registrar objects with the fields mentioned above. Registry Operator has the option to provide a full deposit file instead as specified in Specification 2.
- 3.1.3 **Access.** Registry Operator will have the file(s) ready for download as of 00:00:00 UTC on the day designated for retrieval by ICANN. The file(s) will be made available for download by SFTP, though ICANN may request other means in the future.
- 3.2. **Exceptional Access to Thick Registration Data.** In case of a registrar failure, deaccreditation, court order, etc. that prompts the temporary or definitive transfer of its domain names to another registrar, at the request of ICANN, Registry Operator will provide ICANN with up-to-date data for the domain names of the losing registrar. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. Registry Operator will provide the data as soon as commercially practicable, but in no event later than five (5) calendar days following ICANN's request. Unless otherwise agreed by Registry Operator and ICANN, the file will be made available for download by ICANN in the same manner as the data specified in Section 3.1 of this Specification.

## SPECIFICATION 5

### SCHEDULE OF RESERVED NAMES

Except to the extent that ICANN otherwise expressly authorizes in writing, and subject to the terms and conditions of this Specification, Registry Operator shall reserve the following labels from initial (i.e., other than renewal) registration within the TLD. If using self-allocation, the Registry Operator must show the registration in the RDDS. In the case of IDN names (as indicated below), IDN variants will be identified according to the registry operator IDN registration policy, where applicable.

1. **Example.** The ASCII label “EXAMPLE” shall be withheld from registration or allocated to Registry Operator at the second level and at all other levels within the TLD at which Registry Operator offers registrations (such second level and all other levels are collectively referred to herein as, “All Levels”). Such label may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, such withheld or allocated label shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such name without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
2. **Two-character labels.** All two-character ASCII labels shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Such labels may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator, provided that such two-character label strings may be released to the extent that Registry Operator reaches agreement with the related government and country-code manager of the string as specified in the ISO 3166-1 alpha-2 standard. The Registry Operator may also propose the release of these reservations based on its implementation of measures to avoid confusion with the corresponding country codes, subject to approval by ICANN. Upon conclusion of Registry Operator’s designation as operator of the registry for the TLD, all such labels that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
3. **Reservations for Registry Operations.**
  - 3.1. The following ASCII labels must be withheld from registration or allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: WWW, RDDS and WHOIS. The following ASCII label must be allocated to Registry Operator at All Levels for use in connection with the operation of the registry for the TLD: NIC. Registry Operator may activate WWW, RDDS and WHOIS in the DNS, but must activate NIC in the



DNS, as necessary for the operation of the TLD. None of WWW, RDDS, WHOIS or NIC may be released or registered to any person (other than Registry Operator) or third party. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD all such withheld or allocated names shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

- 3.2. Registry Operator may activate in the DNS at All Levels up to one hundred (100) names (plus their IDN variants, where applicable) necessary for the operation or the promotion of the TLD. Registry Operator must act as the Registered Name Holder of such names as that term is defined in the then-current ICANN Registrar Accreditation Agreement (RAA). These activations will be considered Transactions for purposes of Section 6.1 of the Agreement. Registry Operator must either (i) register such names through an ICANN-accredited registrar; or (ii) self-allocate such names and with respect to those names submit to and be responsible to ICANN for compliance with ICANN Consensus Policies and the obligations set forth in Subsections 3.7.7.1 through 3.7.7.12 of the then-current RAA (or any other replacement clause setting out the terms of the registration agreement between a registrar and a registered name holder). At Registry Operator's discretion and in compliance with all other terms of this Agreement, such names may be released for registration to another person or entity.
- 3.3. Registry Operator may withhold from registration or allocate to Registry Operator names (including their IDN variants, where applicable) at All Levels in accordance with Section 2.6 of the Agreement. Such names may not be activated in the DNS, but may be released for registration to another person or entity at Registry Operator's discretion. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Upon ICANN's request, Registry Operator shall provide a listing of all names withheld or allocated to Registry Operator pursuant to Section 2.6 of the Agreement. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
4. **Country and Territory Names.** The country and territory names (including their IDN variants, where applicable) contained in the following internationally recognized lists shall be withheld from registration or allocated to Registry Operator at All Levels:
  - 4.1. the short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European

Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union

<[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)>;

- 4.2. the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
- 4.3. the list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names;

provided, that the reservation of specific country and territory names (including their IDN variants according to the registry operator IDN registration policy, where applicable) may be released to the extent that Registry Operator reaches agreement with the applicable government(s). Registry Operator must not activate such names in the DNS; provided, that Registry Operator may propose the release of these reservations, subject to review by ICANN's Governmental Advisory Committee and approval by ICANN. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names that remain withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

5. **International Olympic Committee; International Red Cross and Red Crescent Movement.** As instructed from time to time by ICANN, the names (including their IDN variants, where applicable) relating to the International Olympic Committee, International Red Cross and Red Crescent Movement listed at <http://www.icann.org/en/resources/registries/reserved> shall be withheld from registration or allocated to Registry Operator at the second level within the TLD. Additional International Olympic Committee, International Red Cross and Red Crescent Movement names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Such names may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such names withheld from registration or allocated to Registry Operator shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.
6. **Intergovernmental Organizations.** As instructed from time to time by ICANN, Registry Operator will implement the protections mechanism determined by the

ICANN Board of Directors relating to the protection of identifiers for Intergovernmental Organizations. A list of reserved names for this Section 6 is available at <http://www.icann.org/en/resources/registries/reserved>. Additional names (including their IDN variants) may be added to the list upon ten (10) calendar days notice from ICANN to Registry Operator. Any such protected identifiers for Intergovernmental Organizations may not be activated in the DNS, and may not be released for registration to any person or entity other than Registry Operator. Upon conclusion of Registry Operator's designation as operator of the registry for the TLD, all such protected identifiers shall be transferred as specified by ICANN. Registry Operator may self-allocate and renew such names without use of an ICANN accredited registrar, which will not be considered Transactions for purposes of Section 6.1 of the Agreement.

## SPECIFICATION 6

### REGISTRY INTEROPERABILITY AND CONTINUITY SPECIFICATIONS

#### 1. Standards Compliance

- 1.1. **DNS.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF), including all successor standards, modifications or additions thereto relating to the DNS and name server operations including without limitation RFCs 1034, 1035, 1123, 1982, 2181, 2182, 2671, 3226, 3596, 3597, 4343, and 5966. DNS labels may only include hyphens in the third and fourth position if they represent valid IDNs (as specified above) in their ASCII encoding (e.g., “xn--ndk061n”).
- 1.2. **EPP.** Registry Operator shall comply with relevant existing RFCs and those published in the future by the Internet Engineering Task Force (IETF) including all successor standards, modifications or additions thereto relating to the provisioning and management of domain names using the Extensible Provisioning Protocol (EPP) in conformance with RFCs 5910, 5730, 5731, 5732 (if using host objects), 5733 and 5734. If Registry Operator implements Registry Grace Period (RGP), it will comply with RFC 3915 and its successors. If Registry Operator requires the use of functionality outside the base EPP RFCs, Registry Operator must document EPP extensions in Internet-Draft format following the guidelines described in RFC 3735. Registry Operator will provide and update the relevant documentation of all the EPP Objects and Extensions supported to ICANN prior to deployment.
- 1.3. **DNSSEC.** Registry Operator shall sign its TLD zone files implementing Domain Name System Security Extensions (“DNSSEC”). During the Term, Registry Operator shall comply with RFCs 4033, 4034, 4035, 4509 and their successors, and follow the best practices described in RFC 4641 and its successors. If Registry Operator implements Hashed Authenticated Denial of Existence for DNS Security Extensions, it shall comply with RFC 5155 and its successors. Registry Operator shall accept public-key material from child domain names in a secure manner according to industry best practices. Registry shall also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants’ public-key material. Registry Operator shall publish its DPS following the format described in RFC 6841.
- 1.4. **IDN.** If the Registry Operator offers Internationalized Domain Names (“IDNs”), it shall comply with RFCs 5890, 5891, 5892, 5893 and their successors. Registry Operator shall comply with the ICANN IDN Guidelines at <<http://www.icann.org/en/topics/idn/implementation-guidelines.htm>>.

as they may be amended, modified, or superseded from time to time. Registry Operator shall publish and keep updated its IDN Tables and IDN Registration Rules in the IANA Repository of IDN Practices as specified in the ICANN IDN Guidelines.

- 1.5. **IPv6.** Registry Operator shall be able to accept IPv6 addresses as glue records in its Registry System and publish them in the DNS. Registry Operator shall offer public IPv6 transport for, at least, two of the Registry's name servers listed in the root zone with the corresponding IPv6 addresses registered with IANA. Registry Operator should follow "DNS IPv6 Transport Operational Guidelines" as described in BCP 91 and the recommendations and considerations described in RFC 4472. Registry Operator shall offer public IPv6 transport for its Registration Data Publication Services as defined in Specification 4 of this Agreement; e.g., Whois (RFC 3912), Web based Whois. Registry Operator shall offer public IPv6 transport for its Shared Registration System (SRS) to any Registrar, no later than six (6) months after receiving the first request in writing from a gTLD accredited Registrar willing to operate with the SRS over IPv6.

## 2. Registry Services

- 2.1. **Registry Services.** "Registry Services" are, for purposes of the Agreement, defined as the following: (a) those services that are operations of the registry critical to the following tasks: the receipt of data from registrars concerning registrations of domain names and name servers; provision to registrars of status information relating to the zone servers for the TLD; dissemination of TLD zone files; operation of the registry DNS servers; and dissemination of contact and other information concerning domain name server registrations in the TLD as required by this Agreement; (b) other products or services that the Registry Operator is required to provide because of the establishment of a Consensus Policy as defined in Specification 1; (c) any other products or services that only a registry operator is capable of providing, by reason of its designation as the registry operator; and (d) material changes to any Registry Service within the scope of (a), (b) or (c) above.
- 2.2. **Wildcard Prohibition.** For domain names which are either not registered, or the registrant has not supplied valid records such as NS records for listing in the DNS zone file, or their status does not allow them to be published in the DNS, the use of DNS wildcard Resource Records as described in RFCs 1034 and 4592 or any other method or technology for synthesizing DNS Resources Records or using redirection within the DNS by the Registry is prohibited. When queried for such domain names the authoritative name servers must return a "Name Error" response (also known as NXDOMAIN), RCODE 3 as described in RFC 1035 and related RFCs. This provision applies for all DNS zone files at all levels in the DNS tree for which the Registry

Operator (or an affiliate engaged in providing Registration Services) maintains data, arranges for such maintenance, or derives revenue from such maintenance.

### 3. **Registry Continuity**

- 3.1. **High Availability.** Registry Operator will conduct its operations using network and geographically diverse, redundant servers (including network-level redundancy, end-node level redundancy and the implementation of a load balancing scheme where applicable) to ensure continued operation in the case of technical failure (widespread or local), or an extraordinary occurrence or circumstance beyond the control of the Registry Operator. Registry Operator's emergency operations department shall be available at all times to respond to extraordinary occurrences.
- 3.2. **Extraordinary Event.** Registry Operator will use commercially reasonable efforts to restore the critical functions of the registry within twenty-four (24) hours after the termination of an extraordinary event beyond the control of the Registry Operator and restore full system functionality within a maximum of forty-eight (48) hours following such event, depending on the type of critical function involved. Outages due to such an event will not be considered a lack of service availability.
- 3.3. **Business Continuity.** Registry Operator shall maintain a business continuity plan, which will provide for the maintenance of Registry Services in the event of an extraordinary event beyond the control of the Registry Operator or business failure of Registry Operator, and may include the designation of a Registry Services continuity provider. If such plan includes the designation of a Registry Services continuity provider, Registry Operator shall provide the name and contact information for such Registry Services continuity provider to ICANN. In the case of an extraordinary event beyond the control of the Registry Operator where the Registry Operator cannot be contacted, Registry Operator consents that ICANN may contact the designated Registry Services continuity provider, if one exists. Registry Operator shall conduct Registry Services Continuity testing at least once per year.

### 4. **Abuse Mitigation**

- 4.1. **Abuse Contact.** Registry Operator shall provide to ICANN and publish on its website its accurate contact details including a valid email and mailing address as well as a primary contact for handling inquiries related to malicious conduct in the TLD, and will provide ICANN with prompt notice of any changes to such contact details.
- 4.2. **Malicious Use of Orphan Glue Records.** Registry Operator shall take action to remove orphan glue records (as defined at <http://www.icann.org/en/committees/security/sac048.pdf>) when provided



with evidence in written form that such records are present in connection with malicious conduct.

## 5. **Supported Initial and Renewal Registration Periods**

- 5.1. **Initial Registration Periods.** Initial registrations of registered names may be made in the registry in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, initial registrations of registered names may not exceed ten (10) years.
- 5.2. **Renewal Periods.** Renewal of registered names may be made in one (1) year increments for up to a maximum of ten (10) years. For the avoidance of doubt, renewal of registered names may not extend their registration period beyond ten (10) years from the time of the renewal.

## 6. **Name Collision Occurrence Management**

- 6.1. **No-Activation Period.** Registry Operator shall not activate any names in the DNS zone for the Registry TLD (except for "NIC") until at least 120 calendar days after the effective date of this agreement. Registry Operator may allocate names (subject to subsection 6.2 below) during this period only if Registry Operator causes registrants to be clearly informed of the inability to activate names until the No-Activation Period ends.

### 6.2. **Name Collision Occurrence Assessment**

- 6.2.1 Registry Operator shall not activate any names in the DNS zone for the Registry TLD except in compliance with a Name Collision Occurrence Assessment provided by ICANN regarding the Registry TLD. Registry Operator will either (A) implement the mitigation measures described in its Name Collision Occurrence Assessment before activating any second-level domain name, or (B) block those second-level domain names for which the mitigation measures as described in the Name Collision Occurrence Assessment have not been implemented and proceed with activating names that are not listed in the Assessment.
- 6.2.2 Notwithstanding subsection 6.2.1, Registry Operator may proceed with activation of names in the DNS zone without implementation of the measures set forth in Section 6.2.1 only if (A) ICANN determines that the Registry TLD is eligible for this alternative path to activation of names; and (B) Registry Operator blocks all second-level domain names identified by ICANN and set forth at <http://newgtlds.icann.org/en/announcements-and-media/announcement-2-17nov13-en> as such list may be modified by ICANN from time to time. Registry Operator may activate names pursuant to this subsection and later activate names pursuant to subsection 6.2.1.



- 6.2.3 The sets of names subject to mitigation or blocking pursuant to Sections 6.2.1 and 6.2.2 will be based on ICANN analysis of DNS information including "Day in the Life of the Internet" data maintained by the DNS Operations, Analysis, and Research Center (DNS-OARC) <<https://www.dns-oarc.net/oarc/data/ditl>>.
- 6.2.4 Registry Operator may participate in the development by the ICANN community of a process for determining whether and how these blocked names may be released.
- 6.2.5 If ICANN determines that the TLD is ineligible for the alternative path to activation of names, ICANN may elect not to delegate the TLD pending completion of the final Name Collision Occurrence Assessment for the TLD, and Registry Operator's completion of all required mitigation measures. Registry Operator understands that the mitigation measures required by ICANN as a condition to activation of names in the DNS zone for the TLD may include, without limitation, mitigation measures such as those described in Section 3.2 of the New gTLD Name Collision Occurrence Management Plan approved by the ICANN Board New gTLD Program Committee (NGPC) on 7 October 2013 as found at <<http://www.icann.org/en/groups/board/documents/resolutions-new-gtld-annex-1-07oct13-en.pdf>>.

### 6.3. **Name Collision Report Handling**

- 6.3.1 During the first two years after delegation of the TLD, Registry Operator's emergency operations department shall be available to receive reports, relayed by ICANN, alleging demonstrably severe harm from collisions with overlapping use of the names outside of the authoritative DNS.
- 6.3.2 Registry Operator shall develop an internal process for handling in an expedited manner reports received pursuant to subsection 6.3.1 under which Registry Operator may, to the extent necessary and appropriate, remove a recently activated name from the TLD zone for a period of up to two years in order to allow the affected party to make changes to its systems.

## SPECIFICATION 7

### MINIMUM REQUIREMENTS FOR RIGHTS PROTECTION MECHANISMS

1. **Rights Protection Mechanisms.** Registry Operator shall implement and adhere to the rights protection mechanisms (“RPMs”) specified in this Specification. In addition to such RPMs, Registry Operator may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party’s legal rights. Registry Operator will include all RPMs required by this Specification 7 and any additional RPMs developed and implemented by Registry Operator in the registry-registrar agreement entered into by ICANN-accredited registrars authorized to register names in the TLD. Registry Operator shall implement in accordance with requirements set forth therein each of the mandatory RPMs set forth in the Trademark Clearinghouse as of the date hereof, as posted at <http://www.icann.org/en/resources/registries/tmch-requirements> (the “Trademark Clearinghouse Requirements”), which may be revised in immaterial respects by ICANN from time to time. Registry Operator shall not mandate that any owner of applicable intellectual property rights use any other trademark information aggregation, notification, or validation service in addition to or instead of the ICANN-designated Trademark Clearinghouse. If there is a conflict between the terms and conditions of this Agreement and the Trademark Clearinghouse Requirements, the terms and conditions of this Agreement shall control.
2. **Dispute Resolution Mechanisms.** Registry Operator will comply with the following dispute resolution mechanisms as they may be revised from time to time:
  - a. the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) and the Registration Restriction Dispute Resolution Procedure (RRDRP) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/pddrp> and <http://www.icann.org/en/resources/registries/rrdrp>, respectively). Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PDDRP or RRDRP panel and to be bound by any such determination; and
  - b. the Uniform Rapid Suspension system (“URS”) adopted by ICANN (posted at <http://www.icann.org/en/resources/registries/urs>), including the implementation of determinations issued by URS examiners.

## SPECIFICATION 8

### CONTINUED OPERATIONS INSTRUMENT

1. The Continued Operations Instrument shall (a) provide for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6<sup>th</sup>) anniversary of the Effective Date, and (b) be in the form of either (i) an irrevocable standby letter of credit, or (ii) an irrevocable cash escrow deposit, each meeting the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof (which is hereby incorporated by reference into this Specification 8). Registry Operator shall use its best efforts to take all actions necessary or advisable to maintain in effect the Continued Operations Instrument for a period of six (6) years from the Effective Date, and to maintain ICANN as a third party beneficiary thereof. If Registry Operator elects to obtain an irrevocable standby letter of credit but the term required above is unobtainable, Registry Operator may obtain a letter of credit with a one-year term and an “evergreen provision,” providing for annual extensions, without amendment, for an indefinite number of additional periods until the issuing bank informs ICANN of its final expiration or until ICANN releases the letter of credit as evidenced in writing, if the letter of credit otherwise meets the requirements set forth in item 50(b) of Attachment to Module 2 – Evaluation Questions and Criteria – of the gTLD Applicant Guidebook, as published and supplemented by ICANN prior to the date hereof; provided, however, that if the issuing bank informs ICANN of the expiration of such letter of credit prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, such letter of credit must provide that ICANN is entitled to draw the funds secured by the letter of credit prior to such expiration. The letter of credit must require the issuing bank to give ICANN at least thirty (30) calendar days’ notice of any such expiration or non-renewal. If the letter of credit expires or is terminated at any time prior to the sixth (6<sup>th</sup>) anniversary of the Effective Date, Registry Operator will be required to obtain a replacement Continued Operations Instrument. ICANN may draw the funds under the original letter of credit, if the replacement Continued Operations Instrument is not in place prior to the expiration of the original letter of credit. Registry Operator shall provide to ICANN copies of all final documents relating to the Continued Operations Instrument and shall keep ICANN reasonably informed of material developments relating to the Continued Operations Instrument. Registry Operator shall not agree to, or permit, any amendment of, or waiver under, the Continued Operations Instrument or other documentation relating thereto without the prior written consent of ICANN (such consent not to be unreasonably withheld).

2. If, notwithstanding the use of best efforts by Registry Operator to satisfy its obligations under the preceding paragraph, the Continued Operations Instrument expires or is terminated by another party thereto, in whole or in part, for any reason, prior to the sixth anniversary of the Effective Date, Registry Operator shall promptly (i) notify ICANN of such expiration or termination and the reasons therefor and (ii) arrange for an alternative instrument that provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period of one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date (an "Alternative Instrument"). Any such Alternative Instrument shall be on terms no less favorable to ICANN than the Continued Operations Instrument and shall otherwise be in form and substance reasonably acceptable to ICANN.
3. Notwithstanding anything to the contrary contained in this Specification 8, at any time, Registry Operator may replace the Continued Operations Instrument with an Alternative Instrument that (i) provides for sufficient financial resources to ensure the continued operation of the critical registry functions related to the TLD set forth in Section 6 of Specification 10 to this Agreement for a period of three (3) years following any termination of this Agreement on or prior to the fifth anniversary of the Effective Date or for a period one (1) year following any termination of this Agreement after the fifth anniversary of the Effective Date but prior to or on the sixth (6) anniversary of the Effective Date, and (ii) contains terms no less favorable to ICANN than the Continued Operations Instrument and is otherwise in form and substance reasonably acceptable to ICANN. In the event Registry Operator replaces the Continued Operations Instrument either pursuant to paragraph 2 or this paragraph 3, the terms of this Specification 8 shall no longer apply with respect to the original Continuing Operations Instrument, but shall thereafter apply with respect to such Alternative Instrument(s), and such instrument shall thereafter be considered the Continued Operations Instrument for purposes of this Agreement.

## SPECIFICATION 9

### REGISTRY OPERATOR CODE OF CONDUCT

1. In connection with the operation of the registry for the TLD, Registry Operator will not, and will not allow any parent, subsidiary, Affiliate, subcontractor or other related entity, to the extent such party is engaged in the provision of Registry Services with respect to the TLD (each, a “Registry Related Party”), to:
  - a. directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services, unless comparable opportunities to qualify for such preferences or considerations are made available to all registrars on substantially similar terms and subject to substantially similar conditions;
  - b. register domain names in its own right, except for names registered through an ICANN accredited registrar; provided, however, that Registry Operator may (a) reserve names from registration pursuant to Section 2.6 of the Agreement and (b) may withhold from registration or allocate to Registry Operator up to one hundred (100) names pursuant to Section 3.2 of Specification 5;
  - c. register names in the TLD or sub-domains of the TLD based upon proprietary access to information about searches or resolution requests by consumers for domain names not yet registered (commonly known as, “front-running”);  
or
  - d. allow any Affiliated registrar to disclose Personal Data about registrants to Registry Operator or any Registry Related Party, except as reasonably necessary for the management and operations of the TLD, unless all unrelated third parties (including other registry operators) are given equivalent access to such user data on substantially similar terms and subject to substantially similar conditions.
2. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will, or will cause such Registry Related Party to, ensure that such services are offered through a legal entity separate from Registry Operator, and maintain separate books of accounts with respect to its registrar or registrar-reseller operations.
3. If Registry Operator or a Registry Related Party also operates as a provider of registrar or registrar-reseller services, Registry Operator will conduct internal reviews at least once per calendar year to ensure compliance with this Code of Conduct. Within twenty (20) calendar days following the end of each calendar year, Registry Operator will provide the results of the internal review, along with a certification executed by an executive officer of Registry Operator certifying as to

Registry Operator's compliance with this Code of Conduct, via email to an address to be provided by ICANN. (ICANN may specify in the future the form and contents of such reports or that the reports be delivered by other reasonable means.) Registry Operator agrees that ICANN may publicly post such results and certification; provided, however, ICANN shall not disclose Confidential Information contained in such results except in accordance with Section 7.15 of the Agreement.

4. Nothing set forth herein shall: (i) limit ICANN from conducting investigations of claims of Registry Operator's non-compliance with this Code of Conduct; or (ii) provide grounds for Registry Operator to refuse to cooperate with ICANN investigations of claims of Registry Operator's non-compliance with this Code of Conduct.
5. Nothing set forth herein shall limit the ability of Registry Operator or any Registry Related Party, to enter into arms-length transactions in the ordinary course of business with a registrar or reseller with respect to products and services unrelated in all respects to the TLD.
6. Registry Operator may request an exemption to this Code of Conduct, and such exemption may be granted by ICANN in ICANN's reasonable discretion, if Registry Operator demonstrates to ICANN's reasonable satisfaction that (i) all domain name registrations in the TLD are registered to, and maintained by, Registry Operator for the exclusive use of Registry Operator or its Affiliates, (ii) Registry Operator does not sell, distribute or transfer control or use of any registrations in the TLD to any third party that is not an Affiliate of Registry Operator, and (iii) application of this Code of Conduct to the TLD is not necessary to protect the public interest.

## SPECIFICATION 10

### REGISTRY PERFORMANCE SPECIFICATIONS

#### 1. Definitions

- 1.1. **DNS.** Refers to the Domain Name System as specified in RFCs 1034, 1035, and related RFCs.
- 1.2. **DNSSEC proper resolution.** There is a valid DNSSEC chain of trust from the root trust anchor to a particular domain name, e.g., a TLD, a domain name registered under a TLD, etc.
- 1.3. **EPP.** Refers to the Extensible Provisioning Protocol as specified in RFC 5730 and related RFCs.
- 1.4. **IP address.** Refers to IPv4 or IPv6 addresses without making any distinction between the two. When there is need to make a distinction, IPv4 or IPv6 is used.
- 1.5. **Probes.** Network hosts used to perform (DNS, EPP, etc.) tests (see below) that are located at various global locations.
- 1.6. **RDDS.** Registration Data Directory Services refers to the collective of WHOIS and Web-based WHOIS services as defined in Specification 4 of this Agreement.
- 1.7. **RTT.** Round-Trip Time or RTT refers to the time measured from the sending of the first bit of the first packet of the sequence of packets needed to make a request until the reception of the last bit of the last packet of the sequence needed to receive the response. If the client does not receive the whole sequence of packets needed to consider the response as received, the request will be considered unanswered.
- 1.8. **SLR.** Service Level Requirement is the level of service expected for a certain parameter being measured in a Service Level Agreement (SLA).

#### 2. Service Level Agreement Matrix

	Parameter	SLR (monthly basis)
<b>DNS</b>	DNS service availability	0 min downtime = 100% availability
	DNS name server availability	≤ 432 min of downtime (≈ 99%)
	TCP DNS resolution RTT	≤ 1500 ms, for at least 95% of the queries
	UDP DNS resolution RTT	≤ 500 ms, for at least 95% of the queries
	DNS update time	≤ 60 min, for at least 95% of the probes
<b>RDDS</b>	RDDS availability	≤ 864 min of downtime (≈ 98%)



	RDDS query RTT	≤ 2000 ms, for at least 95% of the queries
	RDDS update time	≤ 60 min, for at least 95% of the probes
<b>EPP</b>	EPP service availability	≤ 864 min of downtime (≈ 98%)
	EPP session-command RTT	≤ 4000 ms, for at least 90% of the commands
	EPP query-command RTT	≤ 2000 ms, for at least 90% of the commands
	EPP transform-command RTT	≤ 4000 ms, for at least 90% of the commands

Registry Operator is encouraged to do maintenance for the different services at the times and dates of statistically lower traffic for each service. However, note that there is no provision for planned outages or similar periods of unavailable or slow service; any downtime, be it for maintenance or due to system failures, will be noted simply as downtime and counted for SLA purposes.

### 3. DNS

- 3.1. **DNS service availability.** Refers to the ability of the group of listed-as-authoritative name servers of a particular domain name (e.g., a TLD), to answer DNS queries from DNS probes. For the service to be considered available at a particular moment, at least, two of the delegated name servers registered in the DNS must have successful results from “**DNS tests**” to each of their public-DNS registered “**IP addresses**” to which the name server resolves. If 51% or more of the DNS testing probes see the service as unavailable during a given time, the DNS service will be considered unavailable.
- 3.2. **DNS name server availability.** Refers to the ability of a public-DNS registered “**IP address**” of a particular name server listed as authoritative for a domain name, to answer DNS queries from an Internet user. All the public DNS-registered “**IP address**” of all name servers of the domain name being monitored shall be tested individually. If 51% or more of the DNS testing probes get undefined/unanswered results from “**DNS tests**” to a name server “**IP address**” during a given time, the name server “**IP address**” will be considered unavailable.
- 3.3. **UDP DNS resolution RTT.** Refers to the **RTT** of the sequence of two packets, the UDP DNS query and the corresponding UDP DNS response. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.4. **TCP DNS resolution RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the DNS response for only one DNS query. If the **RTT** is 5 times greater than the time specified in the relevant **SLR**, the **RTT** will be considered undefined.
- 3.5. **DNS resolution RTT.** Refers to either “**UDP DNS resolution RTT**” or “**TCP DNS resolution RTT**”.

- 3.6. **DNS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, until the name servers of the parent domain name answer “**DNS queries**” with data consistent with the change made. This only applies for changes to DNS information.
- 3.7. **DNS test.** Means one non-recursive DNS query sent to a particular “**IP address**” (via UDP or TCP). If DNSSEC is offered in the queried DNS zone, for a query to be considered answered, the signatures must be positively verified against a corresponding DS record published in the parent zone or, if the parent is not signed, against a statically configured Trust Anchor. The answer to the query must contain the corresponding information from the Registry System, otherwise the query will be considered unanswered. A query with a “**DNS resolution RTT**” 5 times higher than the corresponding SLR, will be considered unanswered. The possible results to a DNS test are: a number in milliseconds corresponding to the “**DNS resolution RTT**” or, undefined/unanswered.
- 3.8. **Measuring DNS parameters.** Every minute, every DNS probe will make an UDP or TCP “**DNS test**” to each of the public-DNS registered “**IP addresses**” of the name servers of the domain name being monitored. If a “**DNS test**” result is undefined/unanswered, the tested IP will be considered unavailable from that probe until it is time to make a new test.
- 3.9. **Collating the results from DNS probes.** The minimum number of active testing probes to consider a measurement valid is 20 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 3.10. **Distribution of UDP and TCP queries.** DNS probes will send UDP or TCP “**DNS test**” approximating the distribution of these queries.
- 3.11. **Placement of DNS probes.** Probes for measuring DNS parameters shall be placed as near as possible to the DNS resolvers on the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

#### 4. **RDDS**

- 4.1. **RDDS availability.** Refers to the ability of all the RDDS services for the TLD, to respond to queries from an Internet user with appropriate data from the relevant Registry System. If 51% or more of the RDDS testing probes see any of the RDDS services as unavailable during a given time, the RDDS will be considered unavailable.

- 4.2. **WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the WHOIS response. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.3. **Web-based-WHOIS query RTT.** Refers to the **RTT** of the sequence of packets from the start of the TCP connection to its end, including the reception of the HTTP response for only one HTTP request. If Registry Operator implements a multiple-step process to get to the information, only the last step shall be measured. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 4.4. **RDDS query RTT.** Refers to the collective of “**WHOIS query RTT**” and “**Web-based- WHOIS query RTT**”.
- 4.5. **RDDS update time.** Refers to the time measured from the reception of an EPP confirmation to a transform command on a domain name, host or contact, up until the servers of the RDDS services reflect the changes made.
- 4.6. **RDDS test.** Means one query sent to a particular “**IP address**” of one of the servers of one of the RDDS services. Queries shall be about existing objects in the Registry System and the responses must contain the corresponding information otherwise the query will be considered unanswered. Queries with an **RTT** 5 times higher than the corresponding SLR will be considered as unanswered. The possible results to an RDDS test are: a number in milliseconds corresponding to the **RTT** or undefined/unanswered.
- 4.7. **Measuring RDDS parameters.** Every 5 minutes, RDDS probes will select one IP address from all the public-DNS registered “**IP addresses**” of the servers for each RDDS service of the TLD being monitored and make an “**RDDS test**” to each one. If an “**RDDS test**” result is undefined/unanswered, the corresponding RDDS service will be considered as unavailable from that probe until it is time to make a new test.
- 4.8. **Collating the results from RDDS probes.** The minimum number of active testing probes to consider a measurement valid is 10 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 4.9. **Placement of RDDS probes.** Probes for measuring RDDS parameters shall be placed inside the networks with the most users across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

## 5. EPP

- 5.1. **EPP service availability.** Refers to the ability of the TLD EPP servers as a group, to respond to commands from the Registry accredited Registrars, who already have credentials to the servers. The response shall include appropriate data from the Registry System. An EPP command with “**EPP command RTT**” 5 times higher than the corresponding SLR will be considered as unanswered. If 51% or more of the EPP testing probes see the EPP service as unavailable during a given time, the EPP service will be considered unavailable.
- 5.2. **EPP session-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a session command plus the reception of the EPP response for only one EPP session command. For the login command it will include packets needed for starting the TCP session. For the logout command it will include packets needed for closing the TCP session. EPP session commands are those described in section 2.9.1 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.3. **EPP query-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a query command plus the reception of the EPP response for only one EPP query command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP query commands are those described in section 2.9.2 of EPP RFC 5730. If the **RTT** is 5-times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.4. **EPP transform-command RTT.** Refers to the **RTT** of the sequence of packets that includes the sending of a transform command plus the reception of the EPP response for only one EPP transform command. It does not include packets needed for the start or close of either the EPP or the TCP session. EPP transform commands are those described in section 2.9.3 of EPP RFC 5730. If the **RTT** is 5 times or more the corresponding SLR, the **RTT** will be considered undefined.
- 5.5. **EPP command RTT.** Refers to “**EPP session-command RTT**”, “**EPP query-command RTT**” or “**EPP transform-command RTT**”.
- 5.6. **EPP test.** Means one EPP command sent to a particular “**IP address**” for one of the EPP servers. Query and transform commands, with the exception of “create”, shall be about existing objects in the Registry System. The response shall include appropriate data from the Registry System. The possible results to an EPP test are: a number in milliseconds corresponding to the “**EPP command RTT**” or undefined/unanswered.

- 5.7. **Measuring EPP parameters.** Every 5 minutes, EPP probes will select one “IP address” of the EPP servers of the TLD being monitored and make an “EPP test”; every time they should alternate between the 3 different types of commands and between the commands inside each category. If an “EPP test” result is undefined/unanswered, the EPP service will be considered as unavailable from that probe until it is time to make a new test.
- 5.8. **Collating the results from EPP probes.** The minimum number of active testing probes to consider a measurement valid is 5 at any given measurement period, otherwise the measurements will be discarded and will be considered inconclusive; during this situation no fault will be flagged against the SLRs.
- 5.9. **Placement of EPP probes.** Probes for measuring EPP parameters shall be placed inside or close to Registrars points of access to the Internet across the different geographic regions; care shall be taken not to deploy probes behind high propagation-delay links, such as satellite links.

6. **Emergency Thresholds**

The following matrix presents the emergency thresholds that, if reached by any of the services mentioned above for a TLD, would cause the emergency transition of the Registry for the TLD as specified in Section 2.13 of this Agreement.

Critical Function	Emergency Threshold
DNS Service (all servers)	4-hour total downtime / week
DNSSEC proper resolution	4-hour total downtime / week
EPP	24-hour total downtime / week
RDDS (WHOIS/Web-based WHOIS)	24-hour total downtime / week
Data Escrow	Breach of the Registry Agreement as described in Specification 2, Part B, Section 6.

7. **Emergency Escalation**

Escalation is strictly for purposes of notifying and investigating possible or potential issues in relation to monitored services. The initiation of any escalation and the subsequent cooperative investigations do not in themselves imply that a monitored service has failed its performance requirements.

Escalations shall be carried out between ICANN and Registry Operators, Registrars and Registry Operator, and Registrars and ICANN. Registry Operators and ICANN must provide said emergency operations departments. Current contacts must be maintained between

ICANN and Registry Operators and published to Registrars, where relevant to their role in escalations, prior to any processing of an Emergency Escalation by all related parties, and kept current at all times.

#### 7.1. **Emergency Escalation initiated by ICANN**

Upon reaching 10% of the Emergency thresholds as described in Section 6 of this Specification, ICANN's emergency operations will initiate an Emergency Escalation with the relevant Registry Operator. An Emergency Escalation consists of the following minimum elements: electronic (i.e., email or SMS) and/or voice contact notification to the Registry Operator's emergency operations department with detailed information concerning the issue being escalated, including evidence of monitoring failures, cooperative troubleshooting of the monitoring failure between ICANN staff and the Registry Operator, and the commitment to begin the process of rectifying issues with either the monitoring service or the service being monitoring.

#### 7.2. **Emergency Escalation initiated by Registrars**

Registry Operator will maintain an emergency operations department prepared to handle emergency requests from registrars. In the event that a registrar is unable to conduct EPP transactions with the registry for the TLD because of a fault with the Registry Service and is unable to either contact (through ICANN mandated methods of communication) the Registry Operator, or the Registry Operator is unable or unwilling to address the fault, the registrar may initiate an emergency escalation to the emergency operations department of ICANN. ICANN then may initiate an emergency escalation with the Registry Operator as explained above.

#### 7.3. **Notifications of Outages and Maintenance**

In the event that a Registry Operator plans maintenance, it will provide notice to the ICANN emergency operations department, at least, twenty-four (24) hours ahead of that maintenance. ICANN's emergency operations department will note planned maintenance times, and suspend Emergency Escalation services for the monitored services during the expected maintenance outage period.

If Registry Operator declares an outage, as per its contractual obligations with ICANN, on services under a service level agreement and performance requirements, it will notify the ICANN emergency operations department. During that declared outage, ICANN's emergency operations department will note and suspend emergency escalation services for the monitored services involved.

### 8. **Covenants of Performance Measurement**

8.1. **No interference.** Registry Operator shall not interfere with measurement **Probes**, including any form of preferential treatment of the requests for the monitored services. Registry Operator shall respond to the measurement

tests described in this Specification as it would to any other request from an Internet user (for DNS and RDDS) or registrar (for EPP).

- 8.2. **ICANN testing registrar.** Registry Operator agrees that ICANN will have a testing registrar used for purposes of measuring the **SLRs** described above. Registry Operator agrees to not provide any differentiated treatment for the testing registrar other than no billing of the transactions. ICANN shall not use the registrar for registering domain names (or other registry objects) for itself or others, except for the purposes of verifying contractual compliance with the conditions described in this Agreement.



## SPECIFICATION 11

### PUBLIC INTEREST COMMITMENTS

1. Registry Operator will use only ICANN accredited registrars that are party to the Registrar Accreditation Agreement approved by the ICANN Board of Directors on 27 June 2013 in registering domain names. A list of such registrars shall be maintained by ICANN on ICANN's website.
2. (Intentionally omitted. Registry Operator has not included commitments, statements of intent or business plans provided for in its application to ICANN for the TLD.)
3. Registry Operator agrees to perform the following specific public interest commitments, which commitments shall be enforceable by ICANN and through the Public Interest Commitment Dispute Resolution Process established by ICANN (posted at <http://www.icann.org/en/resources/registries/picdrp>), which may be revised in immaterial respects by ICANN from time to time (the "PICDRP"). Registry Operator shall comply with the PICDRP. Registry Operator agrees to implement and adhere to any remedies ICANN imposes (which may include any reasonable remedy, including for the avoidance of doubt, the termination of the Registry Agreement pursuant to Section 4.3(e) of the Agreement) following a determination by any PICDRP panel and to be bound by any such determination.
  - a. Registry Operator will include a provision in its Registry-Registrar Agreement that requires Registrars to include in their Registration Agreements a provision prohibiting Registered Name Holders from distributing malware, abusively operating botnets, phishing, piracy, trademark or copyright infringement, fraudulent or deceptive practices, counterfeiting or otherwise engaging in activity contrary to applicable law, and providing (consistent with applicable law and any related procedures) consequences for such activities including suspension of the domain name.
  - b. Registry Operator will periodically conduct a technical analysis to assess whether domains in the TLD are being used to perpetrate security threats, such as pharming, phishing, malware, and botnets. Registry Operator will maintain statistical reports on the number of security threats identified and the actions taken as a result of the periodic security checks. Registry Operator will maintain these reports for the term of the Agreement unless a shorter period is required by law or approved by ICANN, and will provide them to ICANN upon request.
  - c. Registry Operator will operate the TLD in a transparent manner consistent with general principles of openness and non-discrimination by establishing, publishing and adhering to clear registration policies.

- d. Registry Operator of a “Generic String” TLD may not impose eligibility criteria for registering names in the TLD that limit registrations exclusively to a single person or entity and/or that person’s or entity’s “Affiliates” (as defined in Section 2.9(c) of the Registry Agreement). “Generic String” means a string consisting of a word or term that denominates or describes a general class of goods, services, groups, organizations or things, as opposed to distinguishing a specific brand of goods, services, groups, organizations or things from those of others.

# **EXHIBIT AC-17**

## ASSIGNMENT AND ASSUMPTION AGREEMENT

### .Protection Registry Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT of the .Protection Registry Agreement ("Assignment and Assumption Agreement") is entered into as of 2 June, 2015 (the "Effective Date") by and between Symantec Corporation, a Delaware corporation with its principal place of business at 350 Ellis Street, Mountain View, California, 94043, USA ("Assignor") and XYZ.COM LLC, a Nevada limited liability company with its principal place of business at 2121 E TROPICANA AVE, STE2, LAS VEGAS, NV 89119 ("Assignee"). The parties to this Agreement shall be referred to individually as a "Party" and collectively as the "Parties."

### RECITALS

- A. Assignor is a party to that certain Registry Agreement entered into by and between Assignor and the Internet Corporation for Assigned Names and Numbers, a California nonprofit public benefit corporation ("ICANN") for the .Protection (the "Registry Agreement").
- B. Pursuant to Section 7.5 of the Registry Agreement, in its letter dated April 28, 2015, Assignor requested ICANN's prior written consent of an assignment of the Registry Agreement from Assignor to Assignee.
- C. On May 14, 2015, ICANN granted its conditional written consent ("ICANN's Consent") to Assignor for assignment of the Registry Agreement to Assignee.
- D. Having received ICANN's Consent as aforementioned, and both Parties having represented herein below its fulfillment of all conditions of ICANN's Consent, Assignor hereby desires to assign its rights and obligations under the Registry Agreement to Assignee, and Assignee hereby desires to assume Assignor's rights and obligations under the Registry Agreement via assignment, pursuant to the terms and conditions of this Agreement.

### AGREEMENT

In consideration of the mutual promises set forth herein and for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's rights, obligations, title, and interest in and to the Registry Agreement.
2. Assignee hereby accepts the assignment of the Registry Agreement and assumes all liabilities of Assignor relating thereto, whether contingent or accrued, and further agrees to assume and perform all of the covenants, obligations and agreements of Assignor under the Registry Agreement.
3. The Parties hereby agree that Assignee shall be substituted for Assignor for all purposes of the Registry Agreement.
4. The Parties hereby represent that all conditions set forth in ICANN's Consent have been fulfilled as of the Effective Date of this Assignment and Assumption Agreement.
5. The Parties hereby acknowledge that ICANN's Consent to Assignor's assignment of the Registry Agreement does not waive any rights ICANN may have to take action with respect to any breaches of the Registry Agreement by Assignor occurring prior to the Effective Date.
6. Each Party shall, upon the reasonable request of the other Party, make, execute, acknowledge, and deliver any and all further documents and instruments, and do and cause to be done all such

further acts, to evidence and/or in any manner perfect Assignor' assignment of the Registry Agreement to Assignee pursuant to this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Assignment and Assumption Agreement to be executed and delivered as of the Effective Date first stated above.

Symantec Corporation  
[Redacted]  
Date: 2015.06.04 16:27:05  
-07'00'

[Redacted]  
Date: 2015.06.04 09:47:15 -07'00'

XYZ.COM LLC

By [Redacted]  
Name: Daniel Negari  
Title: CEO

# **EXHIBIT AC-18**



## New gTLD Application Submitted to ICANN by: Dot Online LLC

String: online

Originally Posted: 13 June 2012

Application ID: 1-856-67717

### Applicant Information

#### 1. Full legal name

Dot Online LLC

#### 2. Address of the principal place of business

Contact Information Redacted

#### 3. Phone number

Contact Information Redacted

#### 4. Fax number

#### 5. If applicable, website or URL



# Primary Contact

## 6(a). Name

Mr. Erik Ludwick

## 6(b). Title

Chief Executive Officer

## 6(c). Address

## 6(d). Phone Number

Contact Information Redacted

## 6(e). Fax Number

Contact Information Redacted

## 6(f). Email Address

Contact Information Redacted

# Secondary Contact

## 7(a). Name

Mr. Joshua Zetlin

## 7(b). Title

Attorney

### **7(c). Address**

### **7(d). Phone Number**

Contact Information Redacted

### **7(e). Fax Number**

Contact Information Redacted

### **7(f). Email Address**

Contact Information Redacted

## **Proof of Legal Establishment**

### **8(a). Legal form of the Applicant**

Limited Liability Company

### **8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).**

California state law

### **8(c). Attach evidence of the applicant's establishment.**

Attachments are not displayed on this form.

### **9(a). If applying company is publicly traded, provide the exchange and symbol.**

### **9(b). If the applying entity is a subsidiary, provide the parent company.**

**9(c). If the applying entity is a joint venture, list all joint venture partners.**

## **Applicant Background**

**11(a). Name(s) and position(s) of all directors**

**11(b). Name(s) and position(s) of all officers and partners**

**11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares**

**11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility**

Erik Ludwick	Chief Executive Officer
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## **Applied-for gTLD string**

**13. Provide the applied-for gTLD string. If an IDN, provide the U-label.**

online

**14(a). If an IDN, provide the A-label (beginning with "xn--").**

**14(b). If an IDN, provide the meaning or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.**

**14(c). If an IDN, provide the language of the label (in English).**

**14(c). If an IDN, provide the language of the label (as referenced by ISO-639-1).**

**14(d). If an IDN, provide the script of the label (in English).**

**14(d). If an IDN, provide the script of the label (as referenced by ISO 15924).**

**14(e). If an IDN, list all code points contained in the U-label according to Unicode form.**

**15(a). If an IDN, Attach IDN Tables for the proposed registry.**

Attachments are not displayed on this form.

**15(b). Describe the process used for development of the IDN tables submitted, including consultations and sources used.**

**15(c). List any variant strings to the applied-for gTLD string according to the relevant IDN tables.**

**16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.**

A number of operational and rendering issues may arise with the delegation, and subsequent operation and use of a new TLD. Some of these issues may be experienced just by the users of one or two particular TLDs, due to the nature or composition of the string itself; whereas other issues (such as software support) may be experienced across all new TLDs.

Evaluation of the potential operational and rendering issues for this TLD was delegated to ARI. ARI is experienced with:

- The operational issues of operating TLDs
- TLDs that offer registrations at the third level (eg .com.au, .net.au) and below
- The rendering and operational issues surrounding the introduction of IDNs

ARI has executed a suite of tests to evaluate any issues arising from the use of the TLD string. ARI configured a test environment that consisted of DNS software, web server software, and an email server configured for sample domains in this TLD. Where possible, ARI attempted to test many equivalent applications, however the number of and different versions of applications means that testing was limited to the most common environments.

The tests executed by ARI indicate that this TLD is subject to the same issues already experienced by TLDs in the root, which are neither new nor unique. A summary of these common issues is provided below.

- Some applications make assumptions about known valid TLDs and fail to recognize new TLDs
- Some Non-IDN aware applications require the user to provide input in A-labels
- Some IDN aware applications present the user with the domain name using A-labels instead of U-labels
- Some IDN aware applications fail to render IRIs in a manner consistent with user expectations.

To mitigate these issues, ARI will work with us to ensure that maintainers of applications are made aware of the delegation and operation of this TLD. When relevant, we will refer the maintainers to the verification code produced by ICANN in the area for Universal Acceptance of All Top Level Domains such that operational issues can be mitigated for other TLDs.

ARI and us will work with maintainers of applications to provide subject matter knowledge where required, and provide directions to the tools provided by third parties such as the International Components for Unicode project and other groups, that can assist the application maintainer in adding the required support. User education may be required enabling users to configure their applications for correct functioning of this TLD. An informational section on the TLD website will be considered to address questions raised by the Internet community.

The steps ARI will take to mitigate these issues are more than adequate. Thus, we do not believe this TLD raises stability concerns and there is no reason that it should be denied on an operational and rendering issues bases.

## **17. (OPTIONAL) Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).**

## **Mission/Purpose**

### **18(a). Describe the mission/purpose of your proposed gTLD.**

Dot Online, LLC, the applicant for the “.online” gTLD (the “Registry”) will serve a broad spectrum of the global public by providing an internet community that benefits all parties conducting online activities. A logical and needed gTLD, .online will offer potential registrants who have been boxed out of the crowded .com and .net environments, a place to register their domain name of choice. Furthermore, .online will better serve the public through new trademark protection mechanisms, a thick Whois, and meaningful Domain Name System Security Extensions (“DNSSEC”) requirements. Users instinctively associate the term “online” with being on the internet and will welcome .online as a new generic TLD. This is clearly evidenced by the roughly 2.7 million domain names that have been registered including “online” in their respective strings, as reported by [www.domaintools.com](http://www.domaintools.com). This Registry will create an environment that brings together these new and existing online interests, and will enhance communication, access to relevant information and searchability; fostering innovation, job creation, economic growth, and creative opportunities among registrants, internet users, and others.

### **18(b). How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?**

The Registry will benefit proposed registrants, internet users and others by offering an alternative space to the crowded existing gTLDs. Registrants will benefit from potentially shorter, more brand-centric strings and a narrower search universe, resulting in easier searchability and higher

visibility. Users searching within the .online gTLD will yield more relevant search results. Others will benefit from the economic development and innovation fostered by this open online space.

(i) The goal of the proposed gTLD in terms of areas of specialty, service levels, or reputation:  
Specialty: The Registry will be available to prospective registrants seeking to shorten their existing domain names and/or obtain domains more representative of their brand/product/service/activity, but unavailable on other more-crowded TLDs. The .online gTLD will be a natural haven for those focused on web-based activities. More intuitive, shorter and recognizable domain names, coupled with the narrower segment of the internet that is “.online”, will result in increased traffic, more efficient communication and interaction between enterprises and users.  
Service Levels: Service levels provided by the .online gTLD comply with required service levels defined in Specification 10 of the gTLD Registry Agreement, detailed in the ICANN gTLD Applicant Guidebook.

Reputation: The Registry’s priority is to establish its reputation as an innovative, stable, secure and accountable community; serving all entities, organizations and individuals conducting their internet activities within .online. ARI Registry Services (“ARI”), the Registry’s selected provider of registry services, has an established reputation for providing and operating a robust and reliable back-end registry service that enables multiple registrars to provide domain name registration services in the top-level domain. ARI’s system supports multiple registries and many registrars consistently and securely. ARI has a long history of meeting its service level agreements as evidenced in the Registry Operator’s Monthly Reports that ARI files monthly with ICANN. The reports detail ARI’s operational status and its compliance with applicable service level agreements. These monthly reports are accessible from the ICANN website at the following URL: <http://www.icann.org/en/tlds/monthly-reports/>. The Registry has also established a strategic relationship with industry leading registrar Melbourne IT, thereby ensuring a first rate consumer experience and compliance with all applicable industry policies and standards.

(ii) What the proposed gTLD anticipates adding to the current space, in terms of competition, differentiation, or innovation:

Competition: The proposed gTLD will promote competition and consumer choice by creating a digital environment in which registrants can obtain a better name for their website. This will generate increased web traffic for businesses by allowing for more intuitive searching and branding. As such, the .online TLD will have a competitive advantage over other saturated gTLDs. Additionally, research reveals an appetite amongst consumers for this term beyond being a mere alternative to .com or .net. Currently, approximately 900,000 domain names contain the word “online” immediately preceding various TLDs (e.g. [www.shoesonline.com](http://www.shoesonline.com)), and the .online gTLD will shorten the string length for these existing domains (e.g. [www.shoes.online](http://www.shoes.online)). Transitioning to a shorter second level domain, with a “.online” gTLD is a natural and intuitive transition for these existing registrants, as well as the massive market of potential registrants seeking an “online” portal for whatever they wish to share with the world.

Differentiation: While certainly distinct from all existing TLDs, .online is essentially a better alternative to existing generics such as .com or .net. The proposed gTLD will create a new space open to any organization and participant conducting its activities on the internet. Although there are existing generic TLDs (e.g. .com, .net, .info), businesses and individuals describe being on or using the internet as “being online” or “going online.” The .com registry in particular has become overcrowded and most useful names have already been registered. The .online Registry will provide all potential registrants with a wide selection of relevant and shorter-string domain names.

Innovation: The proposed gTLD and the addition of potential domain names allows brick and mortar businesses to obtain or improve their virtual presence through intuitive and/or shorter domain names. There is demonstrable frustration amongst the public over the unavailability of pertinent domain names on traditional gTLDs, such as .com and .net. The .online TLD addresses this concern.

(iii) Goals the proposed gTLD has in terms of user experience:

The Registry will allow registrants to obtain names that are more closely associated with their needs. Given the contemplated improvements in service levels and additions referenced above, together with the increased availability of pertinent domains, the quality of the experience will exceed that of the existing .com TLD.

Moreover, ARI, the gTLD’s provider of registry services, will ensure that all pertinent services consistently meet the levels prescribed in Specification 10 of the Registry Agreement, helping to ensure a top quality user experience. In addition, ARI will comply with any other applicable ICANN policy or procedure, thereby ensuring the user experience provided is both secure and stable. Strategic partner Melbourne IT will ensure top quality consumer interface and policy compliance.

(iv) Description of the intended registration policies in support of the goals listed above:  
The Registry will welcome all registrants seeking a .online domain. Following a Sunrise and Landrush

period, the Registry intends to make domains available to anyone willing to complete the Registry's application process and comply with Registry policies and ICANN requirements. The Registry will collect limited demographic information from registrants, which will be used to streamline searches and target communications. Registration requests for available names will be allocated by the Registry through accredited registrars on a first-come, first-served basis, subject to the Registry policies and ICANN requirements. The Registry will establish and enforce dispute resolution procedures concerning compliance with TLD registration policies. The Registry will seek out strategic partners to utilize premium names of significance to the community. It also plans to reserve the right to retain additional names on a reserved name list at any time at its sole discretion, in accordance with Specification 5 of the Registry Agreement, and to allocate such names in accordance with ICANN requirements and Registry policies.

(v) The proposed gTLD will impose measures for protecting the privacy or confidential information of registrants or users:

The Registry will protect the privacy and confidential information of registrants and users through industry standard security technology, provided by ARI and through a contractual privacy policy statement. ARI, the Registry's selected provider of registry services, provides a comprehensive security solution - independently audited - to ensure that registrants' privacy and confidential information is protected. These measures include registry databases that are access controlled, encrypted data escrow procedures, and a broad ranging security policy addressing physical, cyber, and personnel security threats. Further details of these security policies are provided in response to Question 30, Security Policy. In compliance with the Registry Agreement's Specification 4, data fields defined in the specification are made publicly available through the Registry's Whois service offering.

User security is enhanced by the use of DNSSEC, providing an important layer of overall Internet security. ARI's DNSSEC implementations adhere to key security standards and guidelines as required by Federal Information Processing Standards (FIPS) 140-2 Level 3. Through ARI's proven DNSSEC implementation, the .online gTLD helps protect the privacy and confidential information of its users.

(vi) Description of whether and in what ways outreach and communications will help to achieve projected benefits:

The Registry will engage in outreach by promoting .online to potential registrants as a viable alternative to existing, overcrowded TLDs. Targeted advertising and public relations efforts will benefit registrants, advertisers and users by promoting competition and facilitating efficient communication. Announcing the emergence of the .online gTLD will expand the internet space available to those whose needs will be met by a new and open TLD.

## 18(c). What operating rules will you adopt to eliminate or minimize social costs?

The Registry will enact rules to eliminate social costs associated with the creation of a new TLD. The proposed gTLD may adopt policies that preemptively address negative consequences, in addition to analyzing market trends to identify issues as they emerge. The Registry's evaluation of the market and its potential registrants suggests that registrations of .online domains will be active rather than defensive in nature, as with .com and other open TLDs. Due to the existence of significant communities of online interest, the TLD presents registrants with opportunities aligned to their pursuits. Registrants will have the opportunity and the incentive to work together in promotion of their shared interests.

The Registry will be compliant with all relevant laws and statutes, and all ICANN policies and procedures, including without limitation, the Digital Millennium Copyright Act ("DMCA"), the Uniform Domain Name Dispute Resolution ("UDRP"), and Uniform Rapid Suspension System ("URS"). The Registry will also adopt protection mechanisms against spam, phishing, data theft, IP infringement, and Domain Naming System ("DNS") attacks.

(i) Method for resolving multiple applications for a particular name:

During the Sunrise period, multiple applications for a particular domain, assuming all are properly listed in the Trademark Clearinghouse and/or otherwise verified in accordance with ICANN policies and procedures, will be resolved through an auction.

During the Landrush period, multiple applications for a particular domain name will be resolved through an auction process.

During the general registration process, multiple applications for a particular domain name will be resolved on a first come, first served basis.



(ii) Cost benefits to registrants intended for implementation:  
The Registry reserves the right to offer introductory discounts and advantageous pricing to industry leaders or other entities that enhance the community reputation and visibility of the gTLD.  
The Registry may coordinate with registrars to offer price discounts to customers purchasing multiple domains or bundled services.

(iii) Intended contractual commitments to registrants regarding the magnitude of price escalation:  
The Registry will comply with the Registry Agreement and will make contractual commitments to registrants regarding the pricing policy(ies). This includes complying with all pricing requirements detailed in Article 2.10 of ICANN's New gTLD Registry Agreement. The Registry may from time to time increase prices in accordance with market rates throughout the internet community.

## Community-based Designation

### 19. Is the application for a community-based TLD?

No

**20(a). Provide the name and full description of the community that the applicant is committing to serve.**

**20(b). Explain the applicant's relationship to the community identified in 20(a).**

**20(c). Provide a description of the community-based purpose of the applied-for gTLD.**

**20(d). Explain the relationship between the applied-for gTLD string and the community identified in 20(a).**

**20(e). Provide a description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD.**

**20(f). Attach any written endorsements from institutions/groups representative of the community identified in 20(a).**

Attachments are not displayed on this form.

## Geographic Names

### 21(a). Is the application for a geographic name?

No

## Protection of Geographic Names

### 22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD.

Dot Online, LLC, the applicant applying for the “.online” gTLD (the “Registry”), plans to temporarily reserve a list of geographic names as required in Specification 5 of the draft Registry Agreement, and also intends to adopt policies for releasing and registering these reserved names with the further approval of ICANN and/or relevant members of ICANN’s Governmental Advisory Committee (the “GAC”).

Reserved Names: The Registry intends to initially reserve the country and territory names contained in the following internationally recognized lists (the “Geographic Names”), at the second level and at all other levels within the TLD at which the Registry provides for registrations:

1. The short form (in English) of all country and territory names contained on the ISO 3166-1 list, as updated from time to time, including the European Union, which is exceptionally reserved on the ISO 3166-1 list, and its scope extended in August 1999 to any application needing to represent the name European Union  
([http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm#EU)) ;
2. The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
3. The list of United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names

A corresponding list of geographic names will be made available to the public via the ARI Registry Services (“ARI”)’s website in order to inform Registrars and potential Registrants of the reserved status of such names. The lists previously noted, will be regularly monitored for revisions and the reserved list, both within the registry and publicly facing, will continually be updated to reflect any changes.

In addition to these requirements, ARI is able to support the wishes of the Registry in regards to the reservation of additional terms on a case by case basis. The managed TLD registry allows such additions to the reserved list to be made by appropriately authorized staff, with no further system development changes required.

The following applies to all Domain Names contained within the managed TLD registry reserved list:

- Attempts to register reserved Domain Names will be rejected;
- WhoIs queries for listed Domain Names will receive responses indicating their reserved status;
- Reserved names will not appear in the TLD zone file; and
- DNS queries for reserved domain names will result in an NXDOMAIN response.

#### 2. PROCEDURES FOR RELEASE

We understand that if and when the Registry wishes to release any reserved names at a later date,

this will require further approval from ICANN.

In order to release reserved names, the Registry will have in place a special release mechanism, described below.

Consistent with the .info release of geographic names, as referenced in the New GTLD Application, the Registry will present the GAC Representatives with an option, at no charge, of objecting to release and use of any initially reserved names. The Registry reasonably believes that very few GAC Representatives, if any, would exercise this option. Nevertheless, the at-no-charge objection will remain an option for the GAC Representatives, in compliance with current ICANN requirements regarding geographic reserved names. The Registry will reserve the Geographic Names for a temporary reservation period of one year following the delegation of the gTLD. When the temporary reservation terminates, those country names that have not been registered at that time will be made available for use by the Registry or auction. Those not selling at auction will fall into the pool of available names for private registration on a first-come-first served basis.

Generally, it is extremely unlikely that the Registry's authorized use of any geographic ".online" domain name could be confusing to users, or otherwise offensive to any country. To the extent that use of any such domain was ever deemed confusing or offensive, the Registry is likely to have a strong desire to resolve the situation quickly and respectfully to any affected country's sovereign interests. At minimum, the Registry will ensure that its designated abuse contact is aware of the additional sensitivities that may potentially arise with respect to use of such domains, such that any complaints of this nature are prioritized accordingly.

## Registry Services

### 23. Provide name and full description of all the Registry Services to be provided.

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. This response describes the registry services for our TLD, as provided by ARI.

#### 1 INTRODUCTION

ARI's Managed TLD Registry Service is a complete offering, providing all of the required registry services. What follows is a description of each of those services.

#### 2 REGISTRY SERVICES

The following sections describe the registry services provided. Each of these services has, where required, been designed to take into account the requirements of consensus policies as documented here:

[<http://www.icann.org/en/resources/Registrars/consensus-policies>]

At the time of delegation into the root this TLD will not be offering any unique Registry services.

##### 2.1 Receipt of Data from Registrars

The day-to-day functions of the registry, as perceived by Internet users, involves the receipt of data from Registrars and making the necessary changes to the SRS database. Functionality such as the creation, renewal and deletion of domains by Registrars, on behalf of registrants, is provided by two separate systems:

- An open protocol-based provisioning system commonly used by Registrars with automated domain management functionality within their own systems.

- A dedicated website providing the same functionality for user interaction.

Registrants (or prospective registrants) who wish to manage their existing domains or credentials, register new domains or delete their domains will have their requests carried out by Registrars using one of the two systems described below.

ARI operates Extensible Provisioning Protocol (EPP) server software and distributes applicable toolkits to facilitate the receipt of data from Registrars in a common format. EPP offers a common protocol for Registrars to interact with SRS data and is favoured for automating such interaction in the Registrar's systems. In addition to the EPP server, Registrars have the ability to use a web-based management interface (SRS Web Interface), which provides functions equivalent to the EPP server

functionality.

### 2.1.1 EPP

The EPP software allows Registrars to communicate with the SRS using a standard protocol. The EPP server software is compliant with all appropriate RFCs and will be updated to comply with any relevant new RFCs or other new standards, as and when they are finalised. All standard EPP operations on SRS objects are supported.

Specifically, the EPP service complies with the following standards:

- RFC 5730 Extensible Provisioning Protocol (EPP).
- RFC 5731 Extensible Provisioning Protocol (EPP) Domain Name Mapping.
- RFC 5732 Extensible Provisioning Protocol (EPP) Host Mapping.
- RFC 5733 Extensible Provisioning Protocol (EPP) Contact Mapping.
- RFC 5734 Extensible Provisioning Protocol (EPP) Transport over TCP.
- RFC 5910 Domain Name System (DNS) Security Extensions for the Extensible Provisioning Protocol (EPP).
- RFC 3915 Domain Registry Grace Period Mapping for the Extensible Provisioning Protocol (EPP).
- Extensions to ARI's EPP service comply with RFC 3735 Guidelines for Extending the Extensible Provisioning Protocol (EPP).

#### 2.1.1.1 Security for EPP Service

To avoid abuse and to mitigate potential fraudulent operations, the EPP server software uses a number of security mechanisms that restrict the source of incoming connections and prescribe the authentication and authorisation of the client. Connections are further managed by command rate limiting and are restricted to only a certain number for each Registrar, to help reduce unwanted fraudulent and other activities. Additionally, secure communication to the EPP interface is required, lowering the likelihood of the authentication mechanisms being compromised.

The EPP server has restrictions on the operations it is permitted to make to the data within the registry database. Except as allowed by the EPP protocol, the EPP server cannot update the credentials used by Registrars for access to the SRS. These credentials include those used by Registrars to login to ARI's SRS Web Interface and the EPP service.

Secure communication to the EPP server is achieved via the encryption of EPP sessions. The registry system and associated toolkits support AES 128 and 256 via TLS.

The Production and Operational Testing and Evaluation (OTE) EPP service is protected behind a secure firewall that only accepts connections from registered IP addresses. Registrars are required to supply host IP addresses that they intend to use to access the EPP service.

Certificates are used for encrypted communications with the registry. Registrars require a valid public/private key pair signed by the ARI CA to verify authenticity. These certificates are used to establish a TLS secure session between client and server.

EPP contains credential elements in its specification which are used as an additional layer of authentication. In accordance with the EPP specification, the server does not allow client sessions to carry out any operations until credentials are verified.

The EPP server software combines the authentication and authorisation elements described above to ensure the various credentials supplied are associated with the same identity. This verification requires that:

- The username must match the common name in the digital certificate.
- The certificate must be presented from a source IP listed against the Registrar whose common name appears in the certificate.
- The username and password must match the user name and password listed against the Registrar's account with that source IP address.

To manage normal operations and prevent an accidental or intentional Denial of Service, the EPP server can be configured to rate limit activities by individual Registrars.

#### 2.1.1.2 Stability Considerations

The measures that restrict Registrars to a limit of connections and operations for security purposes also serve to keep the SRS and the EPP server within an acceptable performance and resource utilisation band. Therefore, scaling the service is an almost linear calculation based on well-defined parameters.

The EPP server offers consistent information between Registrars and the SRS Web Interface. The relevant pieces of this information are replicated to the DNS within seconds of alteration, thus ensuring that a strong consistency between the SRS and DNS is maintained at all times.

### 2.1.2 SRS Web Interface

The registry SRS Web Interface offers Registrars an alternative SRS interaction mechanism to the EPP server. Available over HTTPS, this interface can be used to carry out all operations which would otherwise occur via EPP, as well as many others. Registrars can use the SRS Web Interface, the EPP server interface or both – with no loss of consistency within the SRS.

#### 2.1.2.1 Security and Consistency Considerations for SRS Web Interface

The SRS Web Interface contains measures to prevent abuse and to mitigate fraudulent operations. By restricting access, providing user level authentication and authorisation, and protecting the communications channel, the application limits both the opportunity and scope of security compromise. Registrars are able to create individual users that are associated with their Registrar account. By allocating the specific operations each user can access, Registrars have full control over how their individual staff members interact with the SRS. Users can be audited to identify which operations were conducted and to which objects those operations were applied.

A secure connection is required before credentials are exchanged and once authenticated. On login, any existing user sessions are invalidated and a new session is generated, thereby mitigating session-fixation attacks and reducing possibilities that sessions could be compromised.

#### 2.1.3 Securing and Maintaining Consistency of Registry-Registrar Interaction Systems

ARI ensures all systems through which Registrars interact with the SRS remain consistent with each other and apply the same security rules. Additionally, ARI also ensures that operations on SRS objects are restricted to the appropriate entity. For example:

- In order to initiate a transfer a Registrar must provide the associated domain password (authinfo) which will only be known by the registrant and the current sponsoring Registrar.
- Only sponsoring Registrars are permitted to update registry objects.

All operations conducted by Registrars on SRS objects are auditable and are identifiable to the specific Registrar's user account, IP address and the time of the operation.

#### 2.2 Disseminate Status Information of TLD Zone Servers to Registrars

The status of TLD zone servers and their ability to reflect changes in the SRS is of great importance to Registrars and Internet users alike. ARI will ensure that any change from normal operations is communicated to the relevant stakeholders as soon as is appropriate. Such communication might be prior to the status change, during the status change and/or after the status change (and subsequent reversion to normal) – as appropriate to the party being informed and the circumstance of the status change.

Normal operations are those when:

- DNS servers respond within SLAs for DNS resolution.
- Changes in the SRS are reflected in the zone file according to the DNS update time SLA.

The SLAs are those from Specification 10 of the Registry Agreement.

A deviation from normal operations, whether it is registry wide or restricted to a single DNS node, will result in the appropriate status communication being sent.

#### 2.2.1 Communication Policy

ARI maintains close communication with Registrars regarding the performance and consistency of the TLD zone servers.

A contact database containing relevant contact information for each Registrar is maintained. In many cases, this includes multiple forms of contact, including email, phone and physical mailing address. Additionally, up-to-date status information of the TLD zone servers is provided within the SRS Web Interface.

Communication using the Registrar contact information discussed above will occur prior to any maintenance that has the potential to effect the access to, consistency of, or reliability of the TLD zone servers. If such maintenance is required within a short time frame, immediate communication occurs using the above contact information. In either case, the nature of the maintenance and how it affects the consistency or accessibility of the TLD zone servers, and the estimated time for full restoration, are included within the communication.

That being said, the TLD zone server infrastructure has been designed in such a way that we expect no down time. Only individual sites will potentially require downtime for maintenance; however the DNS service itself will continue to operate with 100% availability.

#### 2.2.2 Security and Stability Considerations

ARI restricts zone server status communication to Registrars, thereby limiting the scope for malicious abuse of any maintenance window. Additionally, ARI ensures Registrars have effective operational procedures to deal with any status change of the TLD nameservers and will seek to align its communication policy to those procedures.

### 2.3 Zone File Access Provider Integration

Individuals or organisations that wish to have a copy of the full zone file can do so using the Zone Data Access service. This process is still evolving; however the basic requirements are unlikely to change. All registries will publish the zone file in a common format accessible via secure FTP at an agreed URL.

ARI will fully comply with the processes and procedures dictated by the Centralised Zone Data Access Provider (CZDA Provider or what it evolves into) for adding and removing Zone File access consumers from its authentication systems. This includes:

- Zone file format and location.
- Availability of the zone file access host via FTP.
- Logging of requests to the service (including the IP address, time, user and activity log).
- Access frequency.

### 2.4 Zone File Update

To ensure changes within the SRS are reflected in the zone file rapidly and securely, ARI updates the zone file on the TLD zone servers using software compliant with RFC 2136 (Dynamic Updates in the Domain Name System (DNS UPDATE)) and RFC 2845 (Secret Key Transaction Authentication for DNS (TSIG)). This updating process follows a staged but rapid propagation of zone update information from the SRS, outwards to the TLD zone servers - which are visible to the Internet. As changes to the SRS data occur, those changes are updated to isolated systems which act as the authoritative primary server for the zone, but remain inaccessible to systems outside ARI's network. The primary servers notify the designated secondary servers, which service queries for the TLD zone from the public. Upon notification, the secondary servers transfer the incremental changes to the zone and publicly present those changes.

The protocols for dynamic update are robust and mature, as is their implementation in DNS software. The protocols' mechanisms for ensuring consistency within and between updates are fully implemented in ARI's TLD zone update procedures. These mechanisms ensure updates are quickly propagated while the data remains consistent within each incremental update, regardless of the speed or order of individual update transactions. ARI has used this method for updating zone files in all its TLDs including the .au ccTLD, pioneering this method during its inception in 2002. Mechanisms separate to RFC 2136-compliant transfer processes exist; to check and ensure domain information is consistent with the SRS on each TLD zone server within 10 minutes of a change.

### 2.5 Operation of Zone Servers

ARI maintains TLD zone servers which act as the authoritative servers to which the TLD is delegated.

#### 2.5.1 Security and Operational Considerations of Zone Server Operations

The potential risks associated with operating TLD zone servers are recognised by ARI such that we will perform the steps required to protect the integrity and consistency of the information they provide, as well as to protect the availability and accessibility of those servers to hosts on the Internet. The TLD zone servers comply with all relevant RFCs for DNS and DNSSEC, as well as BCPs for the operation and hosting of DNS servers. The TLD zone servers will be updated to support any relevant new enhancements or improvements adopted by the IETF.

The DNS servers are geographically dispersed across multiple secure data centres in strategic locations around the world. By combining multi-homed servers and geographic diversity, ARI's zone servers remain impervious to site level, supplier level or geographic level operational disruption. The TLD zone servers are protected from accessibility loss by malicious intent or misadventure, via the provision of significant over-capacity of resources and access paths. Multiple independent network paths are provided to each TLD zone server and the query servicing capacity of the network exceeds the extremely conservatively anticipated peak load requirements by at least 10 times, to prevent loss of service should query loads significantly increase.

As well as the authentication, authorisation and consistency checks carried out by the Registrar access systems and DNS update mechanisms, ARI reduces the scope for alteration of DNS data by following strict DNS operational practices:

- TLD zone servers are not shared with other services.
- The primary authoritative TLD zone server is inaccessible outside ARI's network.
- TLD zone servers only serve authoritative information.
- The TLD zone is signed with DNSSEC and a DNSSEC Practice/Policy Statement published.

## 2.6 Dissemination of Contact or Other Information

Registries are required to provide a mechanism to identify the relevant contact information for a domain. The traditional method of delivering this is via the WhoIs service, a plain text protocol commonly accessible on TCP port 43. ARI also provides the same functionality to users via a web-based WhoIs service. Functionality remains the same with the web-based service, which only requires a user to have an Internet browser.

Using the WhoIs service, in either of its forms, allows a user to query for domain-related information. Users can query for domain details, contact details, nameserver details or Registrar details.

A WhoIs service, which complies with RFC 3912, is provided to disseminate contact and other information related to a domain within the TLD zone.

### 2.6.1 Security and Stability Considerations

ARI ensures the service is available and accurate for Internet users, while limiting the opportunity for its malicious use. Many reputation and anti-abuse services rely on the availability and accuracy of the WhoIs service, however the potential for abuse of the WhoIs service exists.

Therefore, certain restrictions are made to the access of WhoIs services, the nature of which depend on the delivery method - either web-based or the traditional text-based port 43 service. In all cases, there has been careful consideration given to the benefits of WhoIs to the Internet community, as well as the potential harm to registrants - as individuals and a group - with regard to WhoIs access restrictions.

The WhoIs service presents data from the registry database in real time. However this access is restricted to reading the appropriate data only. The WhoIs service does not have the ability to alter data or to access data not related to the WhoIs service. The access limitations placed on the WhoIs services prevent any deliberate or incidental denial of service that might impact other registry services.

Restrictions placed on accessing WhoIs services do not affect legitimate use. All restrictions are designed to target abusive volume users and to provide legitimate users with a fast and available service. ARI has the ability to 'whitelist' legitimate bulk users of WhoIs, to ensure they are not impacted by standard volume restrictions.

The data presentation format is consistent with the canonical representation of equivalent fields, as defined in the EPP specifications and ICANN agreement.

#### 2.6.1.1 Port 43 WhoIs

A port 43-based WhoIs service complying with RFC 3912 is provided and will be updated to meet any other relevant standards or best practice guidelines related to the operation of a WhoIs service. While the text-based service can support thousands of simultaneous queries, it has dynamic limits on queries per IP address to restrict data mining efforts. In the event of identified malicious use of the service, access from a single IP address or address ranges can be limited or blocked.

#### 2.6.1.2 Web-based WhoIs

ARI's web-based WhoIs service provides information consistent with that contained within the SRS. The web-based WhoIs service contains an Image Verification Check (IVC) and query limits per IP address. These restrictions strike a balance between acceptable public usage and abusive use or data mining. The web-based WhoIs service can blacklist IP addresses or ranges to prevent abusive use of the service.

## 2.7 IDNs - Internationalised Domain Names

An Internationalised Domain Name (IDN) allows registrants to register domains in their native language and have it display correctly in IDN aware software. This includes allowing a language to be read in the manner that would be common for its readers. For example, an Arabic domain would be presented right to left for an Arabic IDN aware browser.

The inclusion of IDNs into the TLD zones is supported by ARI. All the registry services, such as the EPP service, SRS Web Interface and RDPS (web and port 43), support IDNs. However there are some stability and security considerations related to IDNs which fall outside the general considerations

applicable individually to those services.

### 2.7.1 Stability Considerations Specific to IDN

To avoid the intentional or accidental registration of visually similar chars, and to avoid identity confusion between domains, there are several restrictions on the registration of IDNs.

#### 2.7.1.1 Prevent Cross Language Registrations

Domains registered within a particular language are restricted to only the chars of that language. This avoids the use of visually similar chars within one language which mimic the appearance of a label within another language, regardless of whether that label is already within the DNS or not.

#### 2.7.1.2 Inter-language and Intra-language Variants to Prevent Similar Registrations

ARI restricts child domains to a specific language and prevents registrations in one language being confused with a registration in another language, for example Cyrillic a (U+0430) and Latin a (U+0061).

## 2.8 DNSSEC

DNSSEC provides a set of extensions to the DNS that allow an Internet user (normally the resolver acting on a user's behalf) to validate that the DNS responses they receive were not manipulated en-route.

This type of fraud, commonly called 'man in the middle', allows a malicious party to misdirect Internet users. DNSSEC allows a domain owner to sign their domain and to publish the signature, so that all DNS consumers who visit that domain can validate that the responses they receive are as the domain owner intended.

Registries, as the operators of the parent domain for registrants, must publish the DNSSEC material received from registrants, so that Internet users can trust the material they receive from the domain owner. This is commonly referred to as a 'chain of trust'. Internet users trust the root (operated by IANA), which publishes the registries' DNSSEC material, therefore registries inherit this trust. Domain owners within the TLD subsequently inherit trust from the parent domain when the registry publishes their DNSSEC material.

In accordance with new gTLD requirements, the TLD zone will be DNSSEC signed and the receipt of DNSSEC material from Registrars for child domains is supported in all provisioning systems.

### 2.8.1 Stability and Operational Considerations for DNSSEC

#### 2.8.1.1 DNSSEC Practice Statement

ARI's DNSSEC Practice Statement is included in our response to Question 43. The DPS following the guidelines set out in the draft IETF DNSOP DNSSEC DPS Framework document.

#### 2.8.1.2 Receipt of Public Keys from Registrars

The public key for a child domain is received by ARI from the Registrar via either the EPP or SRS Web Interface. ARI uses an SHA-256 digest to generate the DS Resource Record (RR) for inclusion into the zone file.

#### 2.8.1.3 Resolution Stability

DNSSEC is considered to have made the DNS more trustworthy; however some transitional considerations need to be taken into account. DNSSEC increases the size and complexity of DNS responses. ARI ensures the TLD zone servers are accessible and offer consistent responses over UDP and TCP.

The increased UDP and TCP traffic which results from DNSSEC is accounted for in both network path access and TLD zone server capacity. ARI will ensure that capacity planning appropriately accommodates the expected increase in traffic over time.

ARI complies with all relevant RFCs and best practice guides in operating a DNSSEC-signed TLD. This includes conforming to algorithm updates as appropriate. To ensure Key Signing Key Rollover procedures for child domains are predictable, DS records will be published as soon as they are received via either the EPP server or SRS Web Interface. This allows child domain operators to rollover their keys with the assurance that their timeframes for both old and new keys are reliable.

## 3 APPROACH TO SECURITY AND STABILITY



Stability and security of the Internet is an important consideration for the registry system. To ensure that the registry services are reliably secured and remain stable under all conditions, ARI takes a conservative approach with the operation and architecture of the registry system. By architecting all registry services to use the least privileged access to systems and data, risk is significantly reduced for other systems and the registry services as a whole should any one service become compromised. By continuing that principal through to our procedures and processes, we ensure that only access that is necessary to perform tasks is given. ARI has a comprehensive approach to security modelled of the ISO27001 series of standards and explored further in the relevant questions of this response.

By ensuring all our services adhering to all relevant standards, ARI ensures that entities which interact with the registry services do so in a predictable and consistent manner. When variations or enhancements to services are made, they are also aligned with the appropriate interoperability standards.

## Demonstration of Technical & Operational Capability

### 24. Shared Registration System (SRS) Performance

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q24 - ARI Background & Roles.pdf'. This response describes the SRS as implemented by ARI.

#### 1 INTRODUCTION

ARI has demonstrated delivery of an SRS with exceptional availability, performance and reliability. ARI are experienced running mission critical SRSs and have significant knowledge of the industry and building and supporting SRSs.

ARI's SRS has successfully supported a large group of Registrars for ASCII and IDN based TLDs. The system is proven to sustain high levels of concurrency, transaction load, and system uptime. ARI's SRS meets the following requirements:

- Resilient to wide range of security & availability threats
- Consistently exceeds performance & availability SLAs
- Allows capacity increase with minimal impact to service
- Provides fair & equitable provisioning for all Registrars

#### 2 CAPACITY

ARI's SRS was built to sustain 20M domain names. Based on ARI's experience running a ccTLD registries and industry analysis, ARI were able to calculate the conservative characteristics of a registry this size.

Through conservative statistical analysis of the .au registry and data presented in the May 2011 ICANN reports for the .com & .net, .org, .mobi, .info, .biz and .asia

[<http://www.icann.org/en/resources/registries/reports>] we know there is:

- An average of 70 SRS TPS per domain, per month
- A ratio of 3 query to 2 transform txs

This indicates an expected monthly transaction volume of 1,400M txs (840M query and 560M transforms).

Through statistical analysis of the .au registry and backed up by the data published in the .net RFP responses [<http://archive.icann.org/en/tlds/net-rfp/net-rfp-public-comments.htm>] we also know:

- The peak daily TPS is 6% of monthly total
- The peak 5 min is 5% of the peak day

Thus we expect a peak EPP tx rate of 14,000 TPS (5,600 transform TPS and 8,400 query TPS)

Through conservative statistical analysis of the .au registry we know:

- The avg no. contacts/domain is 3.76
- The avg no. hosts/domain is 2.28

This translates into a requirement to store 75.2M contacts and 45.6M hosts.

Finally through real world observations of the .au registry, which has a comprehensive web interface when compared to those offered by current gTLD registries, we know there is an avg of 0.5 HTTP requests/sec to the SRS web interface per Registrar. We also know that this behaviour is reasonably

flat. To support an estimated 1000 Registrars, would require 500 requests/second.

For perspective on the conservativeness of this, the following was taken from data in the May 2011 ICANN reports referenced above:

- .info: ~7.8M names peaks at ~1,400 TPS (projected peak TPS of ~3,600 with 20M)
- .com: ~98M names peaks at ~41,000 TPS (projected peak TPS of ~8,300 TPS with 20M)
- .org: ~9.3M names, peaks at ~1,400 TPS (projected peak TPS of ~3,100 with 20M)

After performing this analysis the projected TPS for .com was still the largest value.

ARI understand the limitations of this method but it serves as a best estimate of probable tx load.

ARI has built overcapacity of resources to account for limitations of this method, however as numbers are more conservative than real world observations, we are confident this capacity is sufficient.

This TLD is projected to reach 50,232 domains at its peak volume and will generate 35.16233 EPP TPS.

This will consume 0.25116% of the resources of the SRS infrastructure. As is evident ARI's SRS can easily accommodate this TLD's growth plans. See attachment 'Q24 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI expects to provide Registry services to 100 TLDs and a total of 12M domains by end of 2014. With all the TLDs and domains combined, ARI's SRS infrastructure will be 60% utilized. The SRS infrastructure capacity can be easily scaled as described in Q32

ARI benchmarked their SRS infrastructure and used the results to calculate the required computing resources for each of the tiers within the architecture; allowing ARI to accurately estimate the required CPU, IOPS, storage and memory requirements for each server, and the network bandwidth & packet throughput requirements for the anticipated traffic. These capacity numbers were then doubled to account for unanticipated traffic spikes, errors in predictions, and headroom for growth. Despite doubling numbers, effective estimated capacity is still reported as 20M. The technical resource allocations are explored in Q32.

### 3 SRS ARCHITECTURE

ARI's SRS has the following major components:

- Network Infrastructure
- EPP Application Servers
- SRS Web Interface Application Servers
- SRS Database

Attachment 'Q24 - SRS.pdf' shows the SRS systems architecture and data flows. Detail on this architecture is in our response to Q32. ARI provides two distinct interfaces to the SRS: EPP and SRS Web. Registrar SRS traffic enters the ARI network via the redundant Internet link and passes (via the firewall) to the relevant application server for the requested service (EPP or SRS Web). ARI's EPP interface sustains high volume and throughput domain provisioning transactions for a large number of concurrent Registrar connections. ARI's SRS Web interface provides an alternative to EPP with a presentation centric interface and provides reporting and verification features additional to those provided by the EPP interface.

#### 3.1 EPP

ARI's EPP application server is based on EPP as defined in RFCs 5730 - 5734. Registrars send XML based transactions to a load balanced EPP interface which forwards to one of the EPP application servers. The EPP application server then processes the XML and converts the request into database calls that retrieve or modify registry objects in the SRS database. The EPP application server tier comprises of three independent servers with dedicated connections to the registry database. Failure of any one of these servers will cause Registrar connections to automatically re-establish with one of the remaining servers. Additional EPP application servers can be added easily without any downtime. All EPP servers accept EPP both IPv4 & IPv6.

#### 3.2 SRS Web

The SRS Web application server is a Java web application. Registrars connect via the load balancer to a secure HTTP listener running on the web servers. The SRS web application converts HTTP requests into database calls which query or update objects in the SRS database. The SRS Web application server tier consists of two independent servers that connect to the database via JDBC. If one of these servers is unavailable the load balancer re-routes requests to the surviving server. Additional servers can be added easily without any downtime. These servers accept both IPv4 & IPv6.

#### 3.3 SRS Database

The SRS database provides persistent storage for domains and supporting objects. It offers a secure way of storing and retrieving objects provisioned within the SRS and is built on the Oracle 11g Enterprise Edition RDBMS. The SRS Database tier consists of four servers clustered using Oracle Real Application Clusters (RAC). In the event of failure of a database server, RAC will transparently transition its client connections to a surviving database host. Additional servers can be added easily without any downtime.

### 3.4 Number of Servers

EPP Servers – The EPP cluster consists of 3 servers that can more than handle the anticipated 20M domains. This TLD will utilize 0.25116% of this capacity at its peak volume. As the utilisation increases ARI will add additional servers ensuring the utilisation doesn't exceed 50% of total capacity. Adding a new server to the cluster can be done live without downtime.

SRS Web Servers – The SRS Web cluster consists of 2 servers that can more than handle the anticipated 20M domains. This TLD will utilize 0.25116% of this capacity at its peak volume. As the utilisation increases ARI will add additional servers ensuring the utilisation doesn't exceed 50% of total capacity. Adding a new server to the cluster can be done live without downtime.

SRS DB Servers – The SRS DB cluster consists of 4 servers that can more than handle the anticipated 20M domains. This TLD will utilize 0.25116% of this capacity at its peak volume. As the utilisation increases ARI will add additional servers ensuring the total utilisation doesn't exceed 50% of total capacity. Adding a new server to the cluster can be done live without downtime.

### 3.5 SRS Security

ARI adopts a multi-layered security solution to protect the SRS. An industry leading firewall is deployed behind the edge router and is configured to only allow traffic on the minimum required ports and protocols. Access to the ARI EPP service is restricted to a list of known Registrar IPs.

An Intrusion Detection device is in-line with the firewall to monitor and detect suspicious activity.

All servers are configured with restrictive host based firewalls, intrusion detection, and SELinux.

Direct root access to these servers is disabled and all access is audited and logged centrally.

The SRS database is secured by removal of non-essential features and accounts, and ensuring all remaining accounts have strong passwords. All database accounts are assigned the minimum privileges required to execute their business function.

All operating system, database, and network device accounts are subject to strict password management controls such as validity & complexity requirements.

Registrar access to the SRS via EPP or the Web interface is authenticated and secured with multi-factor authentication (NIST Level 3) and digital assertion as follows:

- Registrar's source IP must be allowed by the front-end firewalls. This source IP is received from the Registrar via a secure communication channel from within the SRS Web interface

- Registrar must use a digital certificate provided by ARI

- Registrar must use authentication credentials that are provided by encrypted email

All communication between the Registrar and the SRS is encrypted using at least 128 bit encryption which been designated as 'Acceptable' till '2031 and beyond' by NIST Special Publication 800-57.

### 3.6 SRS High Availability

SRS availability is of paramount. Downtime is eliminated or minimised where possible. The infrastructure contains no single points of failure. N+1 redundancy is used as a minimum, which not only protects against unplanned downtime but also allows ARI to execute maintenance without impacting service.

Redundancy is provided in the network with hot standby devices & multiple links between devices. Failure of any networking component is transparent to Registrar connections.

N+N redundancy is provided in the EPP and SRS Web application server tiers by the deployment of multiple independent servers grouped together as part of a load-balancing scheme. If a server fails the load balancer routes requests to the remaining servers.

N+N redundancy is provided in the database tier by the use of Oracle Real Application Cluster technology. This delivers active/active clustering via shared storage. This insulates Registrars from database server failure.

Complete SRS site failure is mitigated by the maintenance of a remote standby site – a duplicate of the primary site ready to be the primary if required.

The standby site database is replicated using real time transaction replication from the main database using Oracle Data Guard physical standby. If required the Data Guard database can be activated quickly and service resumes at the standby site.

### 3.7 SRS Scalability

ARI's SRS scales efficiently. At the application server level, additional computing resource can be brought on-line rapidly by deploying a new server online. During benchmarking this has shown near linear.

The database can be scaled horizontally by adding a new cluster node into the RAC cluster online.

This can be achieved without disruption to connections. The SRS has demonstrated over 80% scaling at the database level, but due to the distributed locking nature of Oracle RAC, returns are expected to diminish as the number of servers approaches double digits. To combat this ARI ensures that when the cluster is 'scaled' more powerful server equipment is added rather than that equal to the current members. Capacity can be added to the SAN at any time without downtime increasing storage and IOPs.

### 3.8 SRS Inter-operability and Data Synchronisation

The SRS interfaces with a number of related registry systems as part of normal operations.

#### 3.8.1 DNS Update

Changes made in the SRS are propagated to the DNS via an ARI proprietary DNS Update process. This process runs on the 'hidden' primary master nameserver and waits on a queue. It is notified when the business logic inserts changes into the queue for processing. The DNS Update process reads these queue entries and converts them into DNS update (RFC2136) commands that are sent to the nameserver. The process of synchronising changes to SRS data to the DNS occurs in real-time.

#### 3.8.2 WhoIs

The provisioned data supporting the SRS satisfies WhoIs queries. Thus the WhoIs and SRS share data sets and the WhoIs is instantaneously updated. Under normal operating conditions the WhoIs service is provided by the infrastructure at the secondary site in order to segregate the load and protect SRS from WhoIs demand (and vice versa). WhoIs queries that hit the standby site will query data stored in the standby database - maintained in near real-time using Oracle Active Data Guard. If complete site failure occurs WhoIs and SRS can temporarily share the same operations centre at the same site (capacity numbers are calculated for this).

#### 3.8.3 Escrow

A daily Escrow extract process executes on the database server via a dedicated database account with restricted read-only access. The results are then transferred to the local Escrow Communications server by SSH.

## 4 OPERATIONAL PLAN

ARI follow defined policies/procedures that have developed over time by running critical registry systems. Some principals captured by these are:

- Conduct all changes & upgrades under strict and well-practised change control procedures
- test, test and test again
- Maintain Staging environments as close as possible to production infrastructure/configuration
- Eliminate all single points of failure
- Conduct regular security reviews & audits
- Maintain team knowledge & experience via skills transfer/training
- Replace hardware when no longer supported by vendor
- Maintain spare hardware for all critical components
- Execute regular restore tests of all backups
- Conduct regular capacity planning exercises
- Monitor everything from multiple places but ensure monitoring is not 'chatty'
- Employ best of breed hardware & software products & frameworks (such as ITIL, ISO27001 and Prince2)
- Maintain two distinct OT&E environments to support pre-production testing for Registrars

## 5 SLA, RELIABILITY & COMPLIANCE

ARI's SRS adheres to and goes beyond the scope of Specification 6 and Specification 10 of the Registry Agreement. ARI's EPP service is XML compliant and XML Namespace aware. It complies with the EPP protocol defined in RFC5730, and the object mappings for domain, hosts & contacts are compliant with RFC 5731, 5732 & 5733 respectively. The transport over TCP is compliant with RFC5734. The service also complies with official extensions to support DNSSEC, RFC5910, & Redemption Grace Period, RFC 3915.

ARI's SRS is sized to sustain a peak transaction rate of 14,000 TPS while meeting strict internal Operational Level Agreements (OLAs). The monthly-based OLAs below are more stringent than those in Specification 10 (Section 2).

EPP Service Availability: 100%

EPP Session Command Round Trip Time (RTT): <=1000ms for 95% of commands

EPP Query Command Round Trip Time (RTT): <=500ms for 95% of commands

EPP Transform Command Round Trip Time (RTT): <=1000ms for 95% of commands

SRS Web Interface Service Availability: 99.9%

ARI measure the elapsed time of every query, transform and session EPP transaction, and calculate the percentage of commands that fall within OLA on a periodic basis. If percentage value falls below configured thresholds on-call personnel are alerted.

SRS availability is measured by ARI's monitoring system which polls both the EPP and SRS Web services status. These checks are implemented as full end to end monitoring scripts that mimic user interaction, providing a true representation of availability. These 'scripts' are executed from external locations on the Internet.

## 6 RESOURCES

This function will be performed by ARI. ARI staff are industry leading experts in domain name registries with the experience and knowledge to deliver outstanding SRS performance.

The SRS is designed, built, operated and supported by the following ARI departments:

- Products and Consulting Team (7 staff)
- Production Support Group (27 staff)
- Development Team (11 staff)

A detailed list of the departments, roles and responsibilities in ARI is provided in attachment 'Q24 - ARI Background & Roles.pdf'. This attachment describes the functions of the teams and the number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a vast experience in estimating the number of resources required to support a SRS.

Based on past experience ARI estimates that the existing staff is adequate to support an SRS that supporting at least 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q24 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required, trained resources can be added to any of the teams with a 2 month lead time.

The Products and Consulting team is responsible for product management of the SRS solution including working with clients and the industry to identify new features or changes required. The team consists of:

- 1 Products and Consulting Manager
- 1 Product Manager
- 1 Technical Product Manager
- 4 Domain Name Industry Consultants

The Production Support Group (PSG) is responsible for the design, deployment and maintenance of the SRS infrastructure including capacity planning and monitoring as well as security aspects - ensuring the SRS services are available and performing at the appropriate level and operating correctly. The team consists of:

- Production Support Manager
- Service Desk:
  - 1 Level 1 Support Team Lead
  - 8 Customer Support Representatives (Level 1 support)
  - 1 Level 2 Support Team Lead
  - 4 Registry Specialists (Level 2 support)
- Operations (Level 3 support):
  - 1 Operations Team Lead
  - 2 Systems Administrators
  - 2 Database Administrators
  - 2 Network Engineers
- Implementation:
  - 1 Project Manager
  - 2 Systems Administrators
  - 1 Database Administrator
  - 1 Network Engineer

The development team is responsible for implementing changes and new features into the SRS as well as bug fixing and complex issue diagnosis. The team consists of:

- 1 Development Manager
- 2 Business Analysts
- 6 Developers
- 2 Quality Analysts

These resources sufficiently accommodate the needs of this TLD, and are included in ARI's fees as described in our Financial responses.

## 25. Extensible Provisioning Protocol (EPP)

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q25 - ARI Background & Roles.pdf'. This response describes the Extensible Provisioning Protocol (EPP) interface as implemented by ARI.

## 1 INTRODUCTION

ARI's EPP service is XML compliant and XML Namespace aware. The service complies with the EPP protocol defined in RFC5730, and the object mappings for domain, hosts and contacts are compliant with RFC5731-3 respectively. The transport over TCP is implemented in compliance with RFC5734. The service also complies with the official extensions to support DNSSEC, RFC5910 and Redemption Grace Period, RFC3915. ARI implemented EPP draft version 0.6 in 2002, then migrated to EPP RFC 1.0 on its publishing in 2004. The system has operated live since 2002 in the .au ccTLD. Descriptions in this response follow the terminology used in the EPP RFCs. When referring to the software involved in the process, ARI's EPP interface is called the server, and the software used by Registrars is called the client.

## 2 TRANSPORT LAYER

The ARI EPP service implements the RFC5734 - EPP Transport over TCP. Connections are allowed using TLSv1 encryption, optionally supporting SSLv2 Hello for compatibility with legacy clients. AES cipher suites for TLS as described in RFC3268 are the only ones allowed.

### 2.1 Authentication

Registrar access to the EPP interface is authenticated and secured with multi-factor authentication (NIST Level 3) and digital assertion as follows. Registrars must:

- present a certificate, during TLS negotiation, signed by the ARI Certificate Authority (CA). The server returns a certificate also signed by the ARI CA. Not presenting a valid certificate results in session termination. ARI requires that the Common Name in the subject field of the certificate identifies the Registrar.
  - originate connections from an IP address that is known to be assigned to the Registrar with that Common Name.
  - Registrar must use authentication credentials provided to the Registrar via encrypted email
  - Registrars aren't able to exceed a fixed number of concurrent connections. The connection limit is prearranged and designed to prevent abuse of Registrars' systems from affecting the Registry. The limit is set to reasonable levels for each Registrar, but can be increased to ensure legitimate traffic is unaffected. If any of the above conditions aren't met the connection is terminated.
- All communication between the Registrars and the EPP service is encrypted using at least 128 bit encryption which been designated as 'Acceptable' till '2031 and beyond' by NIST Special Publication 800-57.

### 2.3 Connection Close

The server may close the connection as a result of a logout, an error where the state of the connection is indeterminate, or after a timeout. Timeout occurs where no complete EPP message is received on the connection for 10 minutes.

## 3 EPP PROTOCOL

This section describes the interface relating to the EPP protocol described in RFC5730. This includes session management, poll message functionality and object mappings for domains, hosts and contacts.

### 3.1 Session Management

Session management refers to login and logout commands, used to authenticate and end a session with the SRS. The Login command is used to establish a session between the client and the server. This command succeeds when:

- The username supplied matches the Common Name in the digital certificate used in establishing the TLS session.
- The provided password is valid for the user.
- The user's access to the system isn't suspended.

The Logout command is used to end an active session. On processing a logout the server closes the underlying connection. The Hello command can be used as a session keep-alive mechanism.

### 3.2 Service Messages

Offline notifications pertaining to certain events are stored in a queue. The client is responsible for polling this queue for new messages and to acknowledge read messages. Messages include

notification about server modification of sponsored objects, transfer operations, and balance thresholds.

#### 4 EPP OBJECT MAPPINGS

This section covers the interface for the 3 core EPP objects; domain, host and contact objects, as per RFC5731, 5732, & 5733 respectively.

The EPP domain, contact and host object mapping describes an interface for the check, info, create, delete, renew (domain only), transfer (domain & contact only) and update commands. For domain objects the server doesn't support the use of host attributes as described by RFC5731, but rather uses host objects as described by RFC5731 and RFC5732. Details of each command are:

- check command: checks availability of 1 or more domain, contact or host objects in the SRS. Domain names will be shown as unavailable if in use, invalid or reserved, other objects will be unavailable if in use or invalid.
- info command: retrieves the information of an object provisioned in the SRS. Full information is returned to the sponsoring client or any client that provides authorisation information for the object. Non-sponsoring clients are returned partial information (no more than is available in the WhoIs).
- create command: provisions objects in the SRS. To ascertain whether an object is available for provisioning, the same rules for the check command apply.
- delete command: begins the process of removing an object from the SRS. Domain names transition into the redemption period and any applicable grace periods are applied. Domain names within the Add Grace Period are purged immediately. All other objects are purged immediately if they are not linked.
- renew command (domain only): extends the registration period of a domain name. The renewal period must be between 1 to 10 years inclusive and the current remaining registration period, plus the amount requested in the renewal mustn't exceed 10 years.
- transfer command (domain and contact only): provides several operations for the management of the transfer of object sponsorship between clients. Clients that provide correct authorisation information for the object can request transfers. Domain names may be rejected from transfer within 60 days of creation or last transfer. The requesting client may cancel the transfer, or the sponsoring client may reject or approve the transfer. Both the gaining and losing clients may query the status of the current pending or last completed transfer.
- update command: updates authorisation information, delegation information (domains), and registration data pertaining to an object.

#### 5 NON-PROPRIETARY EPP MAPPINGS

ARI's EPP service implements 2 non-proprietary EPP mappings, to support the required domain name lifecycle and to provide & manage DNSSEC information. The relevant schema documents aren't provided as they are published as RFCs in the RFC repository.

##### 5.1 Grace Period Mapping

The Domain Registry Grace Period Mapping for the Extensible Provisioning Protocol (as per RFC 3915) is used to support the domain name lifecycle as per existing TLDs. The update command is extended by the restore command to facilitate the restoration of previously deleted domains in the redemption period. This command defines 2 operations, request & report, described here:

- Request operation: requests the restoration of a domain.
- Report operation: completes the restoration by specifying the information supporting the restoration of the domain. The restore report must include a copy of the WhoIs information at both the time the domain was deleted & restored, including the restore reason.

##### 5.2 DNSSEC Mapping

The Domain Name System (DNS) Security Extensions Mapping for EPP, as per RFC5910, is used to support the provisioning of DNS Security Extensions. ARI requires clients use the Key Data interface. Clients may associate a maximum of 4 keys per domain. The registry system generates the corresponding DS data using the SHA-256 digest algorithm for the domain and any active variant domains.

ARI is aware of issues DNSSEC causes when transferring DNS providers - a transfer of Registrar usually means a change in DNS provider. DNSSEC key data won't be removed from the SRS or the DNS if a transfer occurs. It is the responsibility of and requires the cooperation of the registrant, Registrars, and DNS providers, to provide a seamless transition. ARI observes progress with this issue and implements industry agreed solutions as available. DNSSEC information is included in info responses when the secDNS namespace is login.

#### 6 PROPRIETARY MAPPING

The registry system supports 3 additional EPP extensions where no published standard for the required functionality exists. Developed to conform to the requirements specified in RFC3735, these extensions include the provisioning of Internationalised Domain Names and domain name variants, and the association of arbitrary data with a domain name. These 3 extensions are introduced below, and further described in the attached schema documentation.

### 6.1 Internationalised Domain Names

ARI has developed an extension to facilitate the registration and management of Internationalised Domain Names as per RFCs 5890-5893 (collectively known as the IDNA 2008 protocol). This extension extends the domain create command and the info response.

The create command is extended to capture the language table identifier that identifies the corresponding IDN language table for the domain name. Additionally the extension requires the Unicode form to avoid an inconsistency with DNS-form, as per RFC 5891.

The domain info command is extended to identify the language tag and Unicode form provided in the initial create command. This information is disclosed to all querying clients that provided the extension namespace at login. This extension is documented in the attachment 'Q25 - idnadomain-1.0.pdf'.

### 6.2 Variant

ARI has developed an extension to facilitate the management of Domain Name variants. This extension extends the domain update command and the domain create and info responses. The domain update command is extended to allow the addition (activation) and removal (de-activation) of domain name variants subject to registry operator policy.

The domain create and info responses are extended to return the list of activated domain name variants. This information is disclosed to all querying clients that provided the extension namespace at login. The extension is documented in the attachment 'Q25 - variant-1.1.pdf'.

### 6.3 Key-Value

ARI has developed an extension to facilitate the transport of arbitrary data between clients and the SRS without the need for developing EPP Extensions for each specific use-case. This extension extends the domain create and domain update transform commands and the domain info query command. This extension is documented in the attachment 'Q25 - kv-1.0.pdf'.

## 7 ADDITIONAL SECURITY

The registry system provides additional mechanisms to support a robust interface. The use of command rate limiting enables the registry to respond to and withstand erroneous volumes of commands, while a user permission model provides fine-grained access to the EPP interface. These 2 mechanisms are described below.

### 7.1 Rate Limiting

The registry system supports command and global rate limits using a token-bucket algorithm. Limits apply to each connection to ensure fair and equitable use by all. Clients that exceed limits receive a command failed response message indicating breach of the limit.

### 7.2 User Permission Model

The registry system supports a fine-grained permission model controlling access to each specific command. By default, clients receive access to all functionality; however it is possible to remove access to a specific command in response to abuse or threat to stability of the system. Clients that attempt a command they have lost permission to execute, receive an EPP command failed response indicating loss of authorisation.

## 8 COMPLIANCE

Compliance with EPP RFCs is achieved through design and quality assurance (QA). The EPP interface was designed to validate all incoming messages against the respective XML Schema syntax. The XML Schema is copied directly from the relevant RFCs to avoid any ambiguity on version used. Inbound messages that are either malformed XML or invalid are rejected with a 2400 response. Outbound messages are validated against the XML Schema, and if an invalid response is generated, it is replaced with a known valid pre-composed 2400 response, and logged for later debugging.

A QA process provides confidence that changes don't result in regressions in the interface. Automated build processes execute test suites that ensure every facet of the EPP service (including malformed input, commands sequencing and synchronisation, and boundary values) is covered and compliant with RFCs and the EPP service specification. These tests are executed prior to committing code and



automatically nightly. The final deliverable is packaged and tested again to ensure no defects were introduced in the packaging process.

New versions of the EPP Service follow a deployment schedule. The new version is deployed into an OT&E environment for Registrar integration testing. Registrars are encouraged during this stage to test their systems operate correctly. After a fixed time in OT&E without issue, new versions are scheduled for production deployment. This ensures incompatibilities with RFCs that made it through QA processes are detected in test environments prior reaching production.

ARI surveys Registrars for information about the EPP client toolkit. These surveys indicated that while many Registrars use ARI toolkits, several Registrars use either their own or that from another registry. The ability for Registrars to integrate with the ARI EPP service without using the supplied toolkit indicates the service is compliant with RFCs.

ARI is committed to providing an EPP service that integrates with third party toolkits and as such tests are conducted using said toolkits. Any issues identified during testing fall into the following categories:

- Third-party toolkit not compliant with EPP
- EPP service not compliant with EPP
- Both third-party toolkit and EPP service are compliant, however another operational issue causes an issue

Defects are raised and change management processes are followed. Change requests may also be raised to promote integration of third-party toolkits and to meet common practice.

## 9 CAPACITY

This TLD is projected to reach 50,232 domains at its peak volume and will generate 35.16233 EPP TPS. This will consume 0.25116% of the EPP resources. ARI's SRS can easily accommodate this TLD. This was described in considerable detail in the capacity section of question 24.

## 10 RESOURCES

This function will be performed by ARI. ARI provides a technical support team to support Registrars and also provides Registrars with a tool kit (in Java and C++) implementing the EPP protocol. Normal operations for all registry services are managed by ARI's Production Support Group (PSG), who ensure the EPP server is available and performing appropriately.

Faults relating to connections with or functionality of the EPP server are managed by PSG. ARI monitors EPP availability and functionality as part of its monitoring practices, and ensures PSG staff are available to receive fault reports from Registrars any time. PSG has the appropriate network, Unix and application (EPP and load balancing) knowledge to ensure the EPP service remains accessible and performs as required. These ARI departments support EPP:

- Products and Consulting Team (7 staff)
- Production Support Group (27 staff)
- Development Team (11 staff)

A detailed list of the departments, roles and responsibilities in ARI is provided as attachment 'Q25 - ARI Background & Roles.pdf'. This attachment describes the functions of the above teams and the exact number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a wealth of experience in estimating the number of resources required to support a registry system.

Based on past experience ARI estimates that existing staff are adequate to support a registry system that supports in excess of 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q25 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required, trained resources can be added to any of the above teams with a 2-month lead time.

### 10.1 Team Details

The products and consulting team is responsible for product management of the EPP solution, and works with clients and industry to identify required system features or changes. The team consists of:

- 1 Products and Consulting Manager
- 1 Product Manager
- 1 Technical Product Manager
- 4 Domain Name Industry Consultants

The Production Support Group (PSG) is responsible for the design, deployment and maintenance of the EPP infrastructure including capacity planning, monitoring, and security. This team ensures the EPP services are available and performing appropriately. The team consists of:

- Production Support Manager
- Service Desk:
  - 1 Level 1 Support Team Lead
  - 8 Customer Support Representatives (Level 1 support)
  - 1 Level 2 Support Team Lead
  - 4 Registry Specialists (Level 2 support)
- Operations (Level 3 support):
  - 1 Operations Team Lead
  - 2 Systems Administrators
  - 2 Database Administrators
  - 2 Network Engineers
- Implementation:
  - 1 Project Manager
  - 2 Systems Administrators
  - 1 Database Administrator
  - 1 Network Engineer

The development team is responsible for EPP changes and features, bug fixes and issue diagnosis. The team consists of:

- 1 Development Manager
- 2 Business Analysts
- 6 Developers
- 2 Quality Analysts

These resources sufficiently accommodate the needs of this TLD, and are included in ARI's fees as described in our financial responses.

## 26. Whois

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q26 - ARI Background & Roles.pdf'. This response describes the WhoIs interface as implemented by ARI.

### 1 INTRODUCTION

ARI's WhoIs service is for all domain names, contacts, nameservers and Registrars provisioned in the registry database. This response describes the port 43 and web interfaces of WhoIs, security controls to mitigate abuse, compliance with bulk access requirements for registration data, and the architecture delivering the service.

### 2 PORT 43 WHOIS SERVICE

WhoIs is on TCP port 43 in accordance with RFC3912. Requests are made in semi-free text format and ended by CR & LF. The server responds with a semi-free text format, terminating the response by connection close.

To support IDNs and Localised data we assume the query is encoded in UTF-8 and sends responses encoded in UTF-8. UTF-8 is backwards compatible with the ASCII charset and its use is consistent with the IETF policy on charsets as defined in BCP 18 [<http://tools.ietf.org/html/bcp18>].

#### 2.1 Query Format

By default WhoIs searches domains. To facilitate the queries of other objects keywords must be used. Supported keywords are:

- Domain
- Host/Nameserver
- Contact
- Registrar

Keywords are case-insensitive. The rest of the input is the search string. Wildcard chars may be used in search strings to match zero or more chars (%), or match exactly one char(\_). Wildcard chars must not be in the first 5 chars.

## 2.2 Response Format

The response follows a semi-structured format of object-specific data, followed by query-related meta-information, then a disclaimer.

The object-specific data is represented by key/value pairs, beginning with the key, followed by a colon and a space then the value terminated by an ASCII CR & LF. Where no object is found 'No Data Found' is returned.

The meta-information is used to identify data freshness and indicate when limits have been exceeded. It appears on one line within ' ) ) ) ' and ' < < < ' chars.

The legal disclaimer is presented without leading comment marks wrapped at 72 chars. This format is consistent with that in the registry agreement.

## 2.3 Domain Data

Domain data is returned in response to a query with the keyword omitted, or with the 'domain' keyword. Domain queries return information on domains that are provisioned in the registry database. The IDN domains may be specified in either the ASCII-compatible encoded form or the Unicode form. Clients are expected to perform any mappings, in conformance with relevant guidelines such as those specified in RFC5894 and UTS46.

Variant domains may be specified in the search string and WhoIs will match (using case-insensitive comparison) and return information for the primary registered domain.

For queries containing wildcard chars, if only one domain name is matched its details are returned, if more than one domain name is matched then the first 50 matched domain names are listed.

### 2.3.1 Internationalised Domain Names

The WhoIs response format, prescribed in Specification 4, does not provide a mechanism to identify active variant domain names. ARI will include active variant domain names in WhoIs responses until a common approach for handling and display of variant names is determined.

### 2.3.2 Reserved Domain Names

Domain names reserved from allocation will have a specific response that indicates the domain is not registered but also not available.

## 2.4 Nameserver Data

Nameserver data is returned in response to a query where the 'nameserver' or 'host' keywords have been used. Nameserver queries return information on hosts that are provisioned in the registry. The search string for a nameserver query can be either a hostname or IP. Queries using the hostname produce one result unless wildcards are used. Queries using the IP produce one or more results depending on the number of hostnames that match that address. Queries for the hostname are matched case-insensitively.

The quad-dotted notation is expected for IPv4 and the RFC3513 - IPv6 Addressing Architecture format for IPv6. Wildcards cannot be used for IP queries.

## 2.5 Contact Data

Contact data is returned in response to a query where the 'contact' keyword was used. Contact queries return information on contacts that are provisioned in the registry.

The search string for a contact query is the contact identifier. Contact identifiers are matched using a case-insensitive comparison. Wildcards cannot be used.

## 2.6 Registrar Data

Registrar data is returned in response to a query where the 'Registrar' keyword was used. Registrar queries return information on Registrar objects that are provisioned in the registry.

The search string for a Registrar query can be name or IANA ID. Queries using the name or the IANA ID produce only one result. Queries for the name are matched using a case-insensitive comparison. Wildcards cannot be used.

## 2.7 Non-standard Data

The SRS supports domain-related data beyond that above. It may include information used to claim eligibility to participate in the sunrise process, or other arbitrary data collected using the Key-Value Mapping to the EPP. This information will be included in the WhoIs response after the last object-specific data field and before the meta-information.

## 3 WEB-BASED WHOIS SERVICE

WhoIs is also available via port 80 using HTTP, known as Web-based WhoIs. This interface provides identical query capabilities to the port 43 interface via an HTML form.

## 4 SECURITY CONTROLS

WhoIs has an in-built mechanism to blacklist malicious users for a specified duration. Blacklisted users are blocked by source IP address and receive a specific blacklisted notification instead of the normal WhoIs response.

Users may be blacklisted if ARI's monitoring system determines excessive use. A whitelist is used to facilitate legitimate use by law enforcement agencies and other reputable entities.

## 5 BULK ACCESS

The registry system complies with the requirements for the Periodic Access to Thin Registration Data and Exceptional Access to Thick Registration Data as described in Specification 4.

### 5.1 Periodic Access to Thin Registration Data

ARI shall provide ICANN with Periodic Access to Thin Registration Data. The data will contain the following elements as specified by ICANN. The format of the data will be consistent with the format specified for Data Escrow. The Escrow Format prescribes an XML document encoded in UTF-8. The generated data will be verified to ensure that it is well formed and valid.

The data will be generated every Monday for transactions committed up to and on Sunday unless otherwise directed by ICANN. The generated file will be made available to ICANN using SFTP. Credentials, encryption material, and other parameters will be negotiated between ARI and ICANN using an out-of-band mechanism.

### 5.2 Exceptional Access to Thick Registration Data

If requested by ICANN, ARI shall provide exceptional access to thick registration data for a specified Registrar. The data will contain full information for the following objects:

- Domain names sponsored by the Registrar
- Hosts sponsored by the Registrar
- Contacts sponsored by the Registrar
- Contacts linked from domain names sponsored by the Registrar

As above the format of the data will be consistent with the format specified for Data Escrow. And will be made available to ICANN using SFTP.

## 6 CAPACITY

ARI's WhoIs infrastructure is built to sustain 20M domain names. Based on ARI's experience running a high volume ccTLD registry (.au) and industry analysis, ARI were able to calculate the conservative characteristics of a registry of this size.

Through conservative statistical analysis of the .au registry and data presented in the May 2011 ICANN reports for the .com & .net, .org, .mobi, .info, .biz and .asia

[<http://www.icann.org/en/resources/registries/reports>] we know there is:

- An average of 30 SRS txs per domain, per month.
- Which indicates an expected monthly transaction volume of 600M txs?

Through statistical analysis of the .au registry and backed up by the data published in the .net RFP responses [<http://archive.icann.org/en/tlds/net-rfp/net-rfp-public-comments.htm>] we also know:

- The peak daily transactions is 6% of the monthly total
- The peak 5 min is 5% of the peak day

Thus we expect a peak WhoIs tx rate of WhoIs 6,000 TPS.

For perspective on the conservativeness of this, the following numbers were taken from data in the May 2011 ICANN reports referenced above:

- .info ~7.8M domain names, peaks at ~1,300 TPS (projected peak TPS of ~3,400 with 20M names).
- .mobi ~1M domain names, peaks at ~150 TPS (projected peak TPS of ~3,000 TPS with 20M names).
- .org ~9.3M domain names, peaks at ~1,300 TPS (projected peak TPS of ~2,800 with 20M names).

ARI understand the limitations of these calculations but they serve as a best estimate of probable transaction load. ARI has built overcapacity of resources to account for limitations of this method, however as conservative numbers were used and these are greater than real world observations, we are confident these capacity numbers are sufficient.

ARI benchmarked their WhoIs infrastructure and used the results to calculate the required computing resources for each of the tiers within the WhoIs architecture - allowing ARI to accurately estimate the required CPU, IOPS, storage and memory requirements for each server within the architecture, as well as the network bandwidth and packet throughput requirements for the anticipated WhoIs traffic. These capacity numbers were then doubled to account for unanticipated traffic spikes, errors in predictions and head room for growth. The technical resource allocations are explored in question 32. This TLD is projected to reach 50,232 domains at its peak volume and will generate 15.06957 WhoIs transactions per second. This will consume 0.25116% of the resources of the WhoIs infrastructure. As

is evident ARI's WhoIs can easily accommodate this TLD's growth plans. See attachment 'Q26 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI expects to provide Registry services to 100 TLDs and a total of 12M domains by end of 2014. With all the TLDs and domains combined, ARI's WhoIs infrastructure will be only 60% utilized. The WhoIs infrastructure capacity can also be easily scaled as described in question 32

## 7 ARCHITECTURE

WhoIs uses a database separate from the SRS database as it operates from the secondary site such that network and database resources are decoupled from the operation of the SRS. Oracle Data Guard ensures the two databases are synchronised in real-time. The WhoIs service is operated live from the SRS 'failover' site, with the SRS 'primary' site serving as the 'failover' site for the WhoIs service. Both sites have enough capacity to run both services simultaneously, however by separating them, in normal operating modes headroom above the already over provisioned capacity is available. The architecture and data flow diagrams are described below and shown in the attachment 'Q26 - WhoIs.pdf'.

Traffic enters the network from the Internet through border routers and then firewalls. All traffic destined for this service except for TCP ports 43, 80 & 443 is blocked. Load balancers forward the request to one of the application servers running ARI built WhoIs software. Each server is connected to the database cluster through another firewall further restricting access to the. Each server uses a restricted Oracle user that has read only access to the registry data and can only access the data that is relevant to the WhoIs queries. This ensures that in the unlikely event of an application server compromise the effects are limited.

All components are configured and provisioned to provide N+1 redundancy. Multiple Internet providers with separate upstream bandwidth suppliers are used. At least one additional component of all hardware exists, enabling maintenance without downtime. This configuration provides a service exceeding the availability requirements in Specification 10.

The use of load balancing allows addition of application servers with no downtime. From a database perspective, the ability to scale is enabled by utilising Oracle RAC database clustering. The entire service, including routers, firewalls and application is IPv6 compatible and WhoIs is offered on both IPv4 and IPv6. Detail about this architecture is available in our response to Question 32.

### 7.1 Synchronisation

The WhoIs database is synchronised with the SRS database using Oracle Data Guard. Committed transactions in the SRS database are reflected in the WhoIs database in real-time. Should synchronisation break, WhoIs continues to operate with the latest available data until the issue is reconciled. The channel between the two sites consists of two independent dedicated point to point links as well as the Internet. Replication traffic flows via the dedicated links or if both links fail replication traffic flows over Internet tunnels.

### 7.2. Interconnectivity with Other Services

The WhoIs service is not directly interconnected with other registry services or systems. The software has been developed to provide the WhoIs service exclusively and retrieve response information from a database physically separate to the SRS transactional database. This database is updated as described in 'Synchronisation' above. Although for smaller system the WhoIs and SRS can be configured to use the same data store. The WhoIs servers log every request to a central repository that is logically separate from the WhoIs database. This repository is used for query counts, detection of data mining and statistical analysis on query trends.

### 7.3 IT and Infrastructure Resources

The WhoIs service is provided utilizing Cisco networking equipment, IBM servers & SAN. They are described in the attachment 'Q26 - WhoIs.pdf'. For more information on the architecture including server specifications and database capabilities please see Questions 32 & 33.

## 8 COMPLIANCE

Compliance with WhoIs RFCs is achieved through design and QA. The WhoIs interface was designed to conform to the RFCs as documented and independent test cases have been developed.

QA processes provide confidence that any changes to the service don't result in regression of the WhoIs. Automated build processes execute test suites that ensure every facet of the WhoIs service (including malformed input, commands sequencing and synchronisation, and boundary values) is covered and compliant with RFCs. These tests are executed prior to the committing of code and nightly. The final deliverable is packaged and tested again to ensure no defects were introduced in the packaging of the software.

New versions of the WhoIs follow a deployment schedule. The new version is deployed into an OT&E

environment for Registrar integration testing. Registrars who rely on WhoIs functionality are encouraged during this stage to test their systems operate without change. After a fixed time in OT&E without issue, new versions are scheduled for production deployment. This ensures incompatibilities with RFCs that made it through QA processes are detected in test environments prior to reaching production.

ARI is committed to providing a WhoIs service that integrates with third party tools and as such tests are conducted using these tools such as jWhoIs, a popular UNIX command line WhoIs client. Any issues identified during integration fall into 1 of the following categories:

- Third-party tool not compliant with the WhoIs specification
- WhoIs service not compliant
- Both third-party tool and WhoIs service are compliant, however another operational issue causes a problem

Defects are raised and follow the change management. Change requests may also be raised to promote integration of third-party tools and to meet common practice.

## 9 RESOURCES

This function will be performed by ARI. The WhoIs system is supported by a number of ARI departments:

- Products and Consulting Team (7 staff)
- Production Support Group (27 staff)
- Development Team (11 staff)
- Legal, Abuse and Compliance Team (6 staff)

A detailed list of the departments, roles and responsibilities in ARI is provided as attachment 'Q26 - ARI Background & Roles.pdf'. This attachment describes the functions of the above teams and the exact number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a wealth of experience in estimating the number of resources required to support a registry system.

Based on past experience ARI estimates that the existing staff is adequate to support a registry system that supports in excess of 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q26 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required. Additional trained resources can be added to any of the above teams with a 2 month lead time.

The products and consulting team is responsible for product management of the WhoIs solution including working with clients and the industry to identify new features or changes required to the system. The team consists of:

- 1 Products and Consulting Manager
- 1 Product Manager
- 1 Technical Product Manager
- 4 Domain Name Industry Consultants

ARI employ a development team responsible for the maintenance and continual improvement of the WhoIs software. The team consists of:

- 1 Development Manager
- 2 Business Analysts
- 6 Developers
- 2 Quality Analysts

ARI's Production Support Team ensures the successful operation of the WhoIs system. The team comprises Database Administrators, Systems Administrators and Network Administrators. This team routinely checks and monitors bandwidth, disk and CPU usages to plan and respond to expected increases in the volume of queries, and perform maintenance of the system including security patches and failover and recovery testing. The team consists of:

- Production Support Manager
- Service Desk:
  - 1 Level 1 Support Team Lead
  - 8 Customer Support Representatives (Level 1 support)
  - 1 Level 2 Support Team Lead
  - 4 Registry Specialists (Level 2 support)
- Operations (Level 3 support)
  - 1 Operations Team Lead
  - 2 Systems Administrators

- 2 Database Administrators
- 2 Network Engineers
- Implementation
  - 1 Project Manager
  - 2 Systems Administrators
  - 1 Database Administrators
  - 1 Network Engineers

ARI's registry provides abuse monitoring detection mechanisms to block data mining. ARI support staff may be contacted to remove blacklisted users during which they may be referred to the Legal, Abuse and Compliance Team for evaluation of their activities. Additionally the support team in conjunction with the Legal, Abuse and Compliance team administer requests for listing on the whitelist. The team consists of:

- 1 Legal Manager
- 1 Legal Counsel
- 4 Policy Compliance Officers

These resources sufficiently accommodate the needs of this TLD, and are included in ARI's fees as described in our Financial responses.

## 27. Registration Life Cycle

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q27 - ARI Background & Roles.pdf'. This response describes the Registration Lifecycle as implemented by ARI.

### 1 INTRODUCTION

The lifecycle described matches current gTLD registries. All states, grace periods and transitions are supported by the EPP protocol as described in RFC5730 - 5734 & the Grace Period Mapping published in RFC3915. An overview is in attachment 'Q27 - Registration Lifecycle.pdf'.

### 2 REGISTRATION PERIODS

The registry supports registration up to 10 years and renewals for 1 to 10 years. The total current validity period can't exceed 10 years.

Transfers under part A of the ICANN Policy on Transfer of Registrations between Registrars (Adopted 7 November 2008) extend registration by 1 year. The period truncates to 10 years if required.

### 3 STATES

The states that a domain can exist in are: Registered, Pending Transfer, Redemption, Pending Restore & Pending Delete.

All domain name statuses (RFC3915, 5730-5734 and 5910) are covered below

#### 3.1 Registered

EPP Status: ok

In DNS: Yes

Allowed Operations: Update, Renew, Transfer (request) & Delete

The default state of a domain - no pending operations. The sponsoring Registrar may update the domain.

#### 3.2 Pending Transfer

EPP Status: pendingTransfer

In DNS: Yes

Allowed Operations: Transfer (cancel, reject, approve)

Another Registrar has requested transfer of the domain and it is not yet completed All transform operations, other than those to cancel, reject, or approve the transfer are rejected.

#### 3.3 Redemption

EPP Status: pendingDelete

RGP Status: redemptionPeriod

In DNS: No

#### Allowed Operations: Restore (request)

Domain has been deleted. The sponsor may request restoration of the domain. The domain continues to be withheld from the DNS unless it is restored. No transform operations other than restore are allowed.

#### 3.4 Pending Restore

EPP Status: pendingDelete

RGP Status: pendingRestore

In DNS: Yes

#### Allowed Operations: Restore (report)

A restore request is pending. The sponsor must submit a restore report. The domain is provisioned the DNS. No transform operations other than the restore report are allowed.

#### 3.5 Pending Delete

EPP Status: pendingDelete

RGP Status: pendingDelete

In DNS: No

#### Allowed Operations: None

The Redemption Grace Period has lapsed and the domain is pending purge from the registry. This state prohibits the sponsor from updating, restoring or modifying the domain. This status applies for 5 days. At the end of this period the domain is purged from the database and made available for registration.

### 4 GRACE PERIODS

The registry system supports 4 grace periods: add, renew, auto-renew, and transfer, described below with consideration for overlap of grace periods. States described here are additional to those above.

#### 4.1 Add Grace Period

Length: 5 days

RGP Status: addPeriod

Allows for the no-cost cancellation of a domain registrations resulting from typing mistakes and other errors by Registrars and registrants – beginning on the creation of a domain and lasting for 5 days. When the following operations are performed during this period these rules apply:

- Delete: the sponsoring Registrar, who must have created the domain, may delete the domain and receive a refund. The domain is deleted with immediate effect. The refund is subject to the Add Grace Period Limits consensus policy. Excess deletions over 50 or 10% of creates (whichever is greater), are not subject to a refund, except in extraordinary circumstances.

- Renew: the sponsor may renew the domain but does not receive any refund for the initial registration fee. The Registrar is charged for the renewal operation. The total period for the domain is the sum of the initial period in the create and any renewal term, limited to a 10 year maximum.

- Transfer: Under ICANN policy a transfer can't occur during the Add Grace Period or at any other time in the first 60 days after the initial registration. The registry system enforces this, rejecting such requests.

- Bulk Transfers: Under Part B of the ICANN Policy on Transfer of Registrations between Registrars, a bulk transfer can occur during the Add Grace Period. Any bulk transfer causes the Add Grace Period to not apply.

The Add Grace Period does not have any impact on other commands.

#### 4.2 Renew Grace Period

Length: 5 days

RGP Status: renewPeriod

Allows the sponsoring Registrar to undo a renewal via the deletion of a domain – beginning on the receipt of a renewal command and lasting for 5 days. If any of the following operations are performed during this period these rules apply:

- Delete: the sponsoring Registrar, who must have initiated the renewal, may delete the domain and receive a renewal fee refund. The extension to the registration period caused by the preceding renew is reversed and unless the domain is also in the Add Grace Period, the domain enters the Redemption state. If also in the Add Grace Period it is deleted with immediate effect and availability for registration.

- Renew: the sponsoring Registrar, who must have performed the initial renew, can subsequently renew the domain again, causing a second independent Renewal Grace Period to start. The Registrar is charged for the operation and the total registration period for the domain is extended by the renewal term, limited to the 10 year maximum.

- Transfer: an approved transfer command ends the current Renew Grace Period without a refund and



begins a Transfer Grace Period.

- Bulk Transfers: bulk transfers cause the Renew Grace Period to end without a refund, consequently registration periods are not changed.

The Renew Grace Period has no impact on other commands.

#### 4.3 Auto-Renew Grace Period

Length: 45 days

RGP Status: autoRenewPeriod

Auto-Renew Grace Period allows for domains to remain in the DNS past registration expiration while giving adequate time for the sponsoring Registrar to obtain intention of renewal from the registrant. This period begins on the expiration of the domain and lasts for 45 days. If any of the following are performed during this period these rules apply:

- Delete: the sponsoring Registrar, who must be the sponsor when the Auto-Renew Grace Period commenced, may delete the domain and receive an auto-renew fee refund. The registration period auto-renew extension is reversed and the domain enters the Redemption state.
- Renew: the sponsoring Registrar, who must be the sponsor when the auto-renew occurred, can renew the domain again causing an independent Renewal Grace Period to begin. The Registrar is charged and the registration period is extended by the renewal term, limited to the 10 year maximum.
- Transfer: an approved transfer command ends the current Auto-Renew Grace Period with a refund to the losing Registrar and begins a Transfer Grace Period. The registration period auto-renew extension is reversed and the registration is extended by the period specified in the transfer.
- Bulk Transfers: bulk transfers cause the Auto-Renew Grace Period to end without a refund consequently registration periods are not changed.

The Auto-Renew Grace Period does not have any impact on other commands.

#### 4.4 Transfer Grace Period

Length: 5 days

RGP Status: transferPeriod

Transfer Grace Period allows the sponsoring Registrar to undo the registration period extension (due to a transfer command), via the deletion of a domain. This period begins on a transfer completion and lasts for 5 calendar days. If the following are performed during the period these rules apply:

- Delete: the sponsoring Registrar, who must have initiated the transfer, may delete the domain and receive a transfer fee refund. The extension to the registration period of the preceding transfer is reversed and the Redemption state is entered.
- Renew: the sponsoring Registrar can renew the domain thus causing an independent Renewal Grace Period to begin. The Registrar is charged and the registration period for the domain is extended by the renewal term, limited to the 10 year maximum.
- Transfer: under Part A of the ICANN Policy on Transfer of Registrations between Registrars a transfer may not occur during the 60 day period after transfer (except in special circumstances). The registry system enforces this - effects of transfer do not require consideration. Should a special situation require transfer back to the losing Registrar, this is dealt with by taking into account the specific situation. The registry system does not allow this without intervention by registry staff.
- Bulk Transfers: bulk transfers cause the Transfer Grace Period to end without a refund; consequently registration periods are not changed.

The Transfer Grace Period does not have any impact on other commands.

#### 4.5 Redemption Grace Period

Length: 30 days

RGP Status: as described in Redemption state

Redemption Grace Period refers to the period of time the domain spends in the Redemption state, starting after a domain is deleted. The Redemption state description provides information on operations during this period.

#### 4.6 Overlap of Grace Periods

The 4 possible overlapping grace periods are:

- Add Grace Period with 1 or more Renew Grace Periods.
- Renew Grace Period with 1 or more other Renew Grace Periods.
- Transfer Grace Period with 1 or more Renew Grace Periods.
- Auto-Renew Grace Period with 1 or more Renew Grace Periods.

These are treated independently with respect to timelines however action that is taken has the combined effects of all grace periods still current.

##### 4.6.1 Transfer Clarification

If several billable operations, including a transfer, are performed on a domain and it is deleted in

the operations' grace periods, only those operations performed after/including the latest transfer are eligible for refund.

## 5 TRANSITIONS

### 5.1 Available › Registered

Triggered by the receipt of a create command to register the domain. The sponsoring Registrar is charged for the creation amount. This transition begins the Add Grace Period.

### 5.2 Registered › Pending Transfer

Triggered by the receipt of a request transfer command. The transfer must result in domain registration extension – the gaining Registrar is charged for the transfer. Requests to transfer the domain within 60 days of creation or a previous transfer are rejected. As per '4.4 Transfer Grace Period', exceptions specified in ICANN's Transfer Policy apply – dealt with individually.

### 5.3 Pending Transfer › Registered

Triggered by 1 of 4 operations:

- Operation 1 (Cancel): during the Pending Transfer period the gaining Registrar may cancel the transfer by issuing a cancel transfer command. The gaining Registrar is refunded the transfer fee, the registration period remains unchanged and all existing grace periods at the time of transfer request remain in effect.
- Operation 2 (Reject): during the Pending Transfer period the losing Registrar may reject the transfer by issuing a reject transfer command. The gaining Registrar is refunded the transfer. The registration period remains unchanged and all grace periods existing at the time of transfer request remain in effect if not elapsed.
- Operation 3 (Approve): During the Pending Transfer period the losing Registrar may approve the transfer by issuing an approve transfer command. If the transfer was requested during the Auto-Renew Grace Period, the extension to the registration period is reversed and the losing Registrar is refunded the auto-renew. The registration period is extended by the amount specified in the transfer request. This begins the Transfer Grace Period.
- Operation 4 (Auto-Approve): If after 5 days, no action has been taken, the system approves the transfer. If the transfer was requested during the Auto-Renew Grace Period the extension to the registration period is reversed and the losing Registrar is refunded the auto-renew. The registration period is extended by the amount specified in the transfer request. This begins the Transfer Grace Period.

### 5.4 Registered › Deleted

On receipt of a delete command if the domain is in the Add Grace Period, it is purged from the Database and immediately available for registration. Renew Grace Period may also be in effect.

### 5.5 Registered › Redemption

On receipt of a delete command if the domain is not in the Add Grace Period, it transitions to the Redemption Period state and all grace periods in effect are considered.

### 5.6 Redemption › Pending Restore

On receipt of a restore command if the Redemption Period has not lapsed, the domain transitions to the Pending Restore state. The domain is provisioned in the DNS. The sponsoring Registrar is charged a fee for the restore request.

### 5.7 Pending Restore › Registered

During the Pending Restore period the sponsoring Registrar may complete the restore via a restore report containing the WhoIs information – submitted prior to the deletion, the WhoIs information at the time of the report, and the reason for the restoration.

### 5.8 Pending Restore › Redemption

Seven calendar days after the transition to the Pending Restore state, if no restore report is received the domain transitions to the Redemption state, which begins a new redemption period. The domain is removed from the DNS. The restore has no refund.

### 5.9 Redemption › Pending Delete

Thirty calendar days after the transition to the Redemption state, if no restore request is received the domain transitions to the Pending Delete state.

### 5.10 Pending Delete › Deleted

Five calendar days after the transition to the Pending Delete state, the domain is removed from the

Database and is immediately available for registration.

## 6 LOCKS

Locks may be applied to the domain to prevent specific operations occurring. The sponsoring Registrar may set the locks prefixed with 'client' while locks prefixed with 'server' are added and removed by the registry operator. Locks are added and removed independently but they can be combined to facilitate the enforcement of higher processes, such as 'Registrar Lock', and outcomes required as part of UDRP. All locks are compatible with EPP RFCs. The available locks are:

- clientDeleteProhibited, serverDeleteProhibited - Requests to delete the object are rejected
- clientHold, serverHold - DNS information is not published
- clientRenewProhibited, serverRenewProhibited - Requests to renew the object are rejected. Auto-renew is allowed
- clientTransferProhibited, serverTransferProhibited - Requests to transfer the object are rejected
- clientUpdateProhibited, serverUpdateProhibited - Requests to update the object are rejected, unless the update removes this status

## 7 SPECIAL CONSIDERATIONS

### 7.1 ICANN-Approved Bulk Transfers

ICANN-Approved Bulk Transfers do not follow the typical transfer lifecycle. Existing grace periods are invalidated and no refunds are credited to the losing Registrar. The prohibition of transfer period on domains created or transferred within 60 days does not apply.

### 7.2 Uniform Rapid Suspension

In the Uniform Rapid Suspension (URS) process, as described in the 'gTLD Applicant Guidebook' 11th January 2012, the following modification to the above processes is required. Remedy allows for the addition of a year to the registration period, limited to the 10 year maximum. During this time no transform operations may be performed other than to restore the domain as allowed by Appeal. At the expiration of the registration period the domain is not automatically renewed, but proceeds to the Redemption state as per the lifecycle described above, and it is not eligible for restoration.

## 8 UPDATE/DNS

The update command does not impact the state of the domain through the Registration Lifecycle, however the command can be used to add and remove delegation information, which changes the DNS state of the domain.

A domain is required to have 2 or more nameservers published in the DNS. An update that results in a domain having less than 2 nameservers removes the domain from the DNS. An exception is when 1 nameserver remains assigned to a domain due to deletion of its other nameservers due to purge of their parent domain. The next update that modifies delegation information ends the exception and from then on the domain requires 2 nameservers be in the DNS.

## 9 RESOURCES

This function will be performed by ARI. ARI's registry performs all time-based transitions automatically and enforces all other business rules - without requiring human resources for normal operation. If changes to the automatic behaviours or restrictions enforced by the policy system are required, ARI has a development team for this.

Domain Name Lifecycle aspects requiring human resources to manage are included in the ARI outsourcing include:

- Processing Add Grace Period exemptions as requested by Registrars.
- Processing restore reports provided by Registrars.
- Meeting the registry operator's obligations under ICANN's Transfer Dispute Policy.
- Performing exception processing in the case of approved transfers during the 60 day transfer prohibition window.

The Registration Lifecycle is designed, built, operated and supported by these ARI departments:

- Products and Consulting Team (7 staff)
- Legal, Abuse and Compliance Team (6 staff)
- Development Team (11 staff)

A detailed list of the departments, roles and responsibilities in ARI is provided as attachment 'Q27 - ARI Background & Roles.pdf'. This attachment describes the functions of the above teams and the exact number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary

significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a wealth of experience in estimating the number of resources required to support a registry system.

Based on past experience ARI estimates that the existing staff is adequate to support a registry system that supports in excess of 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q27 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required. Additional trained resources can be added to any of the above teams with a 2 month lead time.

The Products and Consulting team is responsible for product management of the Registration Lifecycle, including working with clients and the industry to identify new features or changes required to the system. The team consists of:

- 1 Products and Consulting Manager
- 1 Product Manager
- 1 Technical Product Manager
- 4 Domain Name Industry Consultants

Most manual tasks fall to the Legal, Abuse and Compliance team, with staff experienced in development of policy for policy rich TLD environments. They have the required legal and industry background to perform this function. The team consists of:

- 1 Legal Manager
- 1 Legal Counsel
- 4 Policy Compliance Officers

The automated aspects of the Registration lifecycle are supported by ARI's Domain Name Registry software. ARI has a development team for maintenance and improvement of the software. The team consist of:

- 1 Development Manager
- 2 Business Analysts
- 6 Developers
- 2 Quality Analysts

Information on these roles is in Resources in our response to Question 31. These resources sufficiently accommodate the needs of this TLD, and are included in ARI's fees as described in our Financial responses.

## 28. Abuse Prevention and Mitigation

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q28 - ARI Background & Roles.pdf'.

### 1 INTRODUCTION

The efforts that will be undertaken in this TLD to minimise abusive registrations and other activities that have a negative impact on Internet users are described below. We will be utilising the Anti-Abuse Service of our managed registry service provider, ARI. This service includes the implementation of our comprehensive Anti-Abuse Policy. This policy, developed in consultation with ARI, clearly defines abusive behaviour and identifies particular types of abusive behaviour and the mitigation response to such behaviour.

### 2 OVERVIEW

We have engaged ARI to deliver registry services for this TLD. ARI will, owing to their extensive industry experience and established anti-abuse operations, implement and manage on our behalf various procedures and measures adopted to mitigate the potential for abuse, identify abuse and handle identified abuse. ARI will forward to us all matters requiring determination by the registry operator which fall beyond the scope of ARI's Anti-Abuse Service. This is described below in the context of the implementation of our Anti-Abuse Policy.

Despite utilisation of ARI's Anti-Abuse Service, we are nonetheless cognisant of our responsibility to minimise abusive registrations and other activities that have a negative impact on Internet users in the TLD. In recognition of this responsibility, we will play an instrumental role in overseeing

the implementation of the Anti-Abuse Service by ARI. We will also have contractual commitments in the form of SLA's in place to ensure that ARI's delivery of the Anti-Abuse Service is aligned with our strong commitment to minimise abuse in our TLD.

That strong commitment is further demonstrated by our adoption of many of the requirements proposed in the '2011 Proposed Security, Stability and Resiliency Requirements for Financial TLDs' (at <http://www.icann.org/en/news/correspondence/aba-bits-to-beckstrom-crocker-20dec11-en.pdf>) (the 'BITS Requirements'). We acknowledge that these requirements were developed by the financial services sector in relation to financial TLDs, but nevertheless believe that their adoption in this TLD (which is not financial-related) results in a more robust approach to combating abuse.

Consistent with Requirement 6 of the BITS Requirements, we will certify to ICANN on an annual basis our compliance with our Registry Agreement.

Please note that the various policies and practices that we have implemented to minimise abusive registrations and other activities that affect the rights of trademark holders are specifically described in our response to Question 29.

### 3 POLICY

In consultation with ARI we have developed a comprehensive Anti-Abuse Policy, which is the main instrument that captures our strategy in relation to abuse in the TLD.

#### 3.1 Definition of Abuse

Abusive behaviour in a TLD may relate to the core domain name-related activities performed by Registrars and registries including, but not limited to:

- The allocation of registered domain names.
- The maintenance of and access to registration information.
- The transfer, deletion, and reallocation of domain names.
- The manner in which the registrant uses the domain name upon creation.

Challenges arise in attempting to define abusive behaviour in the TLD due to its broad scope. Defining abusive behaviour by reference to the stage in the domain name lifecycle in which the behaviour occurs presents difficulty given that a particular type of abuse may occur at various stages of the life cycle.

With this in mind, ARI has fully adopted the definition of abuse developed by the Registration Abuse Policies Working Group (Registration Abuse Policies Working Group Final Report 2010, at <http://gns0.icann.org/issues/rap/rap-wg-final-report-29may10-en.pdf>), which does not focus on any particular stage in the domain name life cycle.

Abusive behaviour in a TLD may be defined as an action that:

- causes actual and substantial harm, or is a material predicate of such harm.
- is illegal or illegitimate, or is otherwise considered contrary to the intention and design of the mission/purpose of the TLD.

In applying this definition the following must be noted:

1. The party or parties harmed, and the severity and immediacy of the abuse, should be identified in relation to the specific alleged abuse.
2. The term "harm" is not intended to shield a party from fair market competition.
3. A predicate is a related action or enabler. There must be a clear link between the predicate and the abuse, and justification enough to address the abuse by addressing the predicate (enabling action).

For example, WhoIs data can be used in ways that cause harm to domain name registrants, intellectual property (IP) rights holders and Internet users. Harmful actions may include the generation of spam, the abuse of personal data, IP infringement, loss of reputation or identity theft, loss of data, phishing and other cybercrime-related exploits, harassment, stalking, or other activity with negative personal or economic consequences. Examples of predicates to these harmful actions are automated email harvesting, domain name registration by proxy/privacy services to aid wrongful activity, support of false or misleading registrant data, and the use of WhoIs data to develop large email lists for commercial purposes. The misuse of WhoIs data is therefore considered abusive because it is contrary to the intention and design of the stated legitimate purpose of WhoIs data.

#### 3.2 Aims and Overview of Our Anti-Abuse Policy

Our Anti-Abuse Policy will put registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for abusive purposes. The policy will be made easily accessible on the Abuse page of our registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

Consistent with Requirements 15 and 16 of the BITS Requirements, our policy:

- Defines abusive behaviour in our TLD.
- Identifies types of actions that constitute abusive behaviour, consistent with our adoption of the

RAPWG definition of 'abuse'.

- Classifies abusive behaviours based on the severity and immediacy of the harm caused.
- Identifies how abusive behaviour can be notified to us and the steps that we will take to determine whether the notified behaviour is abusive.
- Identifies the actions that we may take in response to behaviour determined to be abusive.

Our RRA will oblige all Registrars to do the following in relation to the Anti-Abuse Policy:

- comply with the Anti-Abuse Policy; and
- include in their registration agreement with each registrant an obligation for registrants to comply with the Anti-Abuse Policy and each of the following requirements: 'operational standards, policies, procedures, and practices for the TLD established from time to time by the registry operator in a non-arbitrary manner and applicable to all Registrars, including affiliates of the registry operator, and consistent with ICANN's standards, policies, procedures, and practices and the registry operator's Registry Agreement with ICANN. Additional or revised registry operator operational standards, policies, procedures, and practices for the TLD shall be effective upon thirty days notice by the registry operator to the Registrar. If there is a discrepancy between the terms required by this Agreement and the terms of the Registrar's registration agreement, the terms of this Agreement shall supersede those of the Registrar's registration agreement'.

Our RRA will additionally incorporate the following BITS Requirements:

- Requirement 7: Registrars must certify annually to ICANN and us compliance with ICANN's Registrar Accreditation Agreement (RAA) our Registry-Registrar Agreement (RRA).
- Requirement 9: Registrars must provide and maintain valid primary contact information (name, email address, and phone number) on their website.
- Requirement 14: Registrars must notify us immediately regarding any investigation or compliance action, including the nature of the investigation or compliance action by ICANN or any outside party (eg law enforcement, etc.) along with the TLD impacted.
- Requirement 19: Registrars must disclose registration requirements on their website.

We will re-validate our RRAs at least annually, consistent with Requirement 10.

### 3.3 Anti-Abuse Policy

Our Anti-Abuse Policy is as follows:

#### Anti-Abuse Policy

##### Introduction:

The abusive registration and use of domain names in the TLD is not tolerated given that the inherent nature of such abuses creates security and stability issues for all participants in the Internet environment.

##### Definition of Abusive Behaviour:

Abusive behaviour is an action that:

- causes actual and substantial harm, or is a material predicate of such harm; or
- is illegal or illegitimate, or is otherwise considered contrary to the intention and design of the mission/purpose of the TLD.

A 'predicate' is an action or enabler of harm.

'Material' means that something is consequential or significant.

Examples of abusive behaviour falling within this definition:

- Spam: the use of electronic messaging systems to send unsolicited bulk messages. The term applies to e-mail spam and similar abuses such as instant messaging spam, mobile messaging spam, and the spamming of web sites and Internet forums. An example, for purposes of illustration, would be the use of email in denial-of-service attacks.
- Phishing: the use of a fraudulently presented web site to deceive Internet users into divulging sensitive information such as usernames, passwords or financial data.
- Pharming: the redirecting of unknowing users to fraudulent web sites or services, typically through DNS hijacking or poisoning, in order to deceive Internet users into divulging sensitive information such as usernames, passwords or financial data.
- Wilful distribution of malware: the dissemination of software designed to infiltrate or cause damage to devices or to collect confidential data from users without the owner's informed consent.
- Fast Flux hosting: the use of DNS to frequently change the location on the Internet to which the domain name of an Internet host or nameserver resolves in order to disguise the location of web sites or other Internet services, or to avoid detection and mitigation efforts, or to host illegal activities. Fast flux hosting may only be used with prior permission of the registry operator.
- Botnet command and control: the development and use of a command, agent, motor, service or software which is implemented: (1) to remotely control the computer or computer system of an Internet user without their knowledge or consent, (2) to generate direct denial of service (DDOS) attacks.
- Distribution of child pornography: the storage, publication, display and/or dissemination of pornographic materials depicting individuals under the age of majority in the relevant jurisdiction.
- Illegal access to other computers or networks: the illegal accessing of computers, accounts, or

networks belonging to another party, or attempt to penetrate security measures of another individual's system (hacking). Also, any activity that might be used as a precursor to an attempted system penetration.

#### Detection of Abusive Behaviour:

Abusive behaviour in the TLD may be detected in the following ways:

- By us through our on-going monitoring activities and industry participation.
  - By third parties (general public, law enforcement, government agencies, industry partners) through notification submitted to the abuse point of contact on our website, or industry alerts.
- Reports of abusive behaviour will be notified immediately to the Registrar of record.

#### Handling of abusive behaviour:

When abusive behaviour is detected in our TLD through notification by a third party, a preliminary assessment will be performed in order to determine whether the notification is legitimately made. Applying the definitions of types of abusive behaviours identified in this policy, we will classify each incidence of legitimately reported abuse into one of two categories based on the probable severity and immediacy of harm to registrants and Internet users. These categories are provided below and are defined by reference to the action that may be taken by us. The examples of types of abusive behaviour falling within each category are illustrative only.

##### Category 1:

Probable Severity or Immediacy of Harm: Low

Examples of types of abusive behaviour: Spam, Malware

Mitigation steps:

1. Investigate
2. Notify registrant

##### Category 2:

Probable Severity or Immediacy of Harm: Medium to High

Examples of types of abusive behaviour: Fast Flux Hosting, Phishing, Illegal Access to other Computers or Networks, Pharming, Botnet command and control

Mitigation steps:

1. Suspend domain name
2. Investigate
3. Restore or terminate domain name

In the event that we receive specific instructions regarding a domain name from a law enforcement agency, government or quasi-governmental agency utilising the expedited process for such agencies, our mitigation steps will be in accordance with those instructions provided that they do not result in the contravention of applicable law. In addition, we will take all reasonable efforts to notify law enforcement agencies of abusive behaviour in our TLD which we believe may constitute evidence of a commission of a crime, eg distribution of child pornography.

Note that these expected actions are intended to provide a guide to our response to abusive behaviour rather than any guarantee that a particular action will be taken.

The identification of abusive behaviour in the TLD, as defined above, shall give us the right, but not the obligation, to take such actions in accordance with the following text in the RRA, which provides that the registry operator:

'reserves the right to deny, cancel or transfer any registration or transaction, or place any domain name(s) on registry lock, hold or similar status, or instruct Registrars to take such an action as we deem necessary in our discretion to;

1. protect the integrity and stability of the registry;
2. comply with any applicable laws, government rules or requirements, requests of law enforcement, or dispute resolution process;
3. avoid any liability, civil or criminal, on the part of the registry operator, as well as its affiliates, subsidiaries, officers, directors, and employees, per the terms of the registration agreement; and
4. correct mistakes made by the registry operator or any Registrar in connection with a domain name registration.

We reserve the right to place upon registry lock, hold or similar status a domain name during resolution of a dispute.

We also reserve the right to deny registration of a domain name to a registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

Registrars only and not Resellers may offer proxy registration services to private individuals using the domain name for non-commercial purposes.

We may amend or otherwise modify this policy to keep abreast of changes in consensus policy or new and emerging types of abusive behaviour in the Internet.

Registrar's failure to comply with this Anti-Abuse Policy shall constitute a material breach of the RRA, and shall give rise to the rights and remedies available to us under the RRA.

## 4 ABUSE PREVENTION AND MITIGATION

This section describes the implementation of our abuse related processes regarding:

- Building awareness of the Anti-Abuse Policy.
- Mitigating the potential for abusive behaviour.
- Identifying abusive behaviour.
- Handling abusive behaviour.

### 4.1. Awareness of Policy

The Anti-Abuse Policy will be published on the Abuse page of our registry website, which will be accessible and have clear links from the home page. In addition, the URL to the Abuse page will be included in all email correspondence to the registrant, thereby placing all registrants on notice of the applicability of the Anti-Abuse Policy to all domain names registered in our TLD. The Abuse page will, consistent with Requirement 8 of the BITS Requirements, provide registry contact information (name, email address, and phone number) to enable the public to communicate with us about TLD policies. The Abuse page will emphasise and evidence our commitment to combating abusive registrations by clearly identifying what our policy on abuse is and what effect our implementation of the policy may have on registrants. We anticipate that this clear message, which communicates our commitment to combating abusive registrations, will serve to minimise abusive registrations in our TLD.

### 4.2 Pre-emptive - Mitigating of the Potential for Abuse

The following practices and procedures will be adopted to mitigate the potential for abusive behaviour in our TLD.

#### 4.2.1 ICANN Prescribed Measures

In accordance with our obligations as a registry operator, we will comply with all requirements in the 'gTLD Applicant Guidebook'. In particular, we will comply with the following measures prescribed by ICANN which serve to mitigate the potential for abuse in the TLD:

- DNSSEC deployment, which reduces the opportunity for pharming and other man-in-the-middle attacks. We will encourage Registrars and Internet Service Providers to deploy DNSSEC capable resolvers in addition to encouraging DNS hosting providers to deploy DNSSEC in an easy-to-use manner in order to facilitate deployment by registrants. DNSSEC deployment is further discussed in the context of our response to Question 43.
- Prohibition on Wild Carding as required by section 2.2 of Specification 6 of the Registry Agreement.
- Removal of Orphan Glue records (discussed below in '4.2.8 Orphan Glue Record Management').

#### 4.2.2 Increasing Registrant Security Awareness

In accordance with our commitment to operating a secure and reliable TLD, we will attempt to improve registrant awareness of the threats of domain name hijacking, registrant impersonation and fraud, and emphasise the need for and responsibility of registrants to keep registration (including WhoIs) information accurate. Awareness will be raised by:

- Publishing the necessary information on the Abuse page of our registry website in the form of videos, presentations and FAQ's.
- Developing and providing to registrants and resellers Best Common Practices that describe appropriate use and assignment of domain auth Info codes and risks of misuse when the uniqueness property of this domain name password is not preserved.

The increase in awareness renders registrants less susceptible to attacks on their domain names owing to the adoption of the recommended best practices thus serving to mitigate the potential for abuse in the TLD. The clear responsibility on registrants to provide and maintain accurate registration information (including WhoIs) further serves to minimise the potential for abusive registrations in the TLD.

#### 4.2.3 Mitigating the Potential for Abusive Registrations that Affect the Legal Rights of Others

Many of the examples of abusive behaviour identified in our Anti-Abuse Policy may affect the rights of trademark holders. While our Anti-Abuse Policy addresses abusive behaviour in a general sense, we have additionally developed specific policies and procedures to combat behaviours that affect the rights of trademark holders at start-up and on an ongoing basis. These include the implementation of a trademark claims service and a sunrise registration service at start-up and implementation of the UDRP, URS and PDDRP on an ongoing basis. The implementation of these policies and procedures serves to mitigate the potential for abuse in the TLD by ensuring that domain names are allocated to those who hold a corresponding trademark.

These policies and procedures are described in detail in our response to Question 29.



#### 4.2.4 Safeguards Against Allowing for Unqualified Registrations

The eligibility restrictions for this TLD are outlined in our response to Question 18.

Eligibility restrictions will be implemented contractually through our RRA, which will require Registrars to include the following in their Registration Agreements:

- Registrant warrants that it satisfies eligibility requirements.

Where applicable, eligibility restrictions will be enforced through the adoption of the Charter Eligibility Dispute Resolution Policy or a similar policy, and Registrars will be obliged to require in their registration agreements that registrants agree to be bound by such policy and acknowledge that a registration may be cancelled in the event that a challenge against it under such policy is successful.

Providing an administrative process for enforcing eligibility criteria and taking action when notified of eligibility violations mitigates the potential for abuse. This is achieved through the risk of cancellation in the event that it is determined in a challenge procedure that eligibility criteria are not satisfied.

#### 4.2.5 Registrant Disqualification

As specified in our Anti-Abuse Policy, we reserve the right to deny registration of a domain name to a registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

Registrants, their agents or affiliates found through the application of our Anti-Abuse Policy to have repeatedly engaged in abusive registration will be disqualified from maintaining any registrations or making future registrations. This will be triggered when our records indicate that a registrant has had action taken against it an unusual number of times through the application of our Anti-Abuse Policy. Registrant disqualification provides an additional disincentive for qualified registrants to maintain abusive registrations in that it puts at risk even otherwise non-abusive registrations, through the possible loss of all registrations.

In addition, nameservers that are found to be associated only with fraudulent registrations will be added to a local blacklist and any existing or new registration that uses such fraudulent NS record will be investigated.

The disqualification of 'bad actors' and the creation of blacklists mitigates the potential for abuse by preventing individuals known to partake in such behaviour from registering domain names.

#### 4.2.6 Restrictions on Proxy Registration Services

Whilst it is understood that implementing measures to promote WhoIs accuracy is necessary to ensure that the registrant may be tracked down, it is recognised that some registrants may wish to utilise a proxy registration service to protect their privacy. In the event that Registrars elect to offer such services, the following conditions apply:

- Proxy registration services may only be offered by Registrars and NOT resellers.
- Registrars must ensure that the actual WhoIs data is obtained from the registrant and must maintain accurate records of such data.
- Registrars must provide Law Enforcement Agencies (LEA) with the actual WhoIs data upon receipt of a verified request.
- Proxy registration services may only be made available to private individuals using the domain name for non-commercial purposes.

These conditions will be implemented contractually by inclusion of corresponding clauses in the RRA as well as being published on the Abuse page of our registry website. Individuals and organisations will be encouraged through our Abuse page to report any domain names they believe violate the above restrictions, following which appropriate action may be taken by us. Publication of these conditions on the Abuse page of our registry website ensures that registrants are aware that despite utilisation of a proxy registration service, actual WhoIs information will be provided to LEA upon request in order to hold registrants liable for all actions in relation to their domain name. The certainty that WhoIs information relating to domain names which draw the attention of LEA will be disclosed results in the TLD being less attractive to those seeking to register domain names for abusive purposes, thus mitigating the potential for abuse in the TLD.

#### 4.2.7 Registry Lock

Certain mission-critical domain names such as transactional sites, email systems and site supporting applications may warrant a higher level of security. Whilst we will take efforts to promote the awareness of security amongst registrants, it is recognised that an added level of security may be provided to registrants by 'registry locking' the domain name thereby prohibiting any updates at the registry operator level. The registry lock service will be offered to all Registrars who may request this service on behalf of their registrants in order to prevent unintentional transfer, modification or deletion of the domain name. This service mitigates the potential for abuse by prohibiting any unauthorised updates that may be associated with fraudulent behaviour. For example, an attacker may update nameservers of a mission-critical domain name, thereby redirecting customers to an

illegitimate website without actually transferring control of the domain name.

Upon receipt of a list of domain names to be placed on registry lock by an authorised representative from a Registrar, ARI will:

1. Validate that the Registrar is the Registrar of record for the domain names.
2. Set or modify the status codes for the names submitted to serverUpdateProhibited, serverDeleteProhibited and/or serverTransferProhibited depending on the request.
3. Record the status of the domain name in the Shared Registration System (SRS).
4. Provide a monthly report to Registrars indicating the names for which the registry lock service was provided in the previous month.

#### 4.2.8 Orphan Glue Record Management

The ARI registry SRS database does not allow orphan records. Glue records are removed when the delegation point NS record is removed. Other domains that need the glue record for correct DNS operation may become unreachable or less reachable depending on their overall DNS service architecture. It is the registrant's responsibility to ensure that their domain name does not rely on a glue record that has been removed and that it is delegated to a valid nameserver. The removal of glue records upon removal of the delegation point NS record mitigates the potential for use of orphan glue records in an abusive manner.

#### 4.2.9 Promoting WhoIs Accuracy

Inaccurate WhoIs information significantly hampers the ability to enforce policies in relation to abuse in the TLD by allowing the registrant to remain anonymous. In addition, LEAs rely on the integrity and accuracy of WhoIs information in their investigative processes to identify and locate wrongdoers. In recognition of this, we will implement a range of measures to promote the accuracy of WhoIs information in our TLD including:

- Random monthly audits: registrants of randomly selected domain names are contacted by telephone using the provided WhoIs information by a member of the ARI Abuse and Compliance Team in order to verify all WhoIs information. Where the registrant is not contactable by telephone, alternative contact details (email, postal address) will be used to contact the registrant, who must then provide a contact number that is verified by the member of the ARI Policy Compliance team. In the event that the registrant is not able to be contacted by any of the methods provided in WhoIs, the domain name will be cancelled following five contact attempts or one month after the initial contact attempt (based on the premise that a failure to respond is indicative of inaccurate WhoIs information and is grounds for terminating the registration agreement).
- Semi-annual audits: to identify incomplete WhoIs information. Registrants will be contacted using provided WhoIs information and requested to provide missing information. In the event that the registrant fails to provide missing information as requested, the domain name will be cancelled following five contact attempts or one month after the initial contact attempt.
- Email reminders: to update WhoIs information to be sent to registrants every 6 months.
- Reporting system: a web-based submission service for reporting WhoIs accuracy issues available on the Abuse page of our registry website.
- Analysis of registry data: to identify patterns and correlations indicative of inaccurate WhoIs (eg repetitive use of fraudulent details).

Registrants will continually be made aware, through the registry website and email reminders, of their responsibility to provide and maintain accurate WhoIs information and the ramifications of a failure to do so or respond to requests to do so, including termination of the Registration Agreement.

The measures to promote WhoIs accuracy described above strike a balance between the need to maintain the integrity of the WhoIs service, which facilitates the identification of those taking part in illegal or fraudulent behaviour, and the operating practices of the registry operator and Registrars, which aim to offer domain names to registrants in an efficient and timely manner.

Awareness by registrants that we will actively take steps to maintain the accuracy of WhoIs information mitigates the potential for abuse in the TLD by discouraging abusive behaviour given that registrants may be identified, located and held liable for all actions in relation to their domain name.

#### 4.3 Reactive - Identification

The methods by which abusive behaviour in our TLD may be identified are described below. These include detection by ARI and notification from third parties. These methods serve to merely identify and not determine whether abuse actually exists. Upon identification of abuse, the behaviour will be handled in accordance with '4.4 Abuse Handling'.

Any abusive behaviour identified through one of the methods below will, in accordance with Requirement 13 of the BITS Requirements, be notified immediately to relevant Registrars.

##### 4.3.1 Detection - Analysis of Data

ARI will routinely analyse registry data in order to identify abusive domain names by searching for behaviours typically indicative of abuse. The following are examples of the data variables that will serve as indicators of a suspicious domain name and may trigger further action by the ARI Abuse and Compliance Team:

- Unusual Domain Name Registration Practices: practices such as registering hundreds of domains at a time, registering domains which are unusually long or complex or include an obvious series of numbers tied to a random word (abuse40, abuse50, abuse60) may, when considered as a whole, be indicative of abuse.
- Domains or IP addresses identified as members of a Fast Flux Service Network (FFSN): ARI uses the formula developed by the University of Mannheim and tested by participants of the Fast Flux PDP WG to determine members of this list. IP addresses appearing within identified FFSN domains, as either NS or A records shall be added to this list.
- An Unusual Number of Changes to the NS record: the use of fast-flux techniques to disguise the location of web sites or other Internet services, to avoid detection and mitigation efforts, or to host illegal activities is considered abusive in the TLD. Fast flux techniques use DNS to frequently change the location on the Internet to which the domain name of an Internet host or nameserver resolves. As such an unusual number of changes to the NS record may be indicative of the use of fast-flux techniques given that there is little, if any, legitimate need to change the NS record for a domain name more than a few times a month.
- Results of WhoIs audits: The audits conducted to promote WhoIs accuracy described above are not limited to serving that purpose but may also be used to identify abusive behaviour given the strong correlation between inaccurate WhoIs data and abuse.
- Analysis of cross-validation of registrant WhoIs data against WhoIs data known to be fraudulent.
- Analysis of Domain Names belonging to a registrant subject to action under the Anti-Abuse Policy: in cases where action is taken against a registrant through the application of the Anti-Abuse Policy, we will also investigate other domain names by the same registrant (same name, nameserver IP address, email address, postal address etc).

#### 4.3.2 Abuse Reported by Third Parties

Whilst we are confident in our abilities to detect abusive behaviour in the TLD owing to our robust ongoing monitoring activities, we recognise the value of notification from third parties to identify abuse. To this end, we will incorporate notifications from the following third parties in our efforts to identify abusive behaviour:

- Industry partners through ARI's participation in industry forums which facilitate the sharing of information.
- LEA through a single abuse point of contact (our Abuse page on the registry website, as discussed in detail below) and an expedited process (described in detail in '4.4 Abuse Handling') specifically for LEA.
- Members of the general public through a single abuse point of contact (our Abuse page on the registry website).

##### 4.3.2.1 Industry Participation and Information Sharing

ARI is a member of the Registry Internet Safety Group (RISG), whose mission is to facilitate data exchange and promulgate best practices to address Internet identity theft, especially phishing and malware distribution. In addition, ARI coordinates with the Anti-Phishing Working Group (APWG) and other DNS abuse organisations and is subscribed to the NXdomain mailing list. ARI's strong participation in the industry facilitates collaboration with relevant organisations on abuse-related issues and ensures that ARI is responsive to new and emerging domain name abuses.

The information shared as a result of this industry participation will be used to identify domain names registered or used for abusive purposes. Information shared may include a list of registrants known to partake in abusive behaviour in other TLDs. Whilst presence on such lists will not constitute grounds for registrant disqualification, ARI will investigate domain names registered to those listed registrants and take action in accordance with the Anti-Abuse Policy. In addition, information shared regarding practices indicative of abuse will facilitate detection of abuse by our own monitoring activities.

##### 4.3.2.2 Single Abuse Point of Contact on Website

In accordance with section 4.1 of Specification 6 of the Registry Agreement, we will establish a single abuse point of contact (SAPOC) responsible for addressing and providing a timely response to abuse complaints concerning all names registered in the TLD through all Registrars of record, including those involving a reseller. Complaints may be received from members of the general public, other registries, Registrars, LEA, government and quasi-governmental agencies and recognised members of the anti-abuse community.

The SAPOC's accurate contact details (email and mailing address as well as a primary contact for handling inquiries related to abuse in the TLD) will be provided to ICANN and published on the Abuse

page of our registry website, which will also include:

- All public facing policies in relation to the TLD, including the Anti-Abuse Policy.
- A web-based submission service for reporting inaccuracies in WhoIs information.
- Registrant Best Practices.
- Conditions that apply to proxy registration services and direction to the SAPOC to report domain names that violate the conditions.

As such, the SAPOC may receive complaints regarding a range of matters including but not limited to:

- Violations of the Anti-Abuse Policy.
- Inaccurate WhoIs information.
- Violation of the restriction of proxy registration services to individuals.

The SAPOC will be the primary method by which we will receive notification of abusive behaviour from third parties. It must be emphasised that the SAPOC will be the initial point of contact following which other processes will be triggered depending on the identity of the reporting organisation. Accordingly, separate processes for identifying abuse exist for reports by LEA/government and quasi-governmental agencies and members of the general public. These processes will be described in turn below.

#### 4.3.2.2.1 Notification by LEA of Abuse

We recognise that LEA, governmental and quasi-governmental agencies may be privy to information beyond the reach of others which may prove critical in the identification of abusive behaviour in our TLD. As such, we will provide an expedited process which serves as a channel of communication for LEA, government and quasi-governmental agencies to, amongst other things, report illegal conduct in connection with the use of the TLD.

The process will involve prioritisation and prompt investigation of reports identifying abuse from those organisations. The steps in the expedited process are summarised as follows:

1. ARI's Abuse and Compliance Team will identify relevant LEA, government and quasi-governmental agencies who may take part in the expedited process, depending on the mission/purpose and jurisdiction of our TLD. A means of verification will be established with each of the identified agencies in order to verify the identity of a reporting agency utilising the expedited process.
2. We will publish contact details on the Abuse page of the registry website for the SAPOC to be utilised by only those taking part in the expedited process.
3. All calls to this number will be responded to by the ARI Service Desk on a 24/7 basis. All calls will result in the generation of a ticket in ARI's case management system (CMS).
4. The identity of the reporting agency will be identified using the established means of verification (ARI's Security Policy has strict guidelines regarding the verification of external parties over the telephone). If no means of verification has been established, the report will be immediately escalated to the ARI Abuse and Compliance Team. Results of verification will be recorded against the relevant CMS ticket.
6. Upon verification of the reporting agency, the ARI Service Desk will obtain the details necessary to adequately investigate the report of abusive behaviour in the TLD. This information will be recorded against the relevant CMS ticket.
7. Reports from verified agencies may be provided in the Incident Object Description Exchange Format (IODEF) as defined in RFC 5070. Provision of information in the IODEF will improve our ability to resolve complaints by simplifying collaboration and data sharing.
8. Tickets will then be forwarded to the ARI Abuse and Compliance Team to be dealt with in accordance with '4.4 Abuse Handling'.

#### 4.3.2.2.2 Notification by General Public of Abuse

Abusive behaviour in the TLD may also be identified by members of the general public including but not limited to other registries, Registrars or security researchers. The steps in this notification process are summarised as follows:

1. We will publish contact details on the Abuse page of the registry website for the SAPOC (note that these contact details are not the same as those provided for the expedited process).
2. All calls to this number will be responded to by the ARI Service Desk on a 24/7 basis. All calls will result in the generation of a CMS ticket.
3. The details of the report identifying abuse will be documented in the CMS ticket using a standard information gathering template.
4. Tickets will be forwarded to the ARI Abuse and Compliance Team, to be dealt with in accordance with '4.4 Abuse Handling'.

### 4.4 Abuse Handling

Upon being made aware of abuse in the TLD, whether by ongoing monitoring activities or notification from third parties, the ARI Abuse and Compliance Team will perform the following functions:

#### 4.4.1 Preliminary Assessment and Categorisation

Each report of purported abuse will undergo an initial preliminary assessment by the ARI Abuse and Compliance Team to determine the legitimacy of the report. This step may involve simply visiting the offending website and is intended to weed out spurious reports, and will not involve the in-depth investigation needed to make a determination as to whether the reported behaviour is abusive.

Where the report is assessed as being legitimate, the type of activity reported will be classified as one of the types of abusive behaviour as found in the Anti-Abuse Policy by the application of the definitions provided. In order to make this classification, the ARI Abuse and Compliance Team must establish a clear link between the activity reported and the alleged type of abusive behaviour such that addressing the reported activity will address the abusive behaviour.

While we recognise that each incident of abuse represents a unique security threat and should be mitigated accordingly, we also recognise that prompt action justified by objective criteria are key to ensuring that mitigation efforts are effective. With this in mind, we have categorised the actions that we may take in response to various types of abuse by reference to the severity and immediacy of harm. This categorisation will be applied to each validated report of abuse and actions will be taken in accordance with the table below. It must be emphasised that the actions to mitigate the identified type of abuse in the table are merely intended to provide a rough guideline and may vary upon further investigation.

#### Category 1

Probable Severity or Immediacy of Harm: Low

Examples of types of abusive behaviour: Spam, Malware

Mitigation steps:

1. Investigate
2. Notify registrant

#### Category 2

Probable Severity or Immediacy of Harm: Medium to High

Examples of types of abusive behaviour: Fast Flux Hosting, Phishing, Illegal Access to other Computers or Networks, Pharming, Botnet command and control

Mitigation steps:

1. Suspend domain name
2. Investigate
3. Restore or terminate domain name

The mitigation steps for each category will now be described:

#### 4.4.2 Investigation - Category 1

Types of abusive behaviour that fall into this category include those that represent a low severity or immediacy of harm to registrants and Internet users. These generally include behaviours that result in the dissemination of unsolicited information or the publication of illegitimate information. While undesirable, these activities do not generally present such an immediate threat as to justify suspension of the domain name in question. We will contact the registrant to instruct that the breach of the Anti-Abuse Policy be rectified. If the ARI Abuse and Compliance Team's investigation reveals that the severity or immediacy of harm is greater than originally anticipated, the abusive behaviour will be escalated to Category 2 and mitigated in accordance with the applicable steps. These are described below. The assessment made and actions taken will be recorded against the relevant CMS ticket.

#### 4.4.3 Suspension - Category 2

Types of abusive behaviour that fall into this category include those that represent a medium to high severity or immediacy of harm to registrants and Internet users. These generally include behaviours that result in intrusion into other computers' networks and systems or financial gain by fraudulent means. Following notification of the existence of such behaviours, the ARI Abuse and Compliance Team will suspend the domain name pending further investigation to determine whether the domain name should be restored or cancelled. Cancellation will result if, upon further investigation, the behaviour is determined to be one of the types of abuse defined in the Anti-Abuse Policy. Restoration of the domain name will result where further investigation determines that abusive behaviour, as defined by the Anti-Abuse Policy, does not exist. Due to the higher severity or immediacy of harm attributed to types of abusive behaviour in this category, ARI will, in accordance with their contractual commitment to us in the form of SLA's, carry out the mitigation response within 24 hours by either restoring or cancelling the domain name. The assessment made and actions taken will be recorded against the relevant CMS ticket.

Phishing is considered to be a serious violation of the Anti-Abuse Policy owing to its fraudulent exploitation of consumer vulnerabilities for the purposes of financial gain. Given the direct relationship between phishing uptime and extent of harm caused, we recognise the urgency required to execute processes that handle phish domain termination in a timely and cost effective manner. Accordingly, the ARI Abuse and Compliance Team will prioritise all reports of phishing from brand

owners, anti-phishing providers or otherwise and carry out the appropriate mitigation response within 12 hours in accordance with the SLA's in place between us and ARI. In addition, since a majority of phish domains are subdomains, we believe it is necessary to ensure that subdomains do not represent an unregulated domain space to which phishers are known to gravitate. Regulation of the subdomain space is achieved by holding the registrant of the parent domain liable for any actions that may occur in relation to subdomains. In reality, this means that where a subdomain determined to be used for phishing is identified, the parent domain may be suspended and possibly cancelled, thus effectively neutralising every subdomain hosted on the parent. In our RRA we will require that Registrars ensure that their Registration Agreements reflect our ability to address phish subdomains in this manner.

#### 4.4.4 Executing LEA Instructions

We understand the importance of our role as a registry operator in addressing consumer vulnerabilities and are cognisant of our obligations to assist LEAs, government and quasi-governmental agencies in the execution of their responsibilities. As such, we will make all reasonable efforts to ensure the integration of these agencies into our processes for the identification and handling of abuse by, amongst other things:

1. Providing expedited channels of communication (discussed above).
2. Notifying LEA of abusive behaviour believed to constitute evidence of a commission of a crime eg distribution of child pornography.
3. Sharing all available information upon request from LEA utilising the expedited process, including results of our investigation.
4. Providing bulk WhoIs information upon request from LEA utilising the expedited process.
5. Acting on instructions from a verified reporting agency.

It is anticipated that these actions will assist agencies in the prevention, detection, investigation, prosecution or punishment of criminal offences or breaches of laws imposing penalties. The relevant agencies are not limited to those enforcing criminal matters but may also include those enforcing civil matters in order to eliminate consumer vulnerabilities.

Upon notification of abusive behaviour by LEA, government or quasi- governmental agencies through the expedited process and verification of the reporting agency, a matter will be immediately communicated to us for our consideration. If we do not instruct ARI to refer the matter to us for our resolution, the CMS ticket will be forwarded to the ARI Abuse and Compliance Team, which will take one of the following actions:

1. The reported behaviour will be subject to preliminary assessment and categorisation as described above. The reported behaviour will then be mitigated based on the results of the categorisation. A report describing the manner in which the notification from the agency was handled will be provided to the agency within 24 hours. This report will be recorded against the relevant CMS ticket.

OR

2. Where specific instructions are received from the reporting agency in the required format, ARI will act in accordance with those instructions provided that they do not result in the contravention of applicable law. ARI will, in accordance with their contractual commitment to us in the form of SLA's, execute such instructions within 12 hours. The following criteria must be satisfied by the reporting agency at this stage:

- a. The request must be made in writing to ARI using a Pro Forma document on the agency's letterhead. The Pro Forma document will be sent to the verified agency upon request.

- b. The Pro Forma document must be delivered to ARI by fax.

- c. The Pro Forma document must:

- i. Describe in sufficient detail the actions the agency seeks ARI to take.
- ii. Provide the domain name/s affected.
- iii. Certify that the agency is an 'enforcement body' for the purposes of the Privacy Act 1988 (Cth) or local equivalent.
- iv. Certify that the requested actions are required for the investigation and/or enforcement of relevant legislation which must be specified.

- v. Certify that the requested actions are necessary for the agency to effectively carry out its functions.

Following prompt execution of the request, a report will be provided to the agency in a timely manner. This report will be recorded against the relevant CMS ticket.

Finally, whilst we do not anticipate the occurrence of a security situation owing to our robust systems and processes deployed to combat abuse, we are aware of the availability of the Expedited Registry Security Request Process to inform ICANN of a present or imminent security situation and to request a contractual waiver for actions we might take or have taken to mitigate or eliminate the security concern.

## 5 RESOURCES

This function will be performed by ARI. Abuse services are supported by the following departments:

- Abuse and Compliance Team (6 staff)
- Development Team (11 staff)
- Service Desk (14 staff)

A detailed list of the departments, roles and responsibilities in ARI is provided as attachment 'Q28 - ARI Background & Roles.pdf'. This attachment describes the functions of the above teams and the exact number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a wealth of experience in estimating the number of resources required to support a registry system.

Based on past experience ARI estimates that the existing staff is adequate to support a registry system that supports in excess of 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q28 - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required.

ARI's Anti-Abuse Service serves to prevent and mitigate abusive behaviour in the TLD as well as activities that may infringe trademarks. These responsibilities will be undertaken by three teams. ARI's Development Team will be responsible for developing the technical platforms and meeting technical requirements needed to implement the procedures and measures adopted to mitigate the potential for abuse, identify abuse and handle identified abuse. ARI's Abuse and Compliance Team will be responsible for the ongoing implementation of measures to minimise abusive registrations and other activities that have a negative impact on Internet users. ARI's Service Desk will be responsible for responding to reports of abuse received through the abuse point of contact on the registry's website and logging these in a ticket in ARI's case management system.

The responsibilities of these teams relevant to the initial implementation and ongoing maintenance of our measures to minimise abusive registrations and other activities that affect the rights of trademark holders are described in our response to Question 29.

All of the responsibilities undertaken by ARI's Development Team, Abuse and Compliance Team, and Service Desk are inclusive in ARI's Managed TLD Registry services fee, which is accounted for as an outsourcing cost in our response to Question 47. The resources needs of these teams have been determined by applying the conservative growth projections for our TLD (which are identified in our response to Question 48) to the team's responsibilities at start-up and on an ongoing basis.

#### 5.1 ARI Development Team

All tools and systems needed to support the initial and ongoing implementation of measures adopted to mitigate the potential for abuse, identify abuse and handle identified abuse will be developed and maintained by ARI. ARI has a software development department dedicated to this purpose which will ensure that the tools are fit for purpose and adjusted as requirements change.

ARI's Development Team participate actively in the industry; this facilitates collaboration with relevant organisations on abuse related issues and ensures that the ARI Development Team is responsive to new and emerging domain name abuses and the tools and systems required to be built to address these abuses. This team consists of:

- 1 Development Manager
- 2 Business Analysts
- 6 Developers
- 2 Quality Analysts

#### 5.2 ARI Abuse and Compliance Team

ARI's Abuse and Compliance Team will be staffed by six full-time equivalent positions. These roles will entail the following:

**Policy Compliance Officers:** A principal responsibility of the Policy Compliance Officers will be handling notifications of abuse through the SAPOC. This will involve managing the expedited process, identifying and categorising suspected abuse according to our Anti-Abuse Policy, and carrying out the appropriate mitigation response for all categorised abuses. When abuse is identified, Policy Compliance Officers will investigate other domain names held by a registrant whose domain name is subject to a mitigation response. They will maintain a list of and disqualify registrants found to have repeatedly engaged in abusive behaviour. They will also be responsible for analysing registry data in search of behaviours indicative of abuse, reviewing industry lists in search of data that may

identify abuse in the TLD.

Another key responsibility of Policy Compliance Officers will be implementing measures to promote WhoIs accuracy (including managing and addressing all reports of inaccurate WhoIs information received from the web submission service) and verifying the physical address provided by a registrant against various databases for format and content requirements for the region.

Policy Compliance Officers will act on the instructions of verified LEA and Dispute Resolution Providers and participate in ICANN and industry groups involved in the promulgation of policies and best practices to address abusive behaviour. They will escalate complaints and issues to the Legal Manager when necessary and communicate with all relevant stakeholders (Registrars, registrants, LEA, general public) as needed in fulfilling these responsibilities. This role will be provided on a 24/7 basis, supported outside of ordinary business hours by ARI's Service Desk.

Policy Compliance Officers will be required to have the following skills/qualifications: customer service/fault handling experience, comprehensive knowledge of abusive behaviour in a TLD and related policies, Internet industry knowledge, relevant post-secondary qualification, excellent communication and professional skills, accurate data entry skills, high-level problem solving skills, and high-level computer skills.

**Legal Manager:** The Legal Manager will be responsible for handling all potential disputes arising in connection with the implementation of ARI's Anti-Abuse service and related policies. This will involve assessing escalated complaints and issues, liaising with Legal Counsel and the registry operator, resolving disputes and communicating with all relevant stakeholders (Registrars, registrants, LEA, general public) as needed in fulfilling these responsibilities. The Legal Manager will be responsible for forwarding all matters requiring determination by the registry operator which fall outside the scope of ARI's Anti-Abuse functions. The Legal Manager will be required to have the following skills/qualifications: legal background (in particular, intellectual property/information technology law) or experience with relevant tertiary or post graduate qualifications, dispute resolution experience, Internet industry experience, strong negotiation skills, excellent communication and professional skills, good computer skills, high-level problem solving skills.

**Legal Counsel:** A qualified lawyer who will be responsible for all in-house legal advice, including responding to LEA and dealing with abusive behaviour.

The team consists of:

- 4 Policy Compliance Officers
- 1 Legal Manager
- 1 Legal Counsel

### 5.3 ARI Service Desk

ARI's Service Desk will be staffed by 14 full-time equivalent positions. Responsibilities of Service Desk relevant to ARI's Anti-Abuse Service include the following: responding to notifications of abuse through the abuse point of contact and expedited process for LEA, logging notifications as a ticket in ARI's case management system, notifying us of a report received through the expedited process for LEA, government and quasi-governmental agencies, and forwarding tickets to ARI's Abuse and Compliance team for resolution in accordance with the Anti-Abuse Policy.

For more information on the skills and responsibilities of these roles please see the in-depth resources section in response to Question 31.

Based on the projections and the experience of ARI, the resources described here are more than sufficient to accommodate the needs of this TLD.

The use of these resources and the services they enable is included in the fees paid to ARI which are described in the financial responses.

## 29. Rights Protection Mechanisms

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q29 - ARI Background & Roles.pdf'.

### 1 INTRODUCTION

This response is organised by first addressing the RPMs that we will apply during start-up of our TLD (sunrise and trademark claims service) and then by addressing the RPMs that we will apply on an ongoing basis (URS, UDRP and efforts to avoid infringement trademark infringement including implementation of and compliance with the Trademark PDDRP). Each measure is described and the technological and contractual steps needed for its implementation are identified.

The abusive behaviour primarily targeted by these RPMs is cybersquatting, which is the registration of names constituting trademarks by registrants lacking rights in such trademarks. Cybersquatting is



one of the many forms of abuse we will seek to minimise in our TLD. Our approach to combating abusive behaviours other than cybersquatting is described in our response to Question 28. Some overlap between the responses to Questions 28 and Question 29 is inherent because the prevention of cybersquatting can also serve to minimise other abusive behaviours such as phishing and pharming. By implementing the RPMs discussed below we thus aim to minimise not only cybersquatting but also some of the abusive behaviours identified in the response to Question 28. The registration policy of our TLD is described in our response to Question 18.

We acknowledge that the legal rights protected by ICANN-mandated RPMs are limited to trademarks. Different RPMs define the scope of protectable trademarks slightly differently; we therefore clearly identify the scope of protectable marks as respects each RPM.

In addition to the RPMs mandated by the Applicant Guidebook, we have also adopted certain requirements proposed in the '2011 Proposed Security, Stability and Resiliency Requirements for Financial TLDs' (at <http://www.icann.org/en/news/correspondence/aba-bits-to-beckstrom-crocker-20dec11-en.pdf>) (the 'BITS Requirements'). We acknowledge that these requirements were developed by the financial services sector in relation to financial TLDs, but nevertheless believe that their adoption in this TLD (which is not financial-related) results in a more robust approach to combating abuse.

In particular, we will adopt the following:

Requirement 6: we will certify annually to ICANN our compliance with our Registry Agreement.

Requirement 8: we will provide and maintain valid primary contact information (name, email address, and phone number) on our registry website.

Requirement 10: we will re-validate our Registry-Registrar Agreements at least annually.

Requirement 13: we will notify Registrars immediately regarding any RPM investigation or compliance action including the nature of the investigation or compliance action by ICANN or any outside party (eg, law enforcement etc).

We will additionally require through our Registry-Registrar Agreement (RRA) that Registrars comply with the following:

Requirement 7: Registrars must certify annually to ICANN their compliance with ICANN's Registrar Accreditation Agreement (RAA).

Requirement 9: Registrars must provide and maintain valid primary contact information (name, email address, and phone number) on their website.

Requirement 19: Registrars must disclose registration requirements on their website.

## 2 START-UP RPMS

Below we identify our start-up RPM timeline and describe our implementation of:

- A sunrise period.
- The trademark claims service ('TM claims service') during a landrush period.

### 2.1 Start-up RPMs Timeline

The timeline for start-up RPMs in our TLD is as follows:

- Day 1: Single sunrise round opens
- Day 30: Sunrise round closes
- Day 31: Sunrise allocation begins
- Day 40: Landrush (including TM claims service) opens
- Day 100: Landrush closes
- Day 101: Landrush allocation begins
- Day 110: General availability begins

### 2.2 Sunrise Registration Service

Our sunrise will provide trademark holders with a 30-day priority period in which to register their trademarks as domain names.

The following stakeholders are involved in implementation of the sunrise registration service:

- TMCH Service Provider/s
- Trademark owner prospective domain name registrants
- Registrars
- Registry operator
- Auction provider

The role played by these stakeholders is described below by reference to:

- A summary of our Sunrise Policy and Sunrise Dispute Resolution Policy (SDRP)
- Our Sunrise Implementation Plan
- Our SDRP Implementation Plan
- Our implementation of sunrise and SDRP through contractual relationships

#### 2.2.1 Sunrise Policy Summary and SDRP Summary

Through our Sunrise Policy we will offer a single, 30-day sunrise round in which trademark holders satisfying (i), (iii) and (iv) of the Sunrise Eligibility Requirements (SERs) and any general eligibility requirements (as identified in our response to Question 18) proposed in the Applicant Guidebook at Trademark Clearinghouse s6.2.3 will be eligible to apply for a domain name. Our Sunrise Policy will specify that applications satisfying the SERs received by a Registrar within the 30-day sunrise period will be accepted for participation in the sunrise. This will be the first opportunity for registration in our TLD.

Our Sunrise Policy will mandate that the trademarks upon which sunrise applications are based must fall within s7.2 of the Applicant Guidebook (Trademark Clearinghouse) and be supported by an entry in the TMCH.

Consistent with Requirement 2 of the BITS Requirements, our Sunrise Policy will describe how we will allocate domain names applied for during the sunrise period, as follows: allocation will start at the end of the 30-day sunrise period. Where only one validated application is received for a domain name, that domain will be allocated to the applicant during the 10-day period between the close of the sunrise applications period and start of the landrush. Where multiple validated applications are received for a domain name, applicants will be invited to participate in an auction to determine the party to which the domain will be allocated. Our Sunrise Policy will specify that by making a sunrise application (or, where relevant, by agreeing to participate in an auction), the applicant agrees to purchase the domain if it is allocated to the applicant. Domain names registered during the sunrise period will have a term of one year from the date of registration.

We will adopt an SDRP to allow any party to raise a challenge on the four grounds identified in the Applicant Guidebook at Trademark Clearinghouse, s6.2.4. The remedy will be cancellation or deletion of a successfully challenged domain. All registrants will be required to submit to proceedings under the SDRP. Our SDRP will specify that SDRP claims may be raised after registration of a sunrise domain and will require that complaints clearly identify the challenger, the challenged domain, and the ground/s on which the complaint is based.

If a TMCH service provider is not able to receive challenges directly as part of its undertaking to 'maintain the SERs, validate and authenticate marks, as applicable, and hear challenges' (Applicant Guidebook at Trademark Clearinghouse, s6.2.5), ARI will receive SDRP challenges and communicate these to the SDRP provider.

### 2.2.2 Implementation

Our Sunrise and SDRP Implementation Plan are set out below followed by a description of the implementation that will take place through contractual relationships.

#### 2.2.2.1 Sunrise Implementation Plan

1. Prior to or during our 30-day sunrise period, trademark holders can apply for validation of marks by the TMCH and inclusion of validated marks in the TMCH database.
2. ARI will develop a website and make available on that website our Sunrise Policy and SDRP.
3. A trademark holder warranting satisfaction of the SERs in our Sunrise Policy (as described above) will submit to an ICANN-accredited Registrar its application to register a domain corresponding to its TMCH entry with evidence of the TMCH entry. A non-refundable sunrise application/validation fee will be payable by the applicant to the Registrar on submitting the application.
4. Registrars will be required through our RRA to communicate sunrise application information to ARI. On receipt of this information, ARI will charge the sunrise application/validation fee to the submitting Registrar.
5. ARI will perform standard checks (including IDN validity checks where relevant, reserved and restricted words in accordance with the Registry Agreement, composition requirements, etc) to ensure that the domain being applied for is technically valid; an error message will be returned to the Registrar if the domain fails any of these checks. If the domain passes these checks, ARI will hold the application for allocation.
6. Allocation will commence upon conclusion of the 30-day sunrise period. As an initial step, ARI will compile a list of applied-for names and reserve these from registration in landrush and general availability.
7. Through an interface with the TMCH, ARI will identify all sunrise applications constituting an 'Identical Match' (as defined in the Applicant Guidebook at Trademark Clearinghouse s6.1.5) with a TMCH entry and provide notice to the holders of those marks of the filing of a corresponding sunrise application.
8. Where a single application exists for a particular domain, between the end of the sunrise application period and start of the landrush period ARI will enable the sponsoring Registrar to CREATE (using EPP or the SRS web interface) the domain and charge the sunrise registration fee to the Registrar, who will collect this fee from the registrant.
9. Where multiple sunrise applications exist for an identical domain name, ARI will compile and communicate to a third-party auction services provider a list of competing applicants, who will be invited to participate in an auction.

10. The auction services provider will facilitate the auction process and upon its completion will notify all participants of the outcome and collect the auction payment from the winning participant.

11. Upon payment of the auction bid, the auction services provider will communicate to ARI the details of the winning auction participant and submit the revenue collected to ARI.

12. ARI will validate the communication from the auction services provider and enable the sponsoring Registrar to CREATE (using EPP or the SRS web interface) the domain name. ARI will charge the sunrise registration fee to the auction winner's Registrar, who will collect this fee from the registrant.

#### 2.2.2.2 SDRP Implementation Plan

1. If a TMCH service provider is not able to directly receive complaints under our SDRP, we will specify in our SDRP the email address to which SDRP filings must be sent. This email address will be monitored by ARI's Abuse and Compliance Team.

2. ARI will develop a process of manual or automatic interface with the TMCH to communicate the SERs and any SDRP challenges received by ARI. This interface will also enable the TMCH Service Provider to notify ARI of successful SDRP challenges.

3. Upon notification from a TMCH service provider of a successful SDRP challenge, ARI will cancel or delete the successfully challenged domain.

#### 2.2.2.3 Implementation through Contractual Relationships

The following features of the Sunrise and SDRP implementation plan described above will be executed by inclusion of corresponding clauses in our RRA, which will require inclusion in Registrars' Registration Agreements:

- By making a sunrise application (or, where relevant, by agreeing to participate in an auction), applicant agrees to purchase the domain name if that name is allocated to the applicant.
- The sunrise application fee is non-refundable.
- All sunrise applicants must submit to proceedings under the SDRP.

#### 2.3 TM Claims Service During Landrush

Ten days after the day that sunrise allocations begin, a 60-day landrush period will commence during which we will offer the TM claims service. This is a service whereby prospective domain name registrants receive notice of existing trademark rights matching their applied-for domain and trademark owners receive notice of domain name registrations matching their trademark. In accordance with the Applicant Guidebook, our TM claims service will be supported exclusively by the TMCH and will recognise and honour all word marks falling within the Applicant Guidebook at Trademark Clearinghouse s7.1.

The following stakeholders are involved in implementation of the TM claims service:

- TMCH Service Provider/s
- Trademark owners
- Landrush domain name applicants
- Landrush domain name registrants
- Registrars
- Registry operator

The role played by these stakeholders is described below by reference to:

- Our Landrush/TM Claims Service Implementation Plan
- Our implementation of Landrush/TM Claims Service through contractual relationships

Consistent with Requirement 2 of the BITS Requirements, the Landrush/TM Claims Service Implementation Plan identifies how we will allocate domain names applied for during the landrush.

#### 2.3.1 Implementation

Our Landrush/TM Claims Service Implementation Plan is set out below followed by a description of the implementation that will take place through contractual relationships.

##### 2.3.1.1 Landrush/TM Claims Service Implementation Plan

1. Prior to or during our 60-day landrush period trademark holders can apply for validation of their marks by the TMCH and inclusion of validated marks in the TMCH database. This will enable provision of notice to landrush applicants of entries in the TMCH and provision of notice to trademark holders of registrations matching TMCH entries (how and by whom this will be achieved is detailed in subsequent steps of this implementation plan).

2. An applicant warranting compliance with the registration policies in this TLD (as described in our response to Question 18) will make an application to an ICANN-accredited Registrar for a domain name during the 60-day landrush period. A non-refundable landrush application/validation fee will be payable by the applicant to the Registrar on submitting the application.

3. Registrars will be required through our RRA to communicate landrush application information to ARI. On receipt of this information, ARI will charge the landrush application/validation fee to the submitting Registrar.

4. Registrars will be required through our RRA to interface with the TMCH to determine whether an applied-for domain constitutes an 'Identical Match' with a mark in the TMCH. If an 'Identical Match' is identified, the Registrar will provide to the landrush applicant a TM Claims Notice in the form prescribed by the Applicant Guidebook. Following receipt of this notice a landrush applicant must communicate to the Registrar its decision either to proceed with or abandon the application. If the applied-for name does not constitute an 'Identical Match' with a trademark in the TMCH, no TM Claims Notice will be generated.
5. ARI will utilise the manual or automatic interface it establishes for implementation of the SDRP (described above in 'Implementation Plan') to facilitate reporting by the TMCH of attempts to register domains that are an 'Identical Match' with a trademark (within the scope of the Applicant Guidebook at Trademark Clearinghouse s7.1) in the TMCH database.
6. ARI will perform standard checks (including IDN validity checks where relevant, reserved and restricted words in accordance with the Registry Agreement, composition requirements, etc) on all landrush applications (irrespective of whether they have generated a TM Claims Notice) to ensure that the domain being applied for is technically valid and an error message will be returned to the Registrar if the domain fails any of these checks. If the domain passes these checks, ARI will hold the application for allocation.
7. Allocation of landrush applications will commence on conclusion of the 60-day landrush application period. Where a single landrush application exists for a particular domain, between the end of the landrush application period and start of general availability, ARI will enable the sponsoring Registrar to CREATE (using EPP or the SRS web interface) the domain and charge the landrush registration fee to the Registrar, who will collect this fee from the registrant.
8. Where multiple landrush applications exist for an identical domain, ARI will compile and communicate to a third-party auction services provider a list of competing applicants, who will be invited to participate in an auction for the domain name.
9. The auction services provider will facilitate the auction process and on its completion will notify all participants of the outcome and collect payment from the winning participant.
10. Upon payment of the auction bid the auction services provider will communicate to ARI the details of the winning participant and will submit the revenue collected to ARI.
11. ARI will validate the communication from the auction services provider and enable the auction winner's Registrar to CREATE (using EPP or the SRS web interface) the domain name. ARI will charge the landrush registration fee to the Registrar, who will collect this fee from the registrant.
12. The Registrar will be required through our RRA to interface with the TMCH to promptly notify relevant mark holders of the registration of a domain constituting an 'Identical Match' to their TMCH entry.
13. Ten days after the start of the landrush allocation period, general availability of domain names (at first-come, first-served allocation) will commence.

#### 2.3.1.2 Implementation through Contractual Relationships

The following features of our Landrush/TM Claims Service Implementation Plan described above will additionally be executed by the inclusion of corresponding clauses in our RRA:

- Registrars must use the TMCH as required by ICANN and the TMCH Service Provider/s.
- Registrars must not in their provision of the TM Claims Service make use of any trademark information aggregation, notification or validation service other than the TMCH.
- In order to prevent a chilling effect on registration, Registrars must ensure that landrush applicants are not prevented from registering domains considered an 'Identical Match' with a mark in the TMCH.
- Registrars must provide clear notice in the specific form provided by the Applicant Guidebook to the prospective registrant of relevant entries in the TMCH.
- The landrush application fee is non-refundable. Registrars must also include this in their Registration Agreements.

### 3 ONGOING RPMS

Below we describe the way in which we will implement on an ongoing basis the URS and UDRP and address issues related to the Trademark PDDRP. These RPMS serve to mitigate not only cybersquatting but other types of abuse that frequently occur in conjunction with cybersquatting, such as phishing and pharming.

#### 3.1 URS

The URS is a new RPM the implementation of which is mandated in all new gTLDs. The URS is targeted at providing a rapid takedown solution to clear-cut cases of cybersquatting. It is intended to have a deterrent effect and reduce the number of UDRP disputes.

The URS is intended to supplement and not replace the UDRP, and the Applicant Guidebook foreshadows (at URS ss8.6 and 13) the likelihood of URS claimants also commencing UDRP claims. For this reason,

we have considered in our URS Implementation Plan the potential interaction between URS stakeholders and UDRP stakeholders.

The following stakeholders are involved in implementation of the URS:

- URS claimants (holders of valid and enforceable trade or service marks)
- Registrants
- Registrars
- Registry operator
- URS provider/s
- URS Examiner

The role played by these stakeholders is described below by reference to:

- Our URS Implementation Plan
- Our implementation of the URS through contractual relationships

Our URS Implementation Plan identifies certain aspects of implementation that are not clearly addressed in the Applicant Guidebook. For example, the Guidebook does not specify how, from an operational perspective, suspension of a domain name will transform to another domain name status (eg the transfer of a domain following a successful UDRP challenge); we assume that such a status change would only occur upon expiry of the registration, but acknowledge the potential for further development of URS policy to allow for change of status as a result of a subsequent UDRP decision. In addition to identifying such gaps, our URS Implementation Plan identifies our proposed method of addressing these. Furthermore, understanding that a fundamental aim of the URS is expediency, all of the steps in our Implementation Plan below will be undertaken as soon as practical but without compromising security or accuracy.

### 3.1.1 Implementation

Our URS Implementation Plan is set out below followed by a description of the implementation that will take place through contractual relationships.

#### 3.1.1.1 URS Implementation Plan

1. As an initial step, ARI will notify to each URS provider an email address for all URS-related correspondence. On an ongoing basis, ARI's Abuse and Compliance Team will monitor this address for communications from URS providers, including the Notice of Complaint, Notice of Default, URS Determination, Notice of Appeal and Appeal Panel Findings.
2. ARI will validate correspondence from a URS provider to ensure that it originates from the URS Provider.
3. ARI will within 24 hours of receipt of a URS Notice of Complaint lock the domain name/s the subject of complaint by restricting all changes to the registration data, including transfer and deletion of the domain. The domain will continue to resolve while in this locked status.
4. ARI will immediately notify the URS provider in the manner requested by the URS provider once the domain name/s have been locked.
5. Upon receipt of a favourable URS Determination ARI will lock the domain name the subject of the Determination for the balance of the registration period and redirect the nameservers to an informational web page provided by the URS provider. While a domain name is locked, ARI will continue to display all of the WhoIs information of the original registrant except for the redirection of the nameservers and (subject to future policy development taking into account the transfer of a URS-locked domain name following a successful UDRP challenge) the additional statement that the domain will not be able to be transferred, deleted or modified for the life of the registration.
6. Upon receipt of notification from the URS provider of termination of a URS proceeding ARI will promptly unlock the domain and return full control to the registrant.
7. Where a default has occurred (because a registrant has not submitted an answer to a URS complaint in accordance with the Applicant Guidebook at URS s6.1) and a Determination has been made in favour of the complainant, in the event that ARI receives notice from a URS provider that a Response has been filed in accordance with the Applicant Guidebook at URS s6.4, ARI will as soon as practical restore a domain to resolve to the original IP address while preserving its locked status until a Determination from de novo review is notified to ARI.
8. ARI will ensure that no changes are made to the resolution of a registration the subject of a successful URS Determination until expiry of the registration or the additional registration year unless otherwise instructed by UDRP provider.
9. ARI will make available to successful URS complainants an optional extension of the registration period for one additional year at commercial rates. We understand that this requirement has been based on the provision in the Expired Domain Deletion Policy (3.7.5.7 of the 2009 RAA), under which there is no requirement of notification to the complainant that a name is due to expire. From this we conclude that there is likewise no requirement in the operation of our TLD that ARI notify a successful URS complainant that a name is due to expire.
10. The Applicant Guidebook specifies that renewal must be offered 'at commercial rates' but it does

not specify how and to whom payment for renewal should be made. If payment is to be made to a stakeholder other than the registry operator, it is not clear how this will be received by the registry operator. ARI's Abuse and Compliance Team will be prepared and have the expertise and flexibility necessary to develop the technical and financial interfaces necessary to facilitate the receipt of renewal fees by ARI.

#### 3.1.1.2 Implementation of the URS through Contractual Relationships

The following features of our URS Implementation Plan described above will be executed by inclusion of corresponding clauses in our RRA:

- In the event that a registrant does not submit an answer to a URS complaint in accordance with the Applicant Guidebook at URS s6.1 (default), Registrars must prevent registrants from making changes to the WhoIs information of a registration while it is in default.
- Registrars must prevent changes to a domain it is in locked status to ensure that both the Registrar's systems and registry's systems contain the same information for the locked domain.
- Registrars must not take any action relating to a URS proceeding except as in accordance with a validated communication from ARI or URS provider.

### 3.2 UDRP

The UDRP is applicable to domain name registrations in all new gTLDs. It is available to parties with rights in valid and enforceable trade or service marks and is actionable on proof of all of the following three grounds:

- i. The registrant's domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights.
- ii. The registrant has no rights or legitimate interests in respect of the domain name.
- iii. The registrant's domain name has been registered and is being used in bad faith.

Available remedies are cancellation of a domain or transfer of a domain to a successful UDRP claimant.

The following stakeholders are involved in implementation of the UDRP:

- UDRP claimants
- Registrants
- Registrar
- Registry operator
- UDRP providers

The role played by these stakeholders is described below by reference to:

- Our UDRP Implementation Plan
- Our implementation of the UDRP through contractual relationships

Our UDRP Implementation Plan considers the potential overlap between URS implementation and UDRP implementation because we consider it likely that URS complainants may commence UDRP claims as a second recourse or simultaneously. We note that neither policy prohibits complainants from commencing proceedings simultaneously.

#### 3.2.1 Implementation

Our UDRP Implementation Plan is set out below followed by a description of the implementation that will take place through contractual relationships.

##### 3.2.1.1 UDRP Implementation Plan

Our UDRP Implementation Plan focuses on interaction with Registrars because there is currently no interaction between existing gTLD registry operators and UDRP providers. On this basis we anticipate ARI has two responsibilities to facilitate Registrars' implementation of the UDRP.

1. ARI's Development Team (as described in '4 RESOURCES') will maintain awareness of UDRP requirements and be capable of taking action when required and sufficiently skilled and flexible to respond to any changes to UDRP policy.
2. ARI will provide EPP and the SRS web interface to enable Registrars to perform required UDRP functions in accordance with the Policy on Transfer of Registrations between Registrars.

##### 3.2.1.2 Implementation of the UDRP through Contractual Relationships

The UDRP is applicable to domain name registrations in all new gTLDs by force of a contractual obligation (Registry Agreement Art. 2.9) on registry operators to use only ICANN-accredited Registrars, who in turn are contractually required (RAA, 21 May 2009, at s3.8) to incorporate the UDRP in their Registration Agreements.

### 3.3 Preventing Trademark Infringement in Operating the Registry

We take seriously our responsibilities in running a registry and understand that while offering a sunrise registration service and TM Claims Service during start-up of our TLD and the URS and UDRP on an ongoing basis serves to minimise abuse, this does not necessarily serve to minimise trademark

infringement in our operation of the TLD. This responsibility is now clearly placed on registry operators through the new Trademark PDDRP, which targets infringement arising from the registry operator's manner of operation or use of its TLD.

While we will as required by the Registry Agreement agree to participate in all Trademark PDDRP procedures and be bound by resulting determinations, we will also have in place procedures to identify and address potential conflicts before they escalate to the stage of a Trademark PDDRP claim.

The following stakeholders are involved in our implementation of measures to prevent trademark infringement in operation of the TLD:

- Trademark holders
- Registry operator
- Trademark PDDRP provider/s

The role played by these stakeholders is described below by reference to:

- Our Trademark PDDRP Implementation Plan
- Our implementation of our Trademark PDDRP through contractual relationships

### 3.3.1 Implementation

Our Trademark PDDRP Implementation Plan is set out below followed by a description of the implementation that will take place through contractual relationships.

#### 3.3.1.1 Trademark PDDRP Implementation Plan

1. ARI will notify to the Trademark PDDRP provider/s contact details for all communications regarding the Trademark PDDRP.

2. As described in our response to Question 28, ARI will publish our Anti-Abuse Policy on a website dedicated to abuse handling in our TLD. Consistent with Requirement 8 of the BITS Requirements, this website will include information necessary to enable trademark holders to raise concerns regarding infringement of their trademarks and resultant harm caused by our operation or use of our TLD.

3. Using the single abuse point of contact (SAPOC) discussed in our response to Question 28, a complainant can notify ARI's Service Desk of its belief that one or more of its marks have been infringed and harm caused by our operation or use of our TLD. The complainant will be required to provide the following information:

- Name of the complainant
- Contact details
- Trademark name
- Jurisdiction
- Registration date
- Registration number
- Nature of entitlement to trademark
- Explanation of why complainant believes that its mark has been infringed and harm caused by our operation or use of the TLD

4. ARI's Service Desk will receive complaints submitted through the SAPOC on a 24/7 basis and generate a ticket in ARI's case management system (CMS). The details of the complaint (which will at a minimum include the information above) will be documented using a standard information gathering template and forwarded to ARI's Abuse and Compliance Team.

5. Upon receipt of a complaint, the Abuse and Compliance Team will conduct a preliminary assessment to ensure that a complaint is not spurious. If it is determined that a complaint is not spurious, a member of the team will use the contact details provided in the complaint to acknowledge receipt of the complaint and commence investigation of the subject matter of the complaint and good faith negotiations with the complainant in accordance with the Applicant Guidebook at Trademark PDDRP s7.2.3(d). The results of this preliminary assessment and subsequent actions taken will be recorded against the CMS ticket.

6. On an ongoing basis, ARI's Abuse and Compliance Team will monitor the email address notified to the Trademark PDDRP provider/s for all communications from the Trademark PDDRP provider, including threshold determination, Trademark PDDRP complaint, complainant's reply, notice of default, expert panel determination, notice of appeal and determination of an appeal panel.

7. In the event that a complaint cannot be resolved and a Trademark PDDRP claim is made, ARI's Abuse and Compliance Team will do the following:

- File a response to the complaint in accordance with the Applicant Guidebook at Trademark PDDRP s10 thus avoiding (whenever possible) default.
- Where appropriate, undertake discovery in compliance with the Applicant Guidebook at Trademark PDDRP s15, attend hearings raised under s16 if required, and gather evidence in compliance with ss20.5 and 20.6.

8. ARI's Abuse and Compliance Team will upon notification of an Expert Panel finding in favour of the Claimant (Applicant Guidebook at Trademark PDDRP s14.3), reimburse the Claimant.

9. ARI will implement any remedial measures recommended by the expert panel pursuant to the Applicant

Guidebook at Trademark PDDRP s18.3.1 and take all steps necessary to cure violations found by the expert panel (s18.3.2) and notified by ICANN (s21.3).

### 3.3.2 Implementation of Trademark PDDRP through Contractual Relationships

All new gTLD registry operators are bound to comply with the Trademark PDDRP by Specification 7, cl 2 of the Registry Agreement. In accordance with Requirement 6 of the BITS Requirements, we will certify annually to ICANN our compliance with our Registry Agreement.

## 4 RESOURCES

ARI's abuse services are supported by the following departments:

- Abuse and Compliance Team (6 staff)
- Development Team (11 staff)
- Service Desk (14 staff)

A detailed list of the departments, roles and responsibilities in ARI is provided as attachment 'Q29 - ARI Background & Roles.pdf'. This attachment describes the functions of these teams and the exact number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a wealth of experience in estimating the number of resources required to support a registry system. Based on past experience ARI estimates that the existing staff is adequate to support a registry system that supports in excess of 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q29 - Registry Scale Estimates & Resource Allocation.xlsx' for more information. ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required.

The measures described in the context of the responses to Question 28 and Question 29 - which serve to prevent and mitigate abusive behaviour in the TLD as well as activities that may infringe trademarks - will be implemented and managed by ARI on our behalf. These responsibilities will be undertaken by two teams. ARI's Development Team will be responsible for developing the technical platforms and meeting technical requirements needed to implement the RPMs discussed above. ARI's Abuse and Compliance Team will be responsible for the ongoing operations of measures to minimise abusive registrations and other activities that affect trademark rights recognised through RPMs. ARI's Service Desk will be responsible for responding to reports of trademark infringement received through the abuse point of contact on the Registry's website and logging these in a ticket in ARI's case management system.

The responsibilities of these teams relevant to the initial implementation and ongoing maintenance for our measures to minimise the potential in our TLD for abuse not specifically affecting trademark rights are described in our response to Question 28.

All of the responsibilities undertaken by ARI's Development Team, Abuse and Compliance Team, and Service Desk are inclusive in ARI's Managed TLD Registry services fee, which is accounted for as an outsourcing cost in our response to Question 47. The resource needs of these teams have been determined by applying the conservative growth projections for our TLD (as identified in our response to Question 48) to the teams' responsibilities at startup and on an ongoing basis.

### 4.1 ARI Development Team

All tools and systems used for the transmission and receipt of information related to RPMs will be developed and maintained by ARI. ARI has a Development Team dedicated to this purpose which will ensure that the tools are fit for purpose and adjusted as requirements change.

ARI will ensure that systems and tools will be compliant with the appropriate processes for dealing with Registrars, the TMCH, URS and Trademark PDDRP providers as these processes are defined. ARI has been and will remain active in the formulating of these processes, using its resources to remain current with the approved measures for exchange of any material relevant to RPMs, whether during sunrise, landrush or on an ongoing basis. This team consists of:

- 1 Development Manager
- 2 Business Analysts
- 6 Developers
- 2 Quality Analysts

### 4.2 ARI Abuse and Compliance Team

ARI's Abuse and Compliance Team will be staffed by five full-time equivalent positions:

- 4 Policy Compliance Officers
- 1 Legal Manager



Policy Compliance Officers will be responsible for managing sunrise and landrush applications, supporting the SDRP, TM Claims Service, URS, UDRP and Trademark PDDRP, managing communications with the TMCH, receiving, assessing and managing trademark infringement complaints received through the single abuse point of contact, escalating complaints and issues to the Legal Manager when necessary and communicating with all relevant stakeholders (Registrars, registrants, trademark holders, general public) as needed in fulfilling these responsibilities. This role will be provided on a 24/7 basis supported outside of ordinary business hours by ARI's Service Desk. Policy Compliance Officers will be required to have the following skills/qualifications: customer service/fault handling experience, complete knowledge of all RPMs offered by the TLD and related policies, Internet industry knowledge, relevant post-secondary qualification, excellent communication and professional skills, accurate data entry skills, high-level problem solving skills, and high-level computer skills.

The Legal Manager will be responsible for handling all potential disputes arising in connection with RPMs and related policies. This will involve assessing complaints and issues, liaising with legal counsel and management, resolving disputes and communicating with all relevant stakeholders (Registrars, registrants, trademark holders, general public) as needed in fulfilling these responsibilities. The Legal Manager will be required to have the following skills/qualifications: legal background (in particular, intellectual property/information technology law) or experience with relevant tertiary or post-graduate qualifications, dispute resolution experience, Internet industry experience, excellent communication, negotiation, problem solving and professional skills and good computer skills.

For more information on the skills and responsibilities of these roles, please see the in-depth resources section in response to Question 31.

Based on the projections and the experience of ARI, the resources described here are more than sufficient to accommodate the needs of this TLD.

The use of these resources and the services they enable is included in the fees paid to ARI, which are described in response to Question 47.

### **30(a). Security Policy: Summary of the security policy for the proposed registry**

We have engaged ARI Registry Services (ARI) to deliver services for this TLD. ARI provide registry services for a number of TLDs including the .au ccTLD. For more background information on ARI please see the attachment 'Q30a - ARI Background & Roles.pdf'. This response describes Security as implemented by ARI under direction from the registry operator taking into account any specific needs for this TLD.

#### **1 SECURITY POLICY SUMMARY**

ARI operates an ISO27001 compliant Information Security Management System (ISMS) for Domain Name Registry Operations; see attachment 'Q30a - SAI Global Certificate of Compliance.pdf'. The ISMS is an organisation-wide system encompassing all levels of Information Security policy, procedure, standards, and records. Full details of all the policies and procedures included in the ISMS are included in the attachment to Question 30b.

##### **1.1 The ISMS**

ARI's ISMS's governing policy:

- Defines the scope of operations to be managed (Domain Name Registry Operations).
- Designates the responsible parties (COO, CTO and Information Security Officer) for governance, Production Support Group for implementation and maintenance, and other departments for supporting services.
- Requires a complete Risk Assessment (a developed Security Threat Profile for the Service - in this case registry services for the TLD - and a Risk Analysis tracing threats and vulnerabilities through to Risks) and Risk Treatment Plan (each major risk in the Risk Assessment references the Statement of Applicability indicating controls to be implemented, responsible parties, and the effectiveness metrics for each).
- Includes a series of major sub policies governing security, which include but are not limited to:
  - ICT acceptable use policy and physical security policies.
  - PSG Security Policy which outlines the registry operations policies, the management of end-user devices, classification of networks and servers according to the classification of information they contain, networking, server & database configuration and maintenance guidelines, vulnerability and patch management, data integrity controls, access management, penetration testing, third party management, logging and monitoring, and cryptography.
- Requires ongoing review:

- Of risks, threats, the Risk Treatment Plan, client requirements and commitments, process and policy compliance, process and policy effectiveness, user etc.
- Regular internal and external penetration testing & vulnerability scanning.
- Ad-hoc review raised during normal operations, common sources being change management processes, scheduled maintenance or project debriefs, and security incidents.
- Yearly review cycle which includes both internal and external audits, including external surveillance audits for compliance.
- Additional yearly security controls assessment reviews, which include analysis of the security control implementations themselves (rather than compliance with any particular standard).
- At 24 month intervals, external penetration testing of selected production services.
- periodic ISO reaccreditation

ARI's ISMS encompasses the following ARI standards:

- Configuration standards for operating systems, networking devices and databases based on several key publications, including those released by NIST (eg SP800-123, SP800-44v2, SP-800-40, SP800-41) and the NSA, staff testing and experience, and vendor supplied standards.
- Security Incident Classification, which identifies the various classifications of security incidents and events to ensure that events that qualify as security incidents.
- Information Classification and Handling which specifies the information classification scheme and the specific requirements of handling, labelling, management and destruction for each level of classification.

## 1.2 SECURITY PROCESSES

Processes are used to implement the policies. These include, but are not limited to:

### 1.2.1 Change Management

This includes change management and its sub-processes for access management, software deployment, release of small changes and scheduled maintenance. This process includes:

- The classification of changes and the flow into sub processes by classification.
- The release and deployment process for change control into production environments, outlining peer review, testing steps, approval points, checklist sets, staging requirements and communication requirements.
- The software release and deployment process with its specific testing and staged rollout requirements.
- The scheduled maintenance process and its various review points.

### 1.2.2 Incident Management

This includes incident management process and its sub-process for unplanned outages. These outline:

- How incidents are managed through escalation points, recording requirements, communication requirements etc.

- The unplanned outage procedure which applies directly to situations where the registry itself or other critical services are unexpectedly offline.

### 1.2.3 Problem Management

The goal of problem management is to drive long term resolution of underlying causes of incidents. This process centres on finding and resolving the root causes of incidents. It defines escalation points to third parties or other ARI departments such as Development, as well as verification of the solution prior to problem closure.

### 1.2.4 Security Incident Management

This process deals with the specific handling of security incidents. It outlines the requirements and decision points for managing security incidents. Decision points, escalation points to senior management and authorities are defined, along with evidence-gathering requirements, classification of incidents and incident logging.

### 1.2.5 Access Management

This process handles all access changes to systems. HR must authorize new users, and access changes are authorized by departmental managers and approved by the Information Security Officer.

When staff leave or significantly change roles, a separation process is followed which ensures all access that may have been granted during their employment (not just their initially granted access) is checked and where appropriate, revoked.

Finally, quarterly review of all access is undertaken by the ISO, reviewing and approving or rejecting (with an action ticket) as appropriate.

## 2 ARI'S SECURITY INFRASTRUCTURE SOLUTIONS

ARI has developed a layered approach to IT security infrastructure. At a high level, some of the layers are as follows:

- DDoS countermeasures are employed outside ARI networks. These include routing traps for DDoS attacks, upstream provider intervention, private peering links and third party filtering services.
- Routing controls at the edge of the network at a minimum ensures that only traffic with valid routing passes into ARI networks.
- Overprovisioning and burstable network capabilities help protect against DoS and DDoS attacks.
- Network firewalls filter any traffic not pre-defined by network engineering staff as valid.
- Application layer firewalls then analyse application level traffic and filter any suspicious traffic. Examples of these would be an attempt at SQL injection, script injection, cross-site scripting, or session hijacking.
- Server firewalls on front-end servers again filter out any traffic that is not strictly defined by systems administrators during configuration as valid traffic.
- Only applications strictly necessary for services are running on the servers.
- These applications are kept up-to-date with the latest security patches, as are all of the security infrastructure components that protect them or that they run on.
- ARI infrastructure is penetration-tested by external tools and contracted security professionals for vulnerabilities to known exploits.
- ARI applications are designed, coded and tested to security standards such as OWASP and penetration-tested for vulnerabilities to common classes of exploits by external tools and contracted security professionals.
- ARI configures SELinux on its production servers. Specific details of this configuration is confidential; essentially any compromised application is extremely limited in what it can do.
- Monitoring is used to detect security incidents at all layers of the security model. Specifically:
  - Network Intrusion Detection systems are employed to monitor ARI networks for suspicious traffic.
  - ARI maintains its own host-based Intrusion Detection system based on tripwire, which has now undergone four years of development. Specific details are confidential, but in summary, the system can detect any unusual activity with respect to configuration, program files, program processes, users, or network traffic.
  - More generic monitoring systems are used as indicators of security incidents. Any behaviour outside the norm across over 1,100 individual application, database, systems, network and environmental checks is investigated.
- Capacity management components of the monitoring suite are also used to detect and classify security incidents. Some examples are:
  - Network traffic counts, packet counts and specific application query counts.
  - Long term trend data on network traffic vs. specific incident windows.
  - CPU, Storage, Memory and Process monitors on servers.
- A second layer of hardware firewalling separates application and middle tier servers from database servers.
- Applications only have as much access to database information as is required to perform their function.
- Finally, database servers have their own security standards, including server-based firewalls, vulnerability management for operating system and RDBMS software, and encryption of critical data.

## 2.1 Physical Security Infrastructure

ARI maintains a series of physical security infrastructure measures including but not limited to biometric and physical key access control to secured areas and security camera recording, alarm systems and monitoring.

## 3 COMMITMENTS TO REGISTRANTS

We commit to the following:

- Safeguarding the confidentiality, integrity and availability of registrant's data.
- Compliance with the relevant regulation and legislation with respect to privacy.
- Working with law enforcement where appropriate in response to illegal activity or at the request of law enforcement agencies.
- Maintaining a best practice information security management system that continues to be ISO27001-compliant.
- Validating requests from external parties requesting data or changes to the registry to ensure the identity of these parties and that their request is appropriate. This includes requests from ICANN.
- That access to DNS and contact administrative facilities requires multi-factor authentication by the Registrar on behalf of the registrant.- That Registry data cannot be manipulated in any fashion other than those permitted to authenticated Registrars using the EPP or the SRS web interface. Authenticated Registrars can only access Registry data of domain names sponsored by them.
- A Domain transfer can only be done by utilizing the AUTH CODE provided to the Domain Registrant.

- Those emergency procedures are in place and tested to respond to extraordinary events affecting the integrity, confidentiality or availability of data within the registry.

#### 4 AUGMENTED LEVEL OF SECURITY

This TLD is a generic TLD and as such requires security considerations that are commensurate with its purpose. Our goal with this TLD is to provide registrants with adequate protections against unauthorized changes to their names, without making the registration process too onerous and thus increasing costs.

The following attributes describe the security with respect to the TLD:

- ARI, follows the highest security standards with respect to its Registry Operations. ARI is ISO 27001 certified and has been in the business of providing a Registry backend for 10 years. ARI have confirmed their adherence to all of the security standards as described in this application. As per recommendation 24 this ensures that the technical implementations do not compromise elevated security standards

- Registrant will only be permitted to make changes to their domain name after authenticating to their Registrar.

- Registrants will only be able to access all interfaces for domain registration and management via HTTPS. A reputed digital certificate vendor will provide the SSL certificate of the secure site.

- Registrar identity will be manually verified before they are accredited within this TLD. This will include verification of corporate identity, identity of individuals involved / mentioned, and verification of contact information

- Registrars will only be permitted to connect with the SRS via EPP after a multi-factor authentication that validates their digital identity. This is described further ahead.

- Registrars will only be permitted to use a certificate signed by ARI to connect with the Registry systems. Self-signed certificates will not be permitted.

- The Registry is DNSSEC enabled and the TLD zone will be DNSSEC enabled. This is described in detail in our response to question 43. The following additional requirements will exist for Registrars who want to get accredited to sell this TLD:

- Registrars must support DNSSEC capabilities within its control panels.

- If the Registrar provides Managed DNS services to Registrants within this TLD they must provide the option for DNSSEC. This ensures that DNSSEC is deployed at each zone and subsequent sub-zones at Registry, Registrar and Registrant level as per recommendation 26.

- Registrar access to all Registry Systems will be via TLS and secured with multi-factor authentication as per recommendation 27. This is described in detail in our responses to Question 24 and Question 25.

- Registrant access to all Registrar and Registry Systems will be via TLS and secured with multi-factor authentication as per recommendation 28. This is described in detail in our response to Question 25, Question 27 and Question 29.

- All communication between the Registrar or the Registrars systems and the registry system is encrypted using at least 128 bit encryption which been designated as 'Acceptable' till '2031 and beyond' by NIST Special Publication 800-57. This includes the following communication:

- Secure websites and control panels provided by the Registrar to the Registrant.

- Ticketing systems provided by the Registrar to the Registrant.

- Web and EPP interfaces provided by ARI to the Registrars.

- Ticketing systems provided by ARI to the Registrar.

- Any communication between the Registrant, Registrar and Registry that is deemed as critical or contains credentials or sensitive information.

Where these requirements put controls on Registrars these will be enforced through the RRA.

#### 5 RESOURCES

This function will be performed by ARI. The following resources are allocated to performing the tasks required to deliver the services described:

- Executive Management Team (4 staff)

- Production Support Group (27 staff)

ARI has ten years' experience designing, developing, deploying, securing and operating critical Registry systems, as well as TLD consulting and technology leadership.

As a technology company, ARI's senior management are technology and methodology leaders in their respective fields who ensure the organisation maintains a focus on technical excellence and hiring, training and staff management.

Executive Management is heavily involved in ensuring security standards are met and that continued review and improvement is constantly undertaken. This includes the:

- Chief Operations Officer

- Chief Technology Officer

A detailed list of the departments, roles and responsibilities in ARI is provided as attachment 'Q30a - ARI Background & Roles.pdf'. This attachment describes the functions of the above teams and the exact number and nature of staff within.

The number of resources required to design, build, operate and support the SRS does not vary significantly with, and is not linearly proportional to, the number or size of TLDs that ARI provides registry services to.

ARI provides registry backend services to 5 TLDs and has a wealth of experience in estimating the number of resources required to support a registry system.

Based on past experience ARI estimates that the existing staff is adequate to support a registry system that supports in excess of 50M domains. Since this TLD projects 50,232 domains, 0.1005% of these resources are allocated to this TLD. See attachment 'Q30a - Registry Scale Estimates & Resource Allocation.xlsx' for more information.

ARI protects against loss of critical staff by employing multiple people in each role. Staff members have a primary role plus a secondary role for protection against personnel absence. Additionally ARI can scale resources as required. Additional trained resources can be added to any of the above teams with a 2 month lead time.

The Production Support Group is responsible for the deployment and operation of TLD registries.

The group consists of:

- Production Support Manager (also the ISO)
- Service Desk:
  - 1 Level 1 Support Team Lead
  - 8 Customer Support Representatives (Level 1 support)
  - 1 Level 2 Support Team Lead
  - 4 Registry Specialists (Level 2 support)
- Operations (Level 3 support):
  - 1 Operations Team Lead
  - 2 Systems Administrators
  - 2 Database Administrators
  - 2 Network Engineers
- Implementation:
  - 1 Project Manager
  - 2 Systems Administrators
  - 1 Database Administrators
  - 1 Network Engineers

ARI employs a rigorous hiring process and screening (Police background checks for technical staff and Australian Federal Government 'Protected' level security clearances for registry operations staff).

**© Internet Corporation For Assigned Names and Numbers.**

# **EXHIBIT AC-19**



## New gTLD Application Submitted to ICANN by: DotOnline Inc.

Application Downloaded On: 29 Jan 2014

String: online

Application ID: 1-1070-97873

### Applicant Information

1. Full legal name

[DotOnline Inc.](#)

2. Address of the principal place of business

Contact Information Redacted

3. Phone number

Contact Information Redacted

4. Fax number

Contact Information Redacted

5. If applicable, website or URL

<http://www.radixregistry.com>

### Primary Contact

6(a). Name

[Brijesh Joshi](#)

6(b). Title

[Director & GM](#)

6(c). Address

6(d). Phone Number

Contact Information Redacted

6(e). Fax Number

6(f). Email Address  
Contact Information Redacted

## Secondary Contact

7(a). Name  
Nimit Merchant

7(b). Title  
General Manager

7(c). Address

7(d). Phone Number  
+ Contact Information Redacted

7(e). Fax Number

7(f). Email Address  
Contact Information Redacted

## Proof of Legal Establishment

8(a). Legal form of the Applicant  
International Business Company

8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).  
International Business Companies Act, 1994 Republic of Seychelles

8(c). Attach evidence of the applicant's establishment.  
Attachments are not displayed on this form.

9(a). If applying company is publicly traded, provide the exchange and symbol.

9(b). If the applying entity is a subsidiary, provide the parent company.

9(c). If the applying entity is a joint venture, list all joint venture partners.

## Applicant Background

11(a). Name(s) and position(s) of all directors

Name	Position
Brijesh Joshi	Director & GM
Vishal Manjalani	Director & VP



11(b). Name(s) and position(s) of all officers and partners

<b>Name</b>	<b>Position</b>
Bhavin Turakhia	Founder
Brijesh Joshi	Director & GM
Namit Merchant	General Manager
Vishal Manjalani	Director & VP

11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares

<b>Name</b>	<b>Position</b>
Radix FZC	Not Applicable

11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility

### Applied-for gTLD string

13. Provide the applied-for gTLD string. If an IDN, provide the U-label.

[online](#)

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14A. If applying for an IDN, provide the A-label (beginning with "xn--").

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14B. If an IDN, provide the meaning, or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.

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14C1. If an IDN, provide the language of the label (in English).

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14C2. If an IDN, provide the language of the label (as referenced by ISO-639-1).

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14D1. If an IDN, provide the script of the label (in English).

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14D2. If an IDN, provide the script of the label (as referenced by ISO 15924).

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14E. If an IDN, list all code points contained in the U-label according to Unicode form.

---

15A. If an IDN, upload IDN tables for the proposed registry. An IDN table must include:

1. the applied-for gTLD string relevant to the tables,
  2. the script or language designator (as defined in BCP 47),
  3. table version number,
  4. effective date (DD Month YYYY), and
  5. contact name, email address, and phone number.
- Submission of IDN tables in a standards-based format is encouraged.

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15B. Describe the process used for development of the IDN tables submitted, including consultations and sources used.

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15C. List any variants to the applied-for gTLD string according to the relevant IDN tables.

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16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.

The string ".online" consists of six ASCII characters, each one of which currently occurs as part of existing and operational gTLD strings. We are not aware of any possible rendering problems concerning the string ".online".

We are aware of the issue of universal acceptability and accept that some incorrectly configured third-party software may consider ".online" to be an invalid string, in the same way that other TLDs such as ".INFO" and ".MUSEUM" are also at times considered "invalid." The Registry will work to raise awareness of the issue of universal acceptance of .online and other new gTLDs. CentralNic has previously contributed to these efforts, such as by publication of TLD Verification code for the PHP programming language.

We are aware that a significant fraction of queries sent to the DNS root servers are for invalid TLDs such as ".LOCAL" or ".LAN", and that the delegation of these TLDs could cause previously undiscovered configuration errors to result in operational problems for other operators. We have reviewed the research in this area, including the SAC 045 report from ICANN's Security and Stability Advisory Committee, data from the Day In The Life of the Internet project, and other sources, and are not aware of any significant volume of invalid root server queries related to .online. Therefore we feel confident that the delegation of this string will not result in any operation problems for Internet users.

This completes our response to Q16

## 17. OPTIONAL.

Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).

---

## 18A. Describe the mission/purpose of your proposed gTLD.

Our TLD .Online aims to create a fresh, new space on the Internet that's always alive and brimming with energy, ideas and innovation. This is what we want 'Online' to stand for. 'Online, always' - these two small words encapsulate our mission statement and what we want to achieve.

'Online' could mean several things to Registrants and users:

- \* to be connected - to the Internet and to others across the globe, without borders
- \* to be available - for exchange of information and ideas
- \* to be open - to communicate
- \* to be active and energetic - to get the job done

We want 'Online' to be the default TLD of choice for anyone setting up an online presence - from teenagers to business people, from schools to large enterprises, from artists to researchers and everything in between. We aim for .Online to be the choice of TLD to get online, hence, 'Online, Always'.

Our TLD hopes to achieve just what the Internet does; it is open to everyone to express themselves as they like, make the world a more open and better place. Open to exchange of knowledge, trade, information, communications, everything. .Online has no categorizations biases or restrictions. Each of the existing TLD strings brings some characteristic that associates itself with some preconception:

- \*.info is short for information - but my site does much more than information
- \*.biz is short for business - but my site is not business related
- \*.net is short for network - but the term "the net" died several years ago

\*.org is short for organization - but my site is not a non-profit

\*.com, short for commercial or company, is not truly a generic extension

Country code top-level domains (ccTLD) such as Germany (.DE) or Japan (.JP) associate with the country or region, and are not truly global.

More often than not, in existing TLDs the registrant is presented with long list of permutation options that are not their preferred choice - either for the name or the TLD. Our research shows ~70% of all .com 'check-availability' lookups result in names not being available (Internal Research data). The registrant is left with no choice but to register substandard names that do not exactly denote what visitors should expect to find on the website.

The .Online Registry will aim to serve as an open and available-to-all namespace, which we positively believe, will invite innovation and fresh possibilities at a global level. The Mission and purpose of our TLD is also to contribute to the Internet Namespace in the following ways:

#### 1.1 ENHANCE REGISTRANT CHOICE

To create a namespace that provides registrants greater choice to represent themselves online in the manner they please. Due to the saturated nature of the existing gTLD space, many Internet users have to opt for a name that does not suit their needs best. Our Registry will provide Registrants a higher probability of obtaining their desired name.

#### 1.2 CREATE A CLEANER INTERNET SPACE

To create a cleaner internet experience for end users by implementing pioneering registration policies, content and usage policies, and abuse mitigation processes.

#### 1.3 CREATE A STABLE AND RESILIENT INTERNET SPACE

To deliver a stable and resilient internet experience to registrants and end-users by meeting the ICANN mandated SLAs and delivering 100% resolution uptime

This completes our response to Q18(a).

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18B. How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?

## 1. GOAL OF .ONLINE

### 1.1 SPECIALTY

\* Our goal for .Online in terms of area of specialty is to provide a blank canvas for Internet innovation. Good names, at a fair price on a secure and stable platform.

### 1.2 SERVICE LEVELS

Our goal for .Online in terms of service levels is to go above and beyond the ICANN SLAs. ICANN provides for its expected SLA in Specification 10 in the Registry Agreement in the Applicant guidebook.

We have engaged CentralNic to deliver services for this TLD. CENTRALNIC provides registry services for a number of TLDs including the .LA and .PW ccTLDs.

Our contract with CENTRALNIC is attached to our response to Q46. This contract details the SLA we intend on achieving with this TLD. As can be seen in the contract we meet or exceed the ICANN required SLA on every parameter.

Our response to Q34 and Q35 provides details on CentralNic's DNS system. This system has operated at 100% service availability since 1996 and has been developed into a secure and stable platform for domain resolution. Partnering with Community DNS, CentralNic's DNS system includes nameservers in more than forty cities, on five continents. The DNS system fully complies with all relevant RFCs and all ICANN specifications, and has been engineered to ensure resilience and stability in the face of denial-of-service attacks, with substantial overhead and geographical dispersion.

It is our objective to provide 100% uptime, a resilient global DNS infrastructure, and very low latency in terms of DNS resolution for this TLD

### 1.3 REPUTATION

Reputation of our TLD is of paramount importance to us. The reputation of our TLD directly relates to how end-users on the internet perceive our Registrants. We will ensure the highest reputation of .Online by ensuring the following:

- \* Maintaining a high quality bar with respect to Registrants in the TLD
- \* Well defined Acceptable usage and content policies
- \* Well defined dispute resolution mechanisms
- \* Ensuring Whois accuracy to support abuse mitigation
- \* Well defined and implemented abuse mitigation processes
- \* Well defined and implemented rights protection mechanisms
- \* Exceptional service levels

To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice described in considerable detail in our response to Q28 and Q29. We also commit to extremely high service levels that go beyond the stipulated service levels in the applicant guidebook.

### 2. CONTRIBUTION OF .ONLINE TO THE NAMESPACE

## 2.1 CONTRIBUTION IN TERMS OF COMPETITION, DIFFERENTIATION, OR INNOVATION

Per ICANN's Bylaws as amended June 24, 2011, ICANN's core value number six is "Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest."

The .Online registry will be a new direct and formidable competitor to the current group of global generic TLDs. This will be especially true in the key growing international markets. Since Directi has a rich background in the registrar business (10+ years' experience and managing over 6 million domains), we understand the nuances of domain name buying behavior. The .Online registry will leverage this unique market knowledge to design competitive offerings against other global gTLDs.

The .Online registry's differentiation will be the "blank canvas" for Internet innovation. Our branding will open, innovative and fun.

Outside of ccTLD programs, past gTLD registries have largely focused on North America and European marketplaces. Directi will be offering the language and culture agnostic .Online to international markets, with the goal of a truly global distribution of registrants.

Lastly .Online will provide registrants the option to register more desirable and shorter names as opposed to names they would have otherwise registered in existing gTLDs due to the high saturation of the existing namespaces.

Our intent is to operate .Online with a focus on integrity and quality for the .Online brand. This entails running robust abuse mitigation programs and pioneering Rights Protection Mechanisms from initiation, which in our case not only meets ICANN's requirements, but extends significantly beyond it as described in our response to Q28 and Q29.

## 3. USER EXPERIENCE GOALS

The purpose of .Online is to allow registrants to register their name in a TLD with no overriding meaning. We are not "commercial" or "non-profit" or "information" or "network".

Registrants will have choice and the freedom use the blank name space canvas that is .Online and create their own Internet masterpiece.

.Online considers both its Registrants and the end-users that access .Online websites as its users. Our goal is to create a highly reliable namespace and provide an outstanding user experience to both Registrants and end-users of .Online.

Registrants of .Online have an assurance of a scalable, resilient registry with 100% uptime, low latency, and exemplary security standards. Registrants will have the option to register the domain name of their choice, without much saturation of the namespace. Our registration policies and abuse mitigation policies ensure that Registrants will get advantages like higher recognition, better branding and more desirable, shorter names.

Our content and acceptable use policies and abuse mitigation processes ensure that end-users are benefited from a clean namespace. These are described in further detail in our response to Q28 and Q29.

#### 4. REGISTRATION POLICIES IN SUPPORT OF GOALS

##### 4.1 GENERAL NAMES

The goals of .Online are outlined in the sections above. These goals are supported by the following artifacts:

- \* Registration policies and processes
- \* Acceptable usage policies and content guidelines
- \* Abuse mitigation processes
- \* Rights protection mechanisms
- \* Dispute resolution polices



To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice. The salient aspects of all of the above are described below -

\* DotOnline Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (ResellerClub.com and BigRock.com) and Web Hosting companies. With over four million active domain names registered through its registrars, Directi has significant experience (over 10 years) of managing domain name abuse mitigation and rights protection. Directi has been heralded as a white hat registrar and the undisputed leader with respect to abuse mitigation.

\* Our Abuse and compliance processes will be run by the Directi Group

\* We have an elaborate and detailed Accepted usage and content policy that covers over 11 macro forms of violations

\* .Online will create a zero-tolerance reputation when it comes to abuse

\* We have a defined SLA for responding to abuse complaints ensuring guaranteed turn-around time on any abuse complaint depending on its severity

\* We will work closely with LEA and other security groups to mitigate abuse within TLD by providing them with special interfaces and interacting with them regularly in terms of knowledge sharing.

\* Other abuse mitigation steps we undertake include profiling, blacklisting, proactive quality reviews, industry collaboration and information sharing, regular sampling, contractual enforcements and sanctions

\* The protection of trademark rights is a core goal of .Online. .Online will have a professional plan for rights protection. It will incorporate best practices of existing TLDs, going above and beyond the ICANN mandated RPMs to prevent abusive registrations and rapidly take-down abuse when it does occur.

\* Standard RPMs such as Sunrise, Trademarks claims service, URS, UDRP, SDRP, PDDRP, SPOC etc are all provided for. Additional RPMs such as profiling and blacklisting, proactive quality reviews, APWG Review and others will also be provided.

The above salient points barely scratch the surface in detailing the steps that .Online will take in order to build a reputation of operating a clean, secure and trusted namespace. Significant details of all of the above and more are provided in our responses to Q26, Q27, Q28 and Q29

#### 4.2. OTHER NAMES

\* We will reserve the following classes of domain names, which will not be available to registrants via the Sunrise or subsequent periods:

\*\* The reserved names required in Specification 5 of the new gTLD Registry Agreement.

\*\* The geographic names required in Specification 5 of the new gTLD Registry Agreement. See our response to Question 22 (“Protection of Geographic Names”) for details.

\*\* The registry operator will reserve its own name and variations thereof, and registry operations names (such as nic.Online, registry.Online, and www.Online), so that we can point them to our Web site. Reservation of the registry operator’s names was standard in ICANN’s past gTLD contracts.

\*\* We will also reserve names related to ICANN and Internet standards bodies (iana.Online, ietf.Online, w3c.Online, etc.), for delegation of those names to the relevant organizations upon their request. Reservation of this type of names was standard in ICANN’s past gTLD contracts. The list of reserved names will be published publicly before the Sunrise period begins, so that registrars and potential registrants will know which names have been set aside.

\* We will reserve generic names which will be set aside for distribution via special mechanisms.

## 5. PROTECTING PRIVACY OF REGISTRANTS’ OR USERS’ INFORMATION

.Online is committed to providing a secure and trusted namespace to its Registrants and end-users. To that extent we will have several measures for protecting the privacy or confidential information of registrants or users -

\* Our Whois service (web-based whois, port 43 whois) all have built in abuse prevention mechanisms to prevent unauthorized access, data mining, data scraping and any other abusive behavior. Details of this are provided in our response to Q26

\* .Online will allow Registrants to use privacy protection services provided by their Registrars in the form of a Proxy whois service as long as they follow the guidelines stipulated within our response to Q28 to prevent any abuse of the same

\* As per the requirements of the new gTLD Registry Agreement (Article 2.17), we shall notify each of our registrars regarding the purposes for which data about any identified or identifiable

natural person (“Personal Data”) submitted to the Registry Operator by such registrar is collected and used, and the intended recipients (or categories of recipients) of such Personal Data. (This data is basically the registrant and contact data required to be published in the WHOIS.)

\* We will also require each registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. As the registry operator, we shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

\* As the registry operator we shall take significant steps to protect Personal Data collected from registrars from loss, misuse, unauthorized disclosure, alteration, or destruction. In our responses to Q24, Q30 and Q38 we detail the security policies and procedures we will use to protect the registry system and the data contained there from unauthorized access and loss.

\* As registry operator we impose certain operational standards for our registrars. In order gain and maintain accreditation for our TLD, we require them to adhere to certain information technology policies designed to help protect registrant data. These include standards for access to the registry system. Please see our response to Q24, Q25 and Q30 for details.

\* We offer a “registry lock” service, designed to help protect participating registrants’ contact data from unauthorized modification, and against unauthorized domain transfers and deletions. Please see our response to Q27 for details.

\* .Online implements DNSSEC at the zone which guarantees origin authentication of DNS data, authenticated denial of existence, and data integrity. This protects end-users from a man-in-the-middle attack protecting the privacy of data of end-users.

## 6. OUTREACH AND COMMUNICATIONS

\* Our goal for .Online in terms of area of specialty is to provide a blank canvas for Internet innovation. Good names, at a fair price on a secure and stable platform. Registrants will have choice and the freedom use the blank name space canvas that is .Online and create their own Internet masterpiece.

\* To achieve this, we will emphasize distribution channels internationally – not just in one or more focused regions. One important method of outreach will involve co-marketing programs with

registrars. Directi will also leverage its existing channel of 65,000 Resellers, and its strategic relationships with other ICANN Accredited Registrars.

\* We will also engage in relevant PR and outreach programs as well as ensure appropriate publication of information on our website.

\* Our outreach efforts will thus be directed towards Internet users in coordination with Registrar partners, to ensure greater adoption of the .Online TLD. One important method of outreach will involve co-marketing programs with registrars.

The communication and outreach will focus on -

\* Educating audiences regarding this new namespace which has a high availability of names, and the immense possibilities and internet innovations that it could result in.

\* Generating awareness of our Registration policies, Acceptable usage and content policies, Abuse mitigation processes and Rights protection mechanisms

This completes our answer to Q18(b)

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18C. What operating rules will you adopt to eliminate or minimize social costs (e.g., time or financial resource costs, as well as various types of consumer vulnerabilities)? What other steps will you take to minimize negative consequences/costs imposed upon consumers?

.Online considers both its Registrants and the end-users that access .Online websites as its users. Our goal is to create a highly reliable namespace and provide an outstanding user experience to both Registrants and end-users of .Online. To that extent it is our goal to -

\* Reduce / minimize any incremental costs / negative consequences imposed upon our users

\* Increase / maximize the value added to our Registrants and end-users

\* Ensure that the net effect of .Online on its users is that of positive value creation

In this response we explore how .Online achieves a net benefit for Registrants and End-users.

## 1. MINIMIZING COSTS

### 1.1 REGISTRANTS

It is our goal to provide Registrants of .Online incremental value and minimize any negative consequences and costs associated with .Online. We address this in the following manner

#### 1.1.1 SUNRISE, TMCH, RPMs

Rights protection is a core goal of .Online. Our Right Protection mechanisms go significantly above and beyond the mandatory RPMs ensuring protection of trademark and IP rights of domain registrants and reducing the costs associated with rights protection for Registrants. Our elaborate RPMs are described in significant detail in our response to Q29. Some salient aspects of these are as follows -

\* We offer a sunrise period to provide an opportunity for legitimate Registrants to block domain names in .Online before general availability begins, preventing unnecessary post-facto litigation

\* We will integrate with the Trademark Clearing House in the manner prescribed to provide the Trademarks claims service, so as to alert potential Registrants of any trademark violations prior to registration, as well as notify mark holders of potential mark violations

\* We will provide SDRP, URS, UDRP and PDDRP reducing litigation costs by providing legitimate Registrants the opportunity to resolve disputes through standardized arbitration proceedings.

\* Additionally we have pioneering RPMs like Profiling and Blacklisting, Proactive Quality assurance, APWG review etc - all intended to reduce rights violations and hence reduce costs for Registrants

The above salient points barely scratch the surface in detailing the steps that .Online will take in order to reduce costs of Registrants with respect to rights violations. Significant details of all of the above and more are provided in our responses to Q26, Q27, Q28 and Q29.

### 1.1.2 MULTIPLE APPLICATIONS FOR A DOMAIN

All of the RPMs described in section 1.1.1 above ensure that applicants for domain names in .Online are legitimate right holders for the applied string.

During general availability domain names will be allocated on a first come first serve basis amongst applicants. During the initial registry launch periods of Sunrise and Landrush if multiple applications for the same domain name are received from applicants then the same will be distributed in the following manner -

\* In case of multiple sunrise applications for the same domain name, all applications will be validated against the TMCH for a valid trademark. Applications that do not qualify will be dropped.

\* All remaining applications will be distributed through a fair auction.

### 1.1.3 COST BENEFITS FOR REGISTRANTS

The ICANN new gTLD program marks a historical event in the timeline of the Internet. It is an unprecedented event and one that will yield tremendous benefits for consumers. At this preliminary stage it is impossible to determine the true value consumers will derive from increase in competition and choice. However there is historical data to go by. Upon the launch of Domain Registrars and creation of competition amongst registrars, the Registrants benefited from reduced pricing.

With .Online our goal is to provide fair pricing for domains within .Online that reflect the value proposition derived by the Registrants of .Online. While we do not have any committed pricing plans as yet and the same will be determined during the launch process, we do anticipate providing promotional offers through the life of .Online for the purpose of customer acquisition. This is not too dissimilar from other gTLD registries currently in existence who offer ongoing promotional offers to their customer base.

#### 1.1.4 PRICE ESCALATIONS

The ICANN new gTLD program is an unprecedented event and the actual nature of pricing pressures will only be determinable once several TLDs have successfully launched. At this preliminary stage it is impossible to commit to any pricing strategy on our part. We strongly believe that ultimately, the open market will determine the viability of pricing models and dictate pricing strategy for everyone. We intend to maintain the freedom to set pricing to accommodate for the existence of 100s of TLDs and business models and create a sustainable long term business model. Our goal is to provide fair pricing for domains within .Online that reflect the value proposition derived by the Registrants of .Online.

#### 1.2 END USERS

It is our goal to provide end users of .Online incremental value and minimize any negative consequences and costs associated with .Online. We address this in the following manner

End-users bear a considerable amount of cost as a result of various forms of Internet abuse such as spam, malware, phishing, pharming, hacking, identity theft etc. Any TLD that implements policies and processes to create a clean namespace will result in a considerable reduction of these forms of abuse and hence a significant saving in terms of cost to consumers

.Online intends to set an example when it comes to abuse mitigation and preventing abuse within .Online. To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice. These are detailed in our response to Q28. We strongly believe these practices will result in a significant reduction in online abuse and considerable savings for end users of .Online. We similarly hope to set an example for other TLDs and cooperate with the industry in creating a clean internet experience for internet users.

## 2. COST BENEFIT ANALYSIS

There has been considerable debate within the community concerning the cost benefit analysis of launching new gTLDs. We strongly believe that the launch of new gTLDs and our implementation of .Online will add considerable value and result in a net positive effect on Registrants and end-users worldwide.

We recognize that there will be a post launch review of the New gTLD Program, from the perspective of assessing the relative costs and benefits achieved in the expanded gTLD space.

To this extent we would like to offer the following pointers concerning .Online as well as the general expansion of the new gTLD space in determining the net positive value generated for Registrants and end users -

\* .Online will reduce overall cost for end-users in combating fraud and other forms of online abuse by implementing pioneering processes and anti-abuse policies as described in our response to Q28. Billions of dollars are spent worldwide combating various forms of fraud such as malware, phishing, spamming etc. Our abuse policies will result in overall reduction of these forms of abuses within .Online resulting in a considerable reduction in global costs spent towards combating these abuses. We also strongly believe that introduction of new gTLDs will result in increased competition which will drive significant innovation as well as competitive pressures for everyone in the industry to improve their abuse mitigation processes resulting in overall cost reduction for end-users

\* The value of a Registrant getting the name they want is immeasurably larger than any costs resulting from expansion of the namespace. DotOnline Inc. is a subsidiary within the Directi Group which owns and operates several ICANN Accredited Registrars. Our stats show that 70% of the users who check for a .com domain name do not get their desired name. Until this launch of the new gTLD program there were very limited alternatives and none very viable/desirable for Registrants to choose from. .Online will expand the namespace thus providing a higher probability for new Registrants to obtain names they desire

\* In general increased competition always results in pricing benefits for Registrants. .Online will provide additional options to new Registrants resulting in overall benefits to Registrants

This completes our answer to Q 18(c)

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## 19. Is the application for a community-based TLD?



No

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20A. Provide the name and full description of the community that the applicant is committing to serve. In the event that this application is included in a community priority evaluation, it will be scored based on the community identified in response to this question. The name of the community does not have to be formally adopted for the application to be designated as community-based.

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20B. Explain the applicant's relationship to the community identified in 20(a).

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20C. Provide a description of the community-based purpose of the applied-for gTLD.

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20D. Explain the relationship between the applied- for gTLD string and the community identified in 20(a).

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20E. Provide a complete description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD. Policies and enforcement mechanisms are expected to constitute a coherent set.

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20F. Attach any written endorsements for the application from established institutions representative of the community identified in 20(a). An applicant may submit written endorsements by multiple institutions, if relevant to the community.

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21A. Is the application for a geographic name?

No

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22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD. This should include any applicable rules and procedures for reservation and/or release of such names.

We have engaged CentralNic to deliver services for this TLD. This response describes protection of geographic names as implemented by CENTRALNIC.

## 1. PROTECTION OF GEOGRAPHIC NAMES

In accordance with Specification 5 of the New gTLD Registry Agreement, we will initially reserve all geographic names at the second level, and at all other levels within the TLD at which the registry operator provides for registrations.

CENTRALNIC supports this requirement by using the following internationally recognised lists to develop a comprehensive master list of all geographic names that are initially reserved:

- The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)].

- The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166-1 List, and its scope extended in August 1999 to any application needing to represent the name European Union  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm#EU)].

- The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardisation of Geographical Names, Part III Names of Countries of the World. This lists the names of 193 independent States generally recognised by the international community in the language or languages used in an official capacity within each country and is current as of August 2006 [[http://unstats.un.org/unsd/geoinfo/ungegn/docs/pubs/UNGEGN%20tech%20ref%20manual\\_m87\\_combined.pdf](http://unstats.un.org/unsd/geoinfo/ungegn/docs/pubs/UNGEGN%20tech%20ref%20manual_m87_combined.pdf)].

- The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardisation of Geographical Names [[http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgn-docs/econf/9th\\_UNCSGN\\_e-conf-98-89-add1.pdf](http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgn-docs/econf/9th_UNCSGN_e-conf-98-89-add1.pdf)].

Names on this reserved list in CENTRALNIC's registry system are prevented from registration.

A corresponding list of geographic names will also be available to the public via our website, to inform Registrars and potential registrants of reserved names. The lists noted above, are regularly monitored for revisions, therefore the reserved list (both within the registry and publicly facing) will be continually updated to reflect any changes.

In addition to these requirements, CENTRALNIC are able to support the wishes of the Governmental Advisory Council (GAC) or any individual Government in regard to the blocking of individual terms on a case by case basis. CENTRALNIC's registry system allows such additions to be made by appropriately authorised staff, with no further system development changes required.

The following applies to all Domain Names contained within the registry's reserved list:

- Attempts to register listed Domain Names will be rejected.
- WhoIs queries for listed Domain Names will receive responses indicating their reserved status.
- Reserved geographic names will not appear in the TLD zone file.
- DNS queries for reserved domain names will result in an NXDOMAIN response.

## 2. PROCEDURES FOR RELEASE

We understand that if we wish to release the reserved names at a later date, this will require agreement from the relevant government(s) or review by the GAC, and subsequent approval from ICANN.

This completes our answer to Q22.

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23. Provide name and full description of all the Registry Services to be provided. Descriptions should include both technical and business components of each proposed service, and address any potential security or stability concerns.

The following registry services are customary services offered by a registry operator:

- A. Receipt of data from registrars concerning registration of domain names and name servers.
- B. Dissemination of TLD zone files.
- C. Dissemination of contact or other information concerning domain name registrations (e.g., port-43 WHOIS, Web- based Whois, RESTful Whois service).
- D. Internationalized Domain Names, where offered.
- E. DNS Security Extensions (DNSSEC). The applicant must describe whether any of these registry services are intended to be offered in a manner unique to the TLD.

Additional proposed registry services that are unique to the registry must also be described.

DotOnline Inc. has chosen CentralNic as the registry infrastructure provider for the TLD. Please see Appendix 23.1 for the acceptance letter from CentralNic. Any information regarding technical and operational capability of the proposed TLD registry (answers to questions 23 - 44) therefore refers to CentralNic's registry infrastructure systems.

DotOnline Inc. and CentralNic hereby explicitly confirm that all registry services stated below are engineered and will be provided in a manner compliant with the new gTLD Registry Agreement, ICANN consensus policies (such as Inter-Registrar Transfer Policy and AGP Limits Policy) and applicable technical standards. Except for the registry services described above, no other services will be provided by the Registry that relate to (i) receipt of data from registrars concerning registrations of domain names and name servers; (ii) provision to registrars of status information relating to the zone servers for the TLD; (iii) dissemination of TLD zone files; (iv) operation of the Registry zone servers; or (v) dissemination of contact and other information concerning domain name server registrations in the TLD as required by the Registry Agreement.

There are no other products or services, except those described above that the Registry Operator will provide (i) because of the establishment of a Consensus Policy, or (ii) by reason of DotOnline Inc. being designated as the Registry Operator.

Any changes to the registry services that may be required at a later time in the course of DotOnline Inc. operating the registry will be addressed using rules and procedures established by ICANN such as the Registry Services Evaluation Policy.

DotOnline Inc. proposes to operate the following registry services, utilising CentralNic's registry system:

### 23.1. Receipt of Data From Registrars

CentralNic will operate a Shared Registry System (SRS) for the TLD. The SRS consists of a database of registered domain names, host objects and contact objects, accessed via an Extensible Provisioning Protocol (EPP) interface, and a web based Registrar Console. Registrars will use these interfaces to provide registration data to the registry.

The SRS will be hosted at CentralNic's primary operations centre in London, UK. The primary operations centre comprises a resilient, fault-tolerant network infrastructure with multiple high quality redundant links to backbone Internet carriers. The primary operations centre is hosted in Level 3's flagship European data centre and boasts significant physical security capabilities, including 24x7 patrols, CCTV and card-based access controls.

CentralNic's existing SRS system currently supports more than 250,000 domain names managed by over 1,500 registrars. CentralNic has effective and efficient 24x7 customer support capabilities to support these domain names and registrars, and this capability will be expanded to meet the requirements of the TLD and provide additional capacity during periods of elevated activity (such as during Sunrise periods).

The SRS and EPP systems are described more fully in Q24 and Q25. The Registrar Console is described in Q31.

EPP is an extensible protocol by definition. Certain extensions have been put in place to comply with the new gTLD registry agreement, ICANN Consensus Policies and technical standards:

1. Registry Grace Period Mapping - compliant with RFC 3915  
(<http://tools.ietf.org/html/rfc3915>)

2. DNSSEC Security Extensions - compliant with RFC 5910 (<http://tools.ietf.org/html/rfc5910>)

3. Launch Phase Extension - will be only active during the Sunrise phase, before the SRS opens for the general public. The extension is compliant with the current Internet Draft <https://github.com/wil/EPP-Launch-Phase-Extension-Specification/blob/master/draft-tan-epp-launchphase.txt>

More information on EPP extensions is provided in Q25.

The SRS will implement and support all ICANN Consensus Policies and Temporary Policies, including:

\*Uniform Domain Name Dispute Resolution Policy

\*Inter-Registrar Transfer Policy

\*Whois Marketing Restriction Policy

\*Restored Names Accuracy Policy

\*Expired Domain Deletion Policy

\*AGP Limits Policy

#### 23.2. Provision to Registrars of Status Information Relating to the Zone Servers

CentralNic will operate a communications channel to notify registrars of all operational issues and activity relating to the DNS servers which are authoritative for the TLD. This includes notifications relating to:

1. Planned and unplanned maintenance;
2. Denial-of-service attacks;
3. unplanned network outages;
4. delays in publication of DNS zone updates;
5. security incidents such as attempted or successful breaches of access controls;
6. significant changes in DNS server behaviour or features;
7. DNSSEC key rollovers.

Notifications will be sent via email (to preregistered contact addresses), with additional notifications made via an off-site maintenance site and via social media channels.

### 23.3. Dissemination of TLD Zone Files

CentralNic will make TLD zone files available via the Centralized Zone Data Access Provider according to specification 4, section 2 of the Registry Agreement.

DotOnline Inc. will enter into an agreement with any Internet user that will allow such user to access an Internet host server or servers designated by DotOnline Inc. and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider (the "CZDA Provider"). DotOnline Inc. will provide access to zone file data using the file format described in Section 2.1.4 of Specification 4 of the New gTLD Registry Agreement.

DotOnline Inc., through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address, and the Internet host machine name and IP address.

DotOnline Inc. will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL for the user to access the Registry's zone data archives. DotOnline Inc. will grant the user a non-exclusive, non-transferable, limited right to access DotOnline Inc.'s Zone File FTP server, and to transfer a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN.

DotOnline Inc. will provide zone files using a sub-format of the standard Master File format as originally defined in RFC 1035(<http://tools.ietf.org/html/rfc1035>), Section 5, including all the records present in the actual zone used in the public DNS.

DotOnline Inc., through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. DotOnline Inc. will allow users to renew their Grant of Access.

DotOnline Inc. will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

### 23.4. Operation of the Registry Zone Servers

The TLD zone will be served from CentralNic's authoritative DNS system. This system has operated at 100% service availability since 1996 and has been developed into a secure and stable platform for domain resolution. Partnering with Community DNS, CentralNic's DNS system includes nameservers in more than forty cities, on five continents. The DNS system fully complies with all relevant RFCs and all ICANN specifications, and has been engineered to ensure resilience and stability in the face of denial-of-service attacks, with substantial overhead and geographical dispersion.

The DNS system is described further in Q35.

### 23.5. Dissemination of Contact and Other Information Concerning Domain Name Server Registrations

CentralNic will operate a Whois service for the TLD. The Whois service will provide information about domain names, contact objects, and name server objects stored in the Shared Registry System via a port-43 service compliant with RFC 3912 (<http://tools.ietf.org/html/rfc3912>). The Whois service will permit interested parties to obtain information about the Registered Name Holder, Administrative, Technical and Billing contacts for domain names. The Whois service will return records in a standardised format which complies with ICANN specifications.

CentralNic will provide access to the Whois service at no cost to the general public.

CentralNic's Whois service supports a number of features, including rate limiting to prevent abuse and privacy protections for natural persons. The Whois service is more fully described in Q26.

Should ICANN specify alternative formats and protocols for the dissemination of Domain Name Registration Data, CentralNic will implement such alternative specifications as soon as reasonably practicable.

### 23.6. DNSSEC

The TLD zone will be signed by DNSSEC. CentralNic uses the award-winning signer technology from Xelerance Corporation. Zone files will be signed using NSEC3 with opt-out, following a DNSSEC Practice Statement detailed in Q43.

CentralNic's DNSSEC implementation complies with RFCs 4033, 4034, 4035, 4509 and follows the best practices described in RFC 4641(<http://tools.ietf.org/html/rfc4641>). Hashed Authenticated Denial of Existence (NSEC3) will be implemented, which complies with RFC 5155(<http://tools.ietf.org/html/rfc5155>). The SRS will accept public-key material from child domain names in a secure manner according to industry best practices (specifically the secDNS EPP extension, described in RFC 5910(<http://tools.ietf.org/html/rfc5910>)). CentralNic will also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants' public-key material. CentralNic will publish its DPS following the format described in the "DPS-framework" Internet Draft within 180 days after that draft becomes an RFC.

### 23.7. Rights Protection Mechanisms

DotOnline Inc. will provide all mandatory Rights Protection Mechanisms that are specified in DotOnline Inc. Guidebook (version 11 January 2012), namely Trademark Claims Service (section 6.1) and Sunrise service (section 6.2). All the required RPM-related policies and procedures such as UDRP, URS, PDDRP and RRDRP will be adopted and used in the TLD. More information is available in Q29.

In addition to such RPMs, DotOnline Inc. may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party's legal rights. DotOnline Inc. will include all ICANN mandated and independently developed RPMs in the registry-registrar agreement entered into by ICANN-accredited registrars authorised to register names in the TLD. DotOnline Inc. shall implement these mechanisms in accordance with requirements established by ICANN each of the mandatory RPMs set forth in the Trademark Clearinghouse.

The "LaunchPhase" EPP extension (described above) will be used to implement an SRS interface during the Sunrise period for the TLD. Depending on the final specification for the Trademark Claims Service (details of which have not yet been published), an additional EPP extension may be required in order to implement this service. If this is necessary, the extension will be designed to minimise its effect on the operation of the SRS and the requirements on registrars, and will only be in place for a limited period while the Trademark Claims Service is in effect for the TLD.

### 23.8. Registrar Support and Account Management

CentralNic will leverage its 16 years of experience of supporting over 1,500 registrars to provide high-quality 24x7 support and account management for the TLD registrars. CentralNic's experienced technical and customer support personnel will assist the TLD registrars during the onboarding and OT&E process, and provide responsive personal support via email, phone and a web based support ticketing system.

### 23.9. Reporting to ICANN

DotOnline Inc. and CentralNic will compile and transmit a monthly report to ICANN relating to the TLD. This report will comply with Specification 3 of the New gTLD Registry Agreement.

### 23.10. Personnel Resources of CentralNic

The technical, operations and support functions of the registry will be performed in-house by CentralNic's personnel. These personnel perform these functions on a full-time basis.

#### 23.10.1. Technical Operations

Technical Operations refers to the deployment, maintenance, monitoring and security of the registry system, including the SRS and the other critical registry functions. Technical Operations staff design, build, deploy and maintain the technical infrastructure that supports the registry system, including power distribution, network design, access control, monitoring and logging services, and server and database administration. Internal helpdesk and incident reporting is also performed by the Technical Operations team. The Technical Operations team performs 24x7 monitoring and support for the registry system and mans the Network Operations Centre (NOC) from which all technical activities are co-ordinated.

CentralNic intends to maintain a Technical Operations team consisting of the following positions. These persons will be responsible for managing, developing and monitoring the registry system for the TLD on a 24x7 basis:

\*Senior Operations Engineer(s)

\*Operations Engineer(s)



\*Security Engineer

#### 23.10.2. Technical Development

The Technical Development team develops and maintains the software which implements the critical registry functions, including the EPP, Whois, Zone file generation, data escrow, reporting, back office and web-based management systems (intranet and extranet), and open-source registrar toolkit software. All critical registry software has been developed and maintained in-house by this team.

CentralNic intends to maintain a Technical Development team consisting of the following positions. These persons will be responsible for maintaining and developing the registry software which will support the TLD:

\*Senior Technical Developer x 2

\*Technical Developer x 3

#### 23.10.3. Technical Support

Technical Support refers to 1st, 2nd and 3rd line support for registrars and end-users. Areas covered include technical support for systems and services, billing and account management. Support personnel also deal with compliance and legal issues such as UDRP and URS proceedings, abuse reports and enquiries from law enforcement.

1st line support issues are normally dealt with by these personnel. 2nd and 3rd line support issues (relating to functional or operational issues with the registry system) are escalated to Technical Operations or Technical Development as necessary.

The Technical Support team will consist of the following positions:

\*Operations Manager

\*Support Manager

\*Support Agent(s)

Our overseas account managers also perform basic support functions, escalating to the support agents in London where necessary.

#### 23.10.4. Key Personnel

#### 23.10.4.1. Gavin Brown - Chief Technology Officer

Gavin has worked at CentralNic since 2001, becoming CTO in 2005. He has overall responsibility for all aspects of the SRS, Whois, DNS and DNSSEC systems. He is a respected figure in the domain industry and has been published in several professional technical journals, and co-authored a book on the Perl programming language. He also participates in a number of technical, public policy and advocacy groups and several open source projects. Gavin has a BSc (hons) in Physics from the University of Kent.

#### 23.10.4.2. Jenny White - Operations Manager

Jenny has been with CentralNic for nine years. Throughout this time she has expertly managed customer relations with external partners, prepared new domain launch processes and documentation, managed daily support and maintenance for over 1,500 Registrars, carried out extensive troubleshooting within the registrar environment to ensure optimum usability for registrars across communication platforms, handled domain disputes (from mediation to WIPO filing), and liaised with WIPO to implement changes to the Dispute Resolution Procedure when necessary.

#### 23.10.4.3. Adam Armstrong - Senior Operations Engineer

Adam has recently joined CentralNic as Senior Operations Engineer. In this role he is responsible for the operation and development of the system and network infrastructure for the registry system. Adam has previously worked at a number of large UK ISPs including Jersey Telecom and Packet Exchange. He is also the lead developer of Observium, a network management system used by ICANN (amongst others). Adam has brought his strong knowledge of network design, management and security to bear at CentralNic and will oversee the operation of the SRS for the TLD.

#### 23.10.4.4. Milos Negovanovic - Senior Technical Developer

Milos has worked at CentralNic since 2009. He has a background in building rich web applications and protocol servers. His main areas of responsibility are the Registrar Console, EPP and backoffice functions.

#### 23.10.4.5. Mary O'Flaherty - Senior Technical Developer

Mary has worked at CentralNic since 2008. She plays an integral role in the ongoing design, development and maintenance of the registry as a whole and has specific experience with the EPP system, Registrar Console and Staff Console. Mary has a 1st class Honors degree in Computer Science from University College Cork and has previously worked for Intel and QAD Ireland.

#### 23.10.5. Job Descriptions

CentralNic will recruit a number of new employees to perform technical duties in relation to the TLD and other gTLDs. The following job descriptions will be used to define these roles and select candidates with suitable skills and experience.

#### 23.10.5.1. Operations Engineer

Operations Engineers assist in the maintenance and development of the network and server infrastructure of the registry system. Operations Engineers have a good knowledge of the TCP/IP protocol stack and related technologies, and are familiar with best practice in the areas of network design and management and system administration. They should be competent system administrators with a good knowledge of Unix system administration, and some knowledge of shell scripting, software development and databases. Operations Engineers have 1-2 year's relevant commercial experience. Operations Engineers report to and work with the Senior Operations Engineer, who provides advice and mentoring. Operations Engineers participate in manning the NOC on a 24x7 basis and participate in the on-call shift rota.

#### 23.10.5.2. Security Engineer

Security Engineers enhance and assure the security of the registry system. Day-to-day responsibilities are: responding to security incidents, performing analysis and remediating vulnerabilities, conducting tests of access controls, refining system configuration to improve security, training other team members, reviewing source code, maintaining security policies and procedures, and gathering intelligence relating to threats to the registry. Security Engineers have 1-2 year's relevant commercial experience. This role reports to and works with the Senior Operations Engineer and CTO. Security Engineers participate in manning the NOC on a 24x7 basis and participate in the on-call shift rota.

#### 23.10.5.3. Technical Developer

Technical Developers are maintain the software which supports the registry. Day-to-day responsibilities are developing new systems in response to requests from management and customers, correcting bugs in existing software, and improving its performance. Technical Developers have a good knowledge of general programming practices including use of revision control and code review systems. Developers have a good awareness of security issues, such as those described in advisories published by the oWASP Project. Developers have at least one years' commercial experience in developing applications in programming languages such as PHP, Perl, and Python, although knowledge of domain technologies such as EPP and DNS is not critical. Technical Developers work as part of a team, with advice and mentoring from the Senior Technical Developers, to whom they report.

#### 23.10.6. Resource Matrix

To provide a means to accurately and objectively predict human resource requirements for the operation of the registry system, CentralNic has developed a Resourcing Matrix, which assigns a proportion of each employee's available time to each aspect of registry activities. These activities include technical work such as operations and development, as well as technical support, registrar account management, rights protection, abuse prevention, and financial activity such as payroll, cash

collection, etc. This matrix then permits the calculation of the total HR resource assigned to each area.

A copy of the Resourcing Matrix is included as Appendix 23.2. It is important to note that the available resources cover the operation of CentralNic's entire registry operations: this includes CentralNic's own domain registry portfolio (uk.com, us.com, etc), the .LA and .PW ccTLDs, as well as the gTLDs which CentralNic will provides registry service for.

The actual proportion of human technical resources required specifically for the TLD is determined by the relative size of the TLD to the rest of CentralNic's operations. This calculation is based on the projected number of domains after three years of operation: the optimistic scenario is used to ensure that sufficient personnel is on hand to meet periods of enhanced demand. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names.

Since the optimistic projection for the number of domains registered in the TLD after three years is 260,000, the TLD will therefore require 5.78% of CentralNic's total available HR resources in order operate fully and correctly. In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q23.

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#### 24. Shared Registration System (SRS) Performance: describe

- the plan for operation of a robust and reliable SRS. SRS is a critical registry function for enabling multiple registrars to provide domain name registration services in the TLD. SRS must include the EPP interface to the registry, as well as any other interfaces intended to be provided, if they are critical to the functioning of the registry. Please refer to the requirements in Specification 6 (section 1.2) and Specification 10 (SLA Matrix) attached to the Registry Agreement; and
  - resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

A complete answer should include, but is not limited to:

- A high-level SRS system description;
- Representative network diagram(s);
- Number of servers;
- Description of interconnectivity with other registry systems;
- Frequency of synchronization between servers; and
- Synchronization scheme (e.g., hot standby, cold standby).

Except where specified, this answer refers to the operations of DotOnline Inc.'s outsource Registry Service Provider, CentralNic.

## 24.1. Registry Type

CentralNic operates a "thick" registry in which the registry maintains copies of all information associated with registered domains. Registrars maintain their own copies of registration information, thus registry-registrar synchronization is required to ensure that both registry and registrar have consistent views of the technical and contact information associated with registered domains. The Extensible Provisioning Protocol (EPP) adopted supports the thick registry model. See Q25 for further details.

## 24.2. Architecture

Figure 24.1 provides a diagram of the overall configuration of the SRS. This diagram should be viewed in the context of the overall architecture of the registry system described in Q32.

The SRS is hosted at CentralNic's primary operations centre in London. It is connected to the public Internet via two upstream connections, one of which is provided by Qube. Figure 32.1 provides a diagram of the outbound network connectivity. Interconnection with upstream transit providers is via two BGP routers which connect to the firewalls which implement access controls over registry services.

Within the firewall boundary, connectivity is provided to servers by means of resilient gigabit ethernet switches implementing Spanning Tree Protocol.

The registry system implements two interfaces to the SRS: the standard EPP system (described in Q25) and the Registrar Console (described in Q31). These systems interact with the primary registry database (described in Q33). The database is the central repository of all registry data. Other registry services also interact with this database.

An internal "Staff Console" is used by CentralNic personnel to perform management of the registry system.

## 24.3. EPP System Architecture

A description of the characteristics of the EPP system is provided in Q25. This response describes the infrastructure which supports the EPP system.

A network diagram for the EPP system is provided in Figure 24.2. The EPP system is hosted at the primary operations centre in London. During failover conditions, the EPP system operates from the Isle of Man Disaster Recovery site (see Q34).

CentralNic's EPP system has a two-layer logical and physical architecture, consisting of load balancers and a cluster of application servers. Each layer can be scaled horizontally in order to meet demand.

Registrars establish TLS-secured TCP connections to the load balancers on TCP port 700. Load is balanced using DNS round-robin load balancing.

The load balancers pass sessions to the EPP application servers. Load is distributed using a

weighted-least-connections algorithm. The protocol servers run the Apache web server with the mod\_epp module. These servers implement the EPP state diagram and handle registrar commands using application code.

Each component of the system is resilient: multiple inbound connections, redundant power, high availability firewalls, load balancers and application server clusters enable seamless operation in the event of component failure. This architecture also allows for arbitrary horizontal scaling: commodity hardware is used throughout the system and can be rapidly added to the system, without disruption, to meet an unexpected growth in demand.

The EPP system will comprise of the following systems:

- \*3x load balancers (1U rack mount servers with quad-core Intel processors, 16GB RAM, 40GB solid-state disk drives, running the CentOS operating system using the Linux Virtual Server [see <http://www.linuxvirtualserver.org/>])

- \*12x EPP protocol servers (1U rack mount servers with dual-core Intel processors, 16GB RAM, solid-state disk drives, running the CentOS operating system using Apache and mod\_epp)

#### 24.3.1. mod\_epp

mod\_epp is an Apache server module which adds support for the EPP transport protocol to Apache. This permits implementation of an EPP server using the various features of Apache, including CGI scripts and other dynamic request handlers, reverse proxies, and even static files. mod\_epp was originally developed by Nic.at, the Austrian ccTLD registry. Since its release, a large number of ccTLD and other registries have deployed it and continue to support its development and maintenance. Further information can be found at <http://sourceforge.net/projects/aepps>. CentralNic uses mod\_epp to manage EPP sessions with registrar clients, and to convert EPP commands into HTTP requests which can then be handled by backend application code.

#### 24.4. Performance

CentralNic performs continuous remote monitoring of its EPP system, and this monitoring includes measuring the performance of various parts of the system. As of writing, the average round-trip times (RTTs) for various functions of the EPP system were as follows:

- \*connect time: 40ms

- \*login time: 20ms

- \*hello time: 7ms

- \*check time: 15ms

- \*logout time: 6ms

These figures include an approximate latency of 3.2ms due to the distance between the monitoring site and the EPP system. They were recorded during normal weekday operations during the

busiest time of the day (around 1300hrs UTC) and compare very favourably to the requirement of 4,000ms for session commands and 2,000ms for query commands defined in the new gTLD Service Level Agreement. RTTs for overseas registrars will be higher than this due to the greater distances involved, but will remain well within requirements.

#### 24.5. Scaling

Horizontal scaling is preferred over vertical scaling. Horizontal scaling refers to the introduction of additional nodes into a cluster, while vertical scaling involves using more powerful equipment (more CPU cores, RAM etc) in a single system. Horizontal scaling also encourages effective mechanisms to ensure high-availability, and eliminate single points of failure in the system.

Vertical scaling leverages Moore's Law: when units are depreciated and replaced, the new equipment is likely to be significantly more powerful. If the average lifespan of a server in the system is three years, then its replacement is likely to be around four times as powerful as the old server.

For further information about Capacity Management and Scaling, please see Q32.

#### 24.6. Registrar Console

The Registrar Console is a web-based registrar account management tool. It provides a secure and easy-to-use graphical interface to the SRS. It is hosted on a virtual platform at the primary operations centre in London. As with the rest of the registry system, during a failover condition it is operated from the Isle of Man. The virtual platform is described in Figure 24.3.

The features of the Registrar Console are described in Q31.

The virtual platform is a utility platform which supports systems and services which do not operate at significant levels of load, and which therefore do not require multiple servers or the additional performance that running on "bare metal" would provide. The platform functions as a private cloud, with redundant storage and failover between hosts.

The Registrar Console currently sustains an average of 6 page requests per minute during normal operations, with peak volumes of around 8 requests per minute. Volumes during weekends are significantly lower (fewer than 1 requests per minute). Additional load resulting from this and other new gTLDs is expected to result in a trivial increase in Registrar Console request volumes, and CentralNic does not expect additional hardware resources to be required to support it.

#### 24.7. Quality Assurance

CentralNic employs the following quality assurance (QA) methods:

1. 24x7x365 monitoring provides reports of incidents to NOC
2. Quarterly review of capacity, performance and reliability

3. Monthly reviews of uptime, latency and bandwidth consumption
4. Hardware depreciation schedules
5. Unit testing framework
6. Frequent reviews by QA working group
7. Schema validation and similar technologies to monitor compliance on a real-time, ongoing basis
8. Revision control software with online annotation and change logs
9. Bug Tracking system to which all employees have access
10. Code Review Policy in place to enforce peer review of all changes to core code prior to deployment
11. Software incorporates built-in error reporting mechanisms to detect flaws and report to Operations team
12. Four stage deployment strategy: development environment, staging for internal testing, OT&E deployment for registrar testing, then finally production deployment
13. Evidence-based project scheduling
14. Specification development and revision
15. Weekly milestones for developers
16. Gantt charts and critical path analysis for project planning

Registry system updates are performed on an ongoing basis, with any user-facing updates (ie changes to the behaviour of the EPP interface) being scheduled at specific times. Disruptive maintenance is scheduled for periods during which activity is lowest.

#### 24.8. Billing

CentralNic operates a complex billing system for domain name registry services to ensure registry billing and collection services are feature rich, accurate, secure, and accessible to all registrars. The goal of the system is to maintain the integrity of data and create reports which are accurate, accessible, secured, and scalable. The foundation of the process is debit accounts established for each registrar. CentralNic will withdraw all domain fees from the registrar's account on a per-transaction basis. CentralNic will provide fee-incurring services (e.g., domain registrations, registrar transfers, domain renewals) to a registrar for as long as that registrar's account shows a positive balance.



Once ICANN notifies DotOnline Inc. that a registrar has been issued accreditation, CentralNic will begin the registrar on-boarding process, including setting up the registrar's financial account within the SRS.

#### 24.9. Registrar Support

CentralNic provides a multi-tier support system on a 24x7 basis with the following support levels:

\*1st Level: initial support level responsible for basic customer issues. The first job of 1st Level personnel is to gather the customer's information and to determine the customer's issue by analyzing the symptoms and figuring out the underlying problem.

\*2nd Level: more in-depth technical support level than 1st Level support containing experienced and more knowledgeable personnel on a particular product or service. Technicians at this level are responsible for assisting 1st Level personnel solve basic technical problems and for investigating elevated issues by confirming the validity of the problem and seeking for known solutions related to these more complex issues.

\*3rd Level: the highest level of support in a three-tiered technical support model responsible for handling the most difficult or advanced problems. Level 3 personnel are experts in their fields and are responsible for not only assisting both 1st and 2nd level personnel, but with the research and development of solutions to new or unknown issues.

CentralNic provides a support ticketing system for tracking routine support issues. This is a web based system (available via the Registrar Console) allowing registrars to report new issues, follow up on previously raised tickets, and read responses from CentralNic support personnel.

When a new trouble ticket is submitted, it is assigned a unique ID and priority. The following priority levels are used: n

1. Normal: general enquiry, usage question, or feature enhancement request. Handled by 1st level support.

2. Elevated: issue with a non-critical feature for which a work-around may or may not exist. Handled by 1st level support.

3. Severe: serious issue with a primary feature necessary for daily operations for which no work-around has been discovered and which completely prevents the feature from being used. Handled by 2nd level support.

4. Critical: A major production system is down or severely impacted. These issues are catastrophic outages that affect the overall Registry System operations. Handled by 3rd level support.

Depending on priority, different personnel will be alerted to the existence of the ticket. For example, a Priority 1 ticket will cause a notification to be emailed to the registrar customer support team, but a Priority 4 ticket will result in a broadcast message sent to the pagers of senior operations staff including the CTO. The system permits escalation of issues that are not resolved within target resolution times.

## 24.10. Enforcement of Eligibility Requirements

The SRS supports enforcement of eligibility requirements, as required by specific TLD policies.

Figure 24.4 describes the process by which registration requests are validated. Prior to registration, the registrant's eligibility is validated by a Validation Agent. The registrant then instructs their registrar to register the domain. The SRS returns an "Object Pending" result code (1001) to the registrar.

The request is sent to the Validation Agent by the registry. The Validation Agent either approves or rejects the request, having reconciled the registration information with that recorded during the eligibility validation. If the request has been approved, the domain is fully registered. If it is rejected, the domain is immediately removed from the database. A message is sent to the registrar via the EPP message queue in either case. The registrar then notifies the registrant of the result.

## 24.11. Interconnectivity With Other Registry Systems

The registry system is based on multiple resilient stateless modules. The SRS, Whois, DNS and other systems do not directly interact with each other. Interactions are mediated by the database which is the single authoritative source of data for the registry as a whole. Individuals modules perform "CRUD" (create, read, update, delete) actions upon the database. These actions then affect the behaviour of other registry systems: for example, when a registrar adds the "clientHold" status to a domain object, this is recorded in the database. When a query is received for this domain via the Whois service, the presence of this status code in the database results in the "Status: CLIENT HOLD" appearing in the whois record. It will also be noted by the zone generation system, resulting in the temporary removal of the delegation of the domain name from the DNS.

## 24.12. Resilience

The SRS has a stateless architecture designed to be fully resilient in order to provide an uninterrupted service in the face of failure or one or more parts of the system. This is achieved by use of redundant hardware and network connections, and by use of continuous "heartbeat" monitoring allowing dynamic and high-speed failover from active to standby components, or between nodes in an active-active cluster. These technologies also permit rapid scaling of the system to meet short-term increases in demand during "surge" periods, such as during the initial launch of a new TLD.

### 24.12.1. Synchronisation Between Servers and Sites

CentralNic's system is implemented as multiple stateless systems which interact via a central registry database. As a result, there are only a few situations where synchronisation of data between servers is necessary:

1. replication of data between active and standby servers (see Q33). CentralNic implements redundancy in its database system by means of an active/standby database cluster. The database system used by CentralNic supports native real-time replication of data allowing operation of a reliable hot

standby server. Automated heartbeat monitoring and failover is implemented to ensure continued access to the database following a failure of the primary database system.

2. replication is used to synchronise the primary operations centre with the Disaster Recovery site hosted in the Isle of Man (see Q34). Database updates are replicated to the DR site in real-time via a secured VPN, providing a "hot" backup site which can be used to provide registry services in the event of a failure at the primary site.

#### 24.13. Operational Testing and Evaluation (OT&E)

An Operational Testing and Evaluation (OT&E) environment is provided for registrars to develop and test their systems. The OT&E system replicates the SRS in a clean-room environment. Access to the OT&E system is unrestricted and unlimited: registrars can freely create multiple OT&E accounts via the Registrar Console.

#### 24.14. Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to more than one full-time post.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q24

25. Extensible Provisioning Protocol (EPP): provide a detailed description of the interface with registrars, including how the applicant will comply with EPP in RFCs 3735 (if applicable), and 5730-5734.

If intending to provide proprietary EPP extensions, provide documentation consistent with RFC 3735, including the EPP templates and schemas that will be used.

Describe resourcing plans (number and description of personnel roles allocated to this area).

A complete answer is expected to be no more than 5 pages. If there are proprietary EPP extensions, a complete answer is also expected to be no more than 5 pages per EPP extension.

Except where specified this answer refers to the operations of DotOnline Inc.'s outsource Registry Service Provider, CentralNic.

The Extensible Provisioning Protocol (EPP) is an application layer client-server protocol for the provisioning and management of objects stored in a shared central repository. EPP defines generic object management operations and an extensible framework that maps protocol operations to objects. EPP has become established as the common protocol by which domain registrars can manage domains, nameservers and contact details held by domain registries. It is widely deployed in the gTLD and ccTLD registry space.

CentralNic has operated its EPP system since 2005, and it currently operates at significant load in terms of registrars, sessions and transaction volumes. CentralNic's EPP system is fully compliant with the following RFC specifications:

\*5730 - Base Protocol

\*5731 - Domains

\*5732 - Host Objects

\*5733 - Contact Objects

\*5734 - TCP Transport

\*3735 - Extension Guidelines

\*3915 - RGP Extension

\*5910 - DNSSEC Extension

### 25.1. Description of Interface

EPP is a stateful XML protocol layered over TCP (see RFC 3734 (<http://tools.ietf.org/html/rfc3734>)). Protected using lower-layer security protocols, clients exchange identification, authentication, and option information, and engage in a series of client-initiated command-response exchanges. All EPP commands are atomic (there is no partial success or partial failure) and designed so that they can be made idempotent (executing a command more than once has the same net effect on system state as successfully executing the command once).

EPP provides four basic service elements: service discovery, commands, responses, and an extension framework that supports definition of managed objects and the relationship of protocol requests and responses to those objects.

EPP servers respond to client-initiated communication (which can be either a lower-layer connection request or an EPP service discovery message) by returning a greeting to a client. The server then responds to each EPP command with a coordinated response that describes the results of processing the command.

EPP commands fall into three categories: session management, queries, and transform commands. Session management commands are used to establish and end persistent sessions with an EPP server. Query commands perform read-only object information retrieval operations. Transform commands perform read-write object management operations.

Commands are processed by a server in the order they are received from a client. The protocol includes features that allow for offline review of transform commands before the requested action is completed. In such situations, the response clearly notes that the command has been received but that the requested action is pending. The corresponding object then reflects processing of the pending action. The server will also notify the client when offline processing of the action has been completed. Object mappings describe standard formats for notices that describe completion of offline processing.

EPP uses XML namespaces to provide an extensible object management framework and to identify schemas required for XML instance parsing and validation. These namespaces and schema definitions are used to identify both the base protocol schema and the schemas for managed objects.

#### 25.1.1. Objects supported

Registrars may create and manage the following object types in the CentralNic EPP system:

\*domains (RFC 5731 (<http://tools.ietf.org/html/rfc5731>))

\*host objects (RFC 5732 (<http://tools.ietf.org/html/rfc5732>))

\*contact objects (RFC 5733 (<http://tools.ietf.org/html/rfc5733>))

#### 25.1.2. Commands supported

CentralNic supports the following EPP commands:

\*<hello> - retrieve the <greeting> from the server

\*<login> and <logout> - session management

\*<poll> - message queue management

\*<check> - availability check

\*<info> - object information

\*<create> - create object

\*<update> - update object

\*<renew> - renew object

\*<delete> - delete object

\*<transfer> - manage object transfer

## 25.2. EPP state diagram

Figure 25.1 describes the state machine for the EPP system. Clients establish a connection with the server, which sends a greeting. Clients then authenticate, and once a login session is established, submits commands and receive responses until the server closes the connection, the client sends a logout command, or a timeout is reached.

## 25.3. EPP Object Policies

The following policies apply to objects provisioned via the EPP system:

### 25.3.1. domains

1. domains must comply with the syntax described in RFC 1035 (<http://tools.ietf.org/html/rfc1035>) §2.3.1. Additionally, the first label of the name must be between 3 and 63 characters in length.

2. domains must have a registrant attribute which is associated with a contact object in the database.

3. domains must have an administrative contact attribute which is associated with a contact object in the database.

4. domains must have a technical contact which attribute is associated with a contact object in the database.

5. domains may have a billing contact attribute which is associated with a contact object in the database.

6. domains may have between 0 (zero) and 13 DNS servers. A domain with no name servers will not resolve and no records will be published in the DNS

7. the host object model for domains is used rather than the host attribute model.

8. domains may have a number of status codes. The presence of certain status codes indicates the domain's position in the lifecycle, described further in §27.

9. where policy requires, the server may respond to a <domain:create> command with an "Object Pending" (1001) response. When this occurs, the domain is placed onto the pendingCreate status while an out-of-band validation process takes place.

10. when registered, the expiry date of a domain may be set up to ten years from the initial date of registration. Registrars can specify registration periods in one-year increments from one to ten.

11. when renewed, the expiry date of a domain may be set up to ten years from the current expiry date. Registrars can specify renewal periods in one-year increments from one to ten. domains which auto-renew are renewed for one year at a time.

12. domains must have an authInfo code which is used to authenticate inter-registrar transfer requests. This authInfo code may contain up to 48 bytes of UTF-8 character data.

13. domains may have one or more DS records associated with them. DS records are managed via the secDNS EPP extension, as specified in RFC 5910 (<http://tools.ietf.org/html/rfc5910>).

14. only the sponsoring registrar of the domain may submit <update>, <renew> or <delete> commands for the domain.

### 25.3.2. Host objects

1. host names must comply with RFC 1035 (<http://tools.ietf.org/html/rfc1035>). The maximum length of the host name may not exceed 255 characters.

2. in-bailiwick hosts must have at least one address of either type (IPv4 or IPv6). Any number of additional addresses of either type may be provided

3. sponsorship of hosts is determined as follows: if an object is in-bailiwick (ie child of a domain in the database, and therefore also child to a TLD in the system), then the sponsor is the sponsor of the parent domain. If the object is out-of-bailiwick, the sponsor is the registrar which created the contact.

4. if a registrar submits a change to the name of a host object, if the new host name is subordinate to an in-bailiwick domain, then that registrar must be the sponsor of the new parent domain.

5. registrars are not permitted to create hosts that are subordinate to a non-existent in-bailiwick domain, or to change the name of a host object so that it is subordinate to a non-existent in-bailiwick domain.

6. a host cannot be deleted if one or more domains are delegated to it (the registry deletes hosts to remove orphan glue, see §28).

7. inter-registrar transfers are not permitted.

8. only the sponsoring registrar of the host may submit <update> or <delete> commands for the object.

### 25.3.3. Contact objects

1. contact IDs may only contain characters from the set [A-Z, 0-9, . (period), - (hyphen) and \_ (underscore)] and are case-insensitive.

2. phone numbers and email addresses must be valid as described in RFC 5733 (<http://tools.ietf.org/html/rfc5733>) §2.5 and §2.6.

3. contact information is accepted and stored in "internationalized" format only: that is, contact objects only have a single <contact:postalInfo> element and the type attribute is always "int".

4. the <contact:org>, <contact:sp>, <contact:pc>, <contact:phone> and <contact:fax> elements are optional.

5. contacts must have an authInfo code which is used in inter-registrar transfers. This code may contain up to 48 bytes of UTF-8 character data.

6. a contact cannot be deleted if one or more domains are associated with it.

7. only the sponsoring registrar of the contact may submit <update> or <delete> commands for the object.

### 25.4. EPP Extensions

CentralNic supports the following EPP extensions. CentralNic's implementations fully comply with the required specifications.

#### 25.4.1. Registry Grace Period Mapping

Various grace periods and hold periods are supported by the Registry Grace Period mapping, as defined in RFC 3915 (<http://tools.ietf.org/html/rfc3915>). This is described further in §27.



#### 25.4.2. DNSSEC Security Extensions Mapping

Registrars may submit Delegation Signer (DS) record information for domains under their sponsorship. This permits the establishment of a secure chain-of-trust for DNSSEC validation.

CentralNic supports the specification defined in RFC 5910 (<http://tools.ietf.org/html/rfc5910>). This supports two interfaces: the DS Data Interface and Key Data Interface. CentralNic supports the former interface (DS Data), where registrars submit the keytag, algorithm, digest type and digest for DS records as XML elements, rather than as key data. Key data is stored if provided as a child element of the <secDNS:dsData> element. The maxSigLife element is optional in the specification and is not currently supported.

#### 25.4.3. Launch Phase Extension

CentralNic has assisted development of a standard EPP extension for registry "launch phases" (ie Sunrise and Landrush periods), during which the steady-state mode of "first-come, first-served" operation does not apply. This extension permits registrars to submit requests for domains with claimed rights such as a registered trademark. The extension is currently described in an Internet-Draft (see <http://tools.ietf.org/html/draft-tan-epp-launchphase-00>). It is hoped that this draft will eventually be published as an RFC which can be implemented by other registries and registrars.

CentralNic's system implements this extension and will support the most recent version of the draft during the initial launch of the TLD. Once the TLD enters General Availability, this extension will no longer be available for use by registrars. Example frames describing the use of this extension are included in Appendix 25.2.

If and when this extension is published as an RFC, CentralNic will update the implementation so that it is compliant with the final specification

#### 25.4.4. IDN Extension

The IDN extension allows registrars to specify the IDN table associated with an IDN domain at the point of registration. It also extends the <domain:info> response to return the IDN table associated with an IDN domain. This extension is specified at <http://tools.ietf.org/html/draft-obispo-epp-idn>.

If and when this extension is published as an RFC, CentralNic will update the implementation so that it is compliant with the final specification.

#### 25.4.5. Fee Extension

This extension allows registrars to query for the fees charged by the registry for certain transactions. The server response provides a hint as to the fees charged to the registrar for the requested action. The extension extends the "check" command frame to include a currency, action (ie create, renew, transfer, restore) and period for a given transaction (in addition to the object specified in the main request). The response frame is extended to include the fee associated with the requested transaction.

This extension is specified at the following URL, which includes example request and response frames, and an EPP schema: <http://tools.ietf.org/html/draft-brown-epp-fees>

CentralNic's implementation will be updated as the specification develops and will be finalized upon publication of the RFC.

### 25.5. Registrar Credentials and Access Control

Registrars are issued with a username (their registrar ID) and a password. This password cannot be used to access any other service and only this password can be used to access the EPP system. Registrar officers with the "Management" access level can change their EPP password via the Registrar Console.

RFC 5730 (<http://tools.ietf.org/html/rfc5730>) requires "mutual, strong client-server authentication". CentralNic requires that all registrars connect using an SSL certificate. This certificate may be obtained from a recognised certificate authority, or it may be a self-signed certificate registered with CentralNic via the Registrar Console. Registrar officers with the "Management" access level can upload SSL certificates for their account.

### 25.6. Session Limits and Transaction Volumes

There are no limits on the number of active sessions a registrar can maintain with the server. Similarly, there are no limits on the volume of transactions a registrar may send. However the system is fully capable of imposing connection limits and this measure may be used in future to ensure equal access amongst registrars.

### 25.7. Transaction Logging and Reporting

All "transform" commands are logged. Transform commands are: <create>, <renew>, <update>, <delete> and <transfer>. The system logs the time and date when the command was received, the registrar which submitted it, the request and response frames, the result code and message. All commands, whether successful or not, are logged.

The transaction log is stored in the primary registry database. Registrars have access to the log for their account via the Registrar Console. The log viewer permits filtering by command, object type, object ID (domain, host name, contact ID), result code and timestamp.

Query commands (<check>, <info>, <poll op="req">) and session commands (<login>, <logout> and <hello>) are not logged due to the large volume of such queries (particularly <check> queries). The EPP system uses counters for these commands to facilitate generation of monthly reports.

### 25.8. EPP Message Queue

The EPP protocol provides a message queue to provide registrars with notifications for out-of-band events. CentralNic currently supports the following EPP message notifications:

\*approved inbound transfer

\*rejected inbound transfer

\*new outbound transfer

\*cancelled outbound transfer

\*approved or rejected domain registration request (where TLD policy requires out-of-band approval of <domain:create> requests)

## 25.9. Registrar Support, Software Toolkit

CentralNic has supported EPP for many years. CentralNic has released a number of open source client libraries for several popular programming languages. These are used by registrars and registries around the world. CentralNic maintains the following open source EPP libraries:

\*Net::EPP, a general purpose EPP library for Perl. See <http://code.google.com/p/perl-net-epp/>

\*Preppi, a graphical EPP client written in Perl. See <https://www.centralnic.com/company/labs/preppi>

\*Net\_EPP, a PHP client class for EPP. See <https://github.com/centralnic/php-epp>

\*Simpleepp, a Python client class for EPP. See <https://bitbucket.org/milosn/simpleepp>

\*tx-epp-proxy, a EPP reverse proxy for shared-nothing client architectures written in Python. See <https://bitbucket.org/milosn/tx-epp-proxy>

These libraries are available for anyone to use, at no cost. CentralNic develops these libraries, and accepts submissions and bug reports from users around the world.

## 25.10. Quality Assurance, RFC Compliance

To ensure that its EPP system fully complies with the relevant specifications documents, CentralNic has implemented the following:

### 25.10.1. Schema Validation

The EPP system automatically validates all response frames against the XSD schema definitions provided in the RFCs. Should a non-validating response be sent to a registrar, an alert is raised with

the NOC to be investigated and corrected. By default, this feature is disabled in the production environment but it is enabled in all other environments (as described below).

#### 25.10.2. Multi-stage Deployment and Testing

EPP system code is developed, tested and deployed in a multi-stage environment:

1. Developers maintain their own development environment in which new code is written and changes are prepared. Development environments are configured with the highest level of debugging and strictness to provide early detection of faults.
2. All changes to the EPP system are subjected to peer review: other developers in the team must review, test and sign off the changes before being committed (or, if developed on a branch, being merged into the stable branch).
3. Changes to EPP system code are then deployed in the OT&E environment. Registrars continually test this system as part of their own QA processes, and this additional phase provides an additional level of quality assurance.

#### 25.10.3. Registrar Feedback

Registrars are provided with an easy way to report issues with the EPP system, and many perform schema validation on the responses they receive. When issues are detected by registrars, they are encouraged to submit bug reports so that developers can rectify the issues.

#### 25.11. EPP System Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to more than one full-time person.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q25

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## 26. Whois: describe

- how the applicant will comply with Whois specifications for data objects, bulk access, and lookups as defined in Specifications 4 and 10 to the Registry Agreement;
- how the Applicant's Whois service will comply with RFC 3912; and
- resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

A complete answer should include, but is not limited to:

- A high-level Whois system description;
- Relevant network diagram(s);
- IT and infrastructure resources (e.g., servers, switches, routers and other components);
- Description of interconnectivity with other registry systems; and

Frequency of synchronization between servers.

To be eligible for a score of 2, answers must also include:

- Provision for Searchable Whois capabilities; and
- A description of potential forms of abuse of this feature, how these risks will be mitigated, and the basis for these descriptions

A complete answer is expected to be no more than 5 pages.

Except where specified this answer refers to the operations of DotOnline Inc.'s outsource Registry Service Provider, CentralNic.

Whois is one of the oldest Internet protocols still in use. It allows interested persons to retrieve information relating to Internet resources (domain names and IP addresses). Whois services are operated by the registries of these resources, namely TLD registries and RIRs.

Whois is described by RFC 3912 (<http://tools.ietf.org/html/rfc3912>), which serves as a description of existing systems rather than requiring specific behaviours from clients and servers. The protocol is a query-response protocol, in which both the query and the response are opaque to the protocol, and their meanings are known only the server and to the human user who submits a query. Whois has a number of limitations, but remains ubiquitous as a means for obtaining information about name and number resources.

### 26.1. Compliance

The Whois service for the TLD will comply with RFC3912 and Specifications 4 and 10 of the New

gTLD Registry Agreement. The service will be provided to the general public at no cost. If ICANN specify alternative formats and protocols (such as RDAP) then CentralNic will implement these as soon as reasonably practicable.

CentralNic will monitor its Whois system to confirm compliance. Monitoring stations will check the behaviour and response of the Whois service to ensure the correctness of Whois records. CentralNic will maintain a public Whois contact to which bug reports and other questions about the Whois service can be directed.

## 26.2. Domain Name

By default, any query is assumed to be a domain name unless a keyword is prepended to the query. If the domain exists, then registration is returned, including the following fields:

\*Domain ROID

\*Domain Name

\*Domain U-label (if IDN)

\*Creation Date

\*Last Updated

\*Expiration Date

\*EPP status codes

\*Registrant Contact Information

\*Administrative Contact Information

\*Technical Contact Information

\*Billing Contact Information (if any)

\*Sponsoring Registrar ID

\*Sponsoring Registrar Contact Information

\*DNS servers (if any)

\*DNSSEC records (if any)

An example of a domain whois response is included in Appendix 26.1. The Domain ROID is the

Repository Object Identifier as described in RFC 5730 (<http://tools.ietf.org/html/rfc5730>), Q2.8. The ROID field corresponds to the <domain:roid> element of EPP <info> responses.

A domain may be associated with one or more status codes. These are represented in Whois responses as phrases rather than EPP mnemonics. A domain may have any of the following status codes:

\*PENDING CREATE - a <domain:create> command has been received through the SRS, but the registration has not yet been finalised as an out-of-band review process has not yet been completed.

\*ADD PERIOD - the domain is in the Add Grace Period

\*CLIENT HOLD - the registrar has added the clientHold status

\*DELETE PROHIBITED - this may be present if the domain has either clientDeleteProhibited or serverDeleteProhibited (or both)

\*INACTIVE - the domain has no DNS servers

\*PENDING DELETE - the domain has left the Redemption Grace Period and is scheduled for deletion

\*PENDING DELETE RESTORABLE - the domain is in the Redemption Grace Period

\*PENDING RESTORE - a restore request has been received, but the Restore Report has not been received

\*PENDING TRANSFER - there is an active inter-registrar transfer for the domain

\*RENEW PERIOD - the domain is either in the Renew Grace Period or the Auto-Renew Grace Period

\*RENEW PROHIBITED - this may be present if the domain has either clientRenewProhibited or serverRenewProhibited (or both)

\*SERVER HOLD - the registry has added the serverHold status

\*TRANSFER PERIOD - the domain is in the Transfer Grace Period

\*TRANSFER PROHIBITED - this may be present if the domain has either clientTransferProhibited or serverTransferProhibited (or both)

\*UPDATE PROHIBITED - this may be present if the domain has either clientUpdateProhibited or serverUpdateProhibited (or both)

\*OK - present if none of the above apply.

The Registrant, Administrative, Technical and Billing Contact sections of the Whois record display the contact information for the contact objects that are associated with the domain. The information displayed replicates the information showed for a contact query (see below). The server shows similar information for the sponsoring registrar.

Domains may have 0-13 DNS servers. If a domain name has no DNS servers, then the "INACTIVE" status code appears in the Status section. If the registrant provided DS records for their DNSSEC-signed domain, then these are included. For each DS record, then the key tag, algorithm, digest type and digest are displayed.

### 26.3. Contact

Users can query for information about a contact by submitting a query of the form "contact [ID]", where "[ID]" is the contact ID equivalent to the <contact:id> element in EPP <info> responses. This is also the ID used when referring to contacts in domain responses.

The following information is included in Contact records:

\*Contact ID

\*Sponsoring Registrar

\*Creation Date

\*Last Updated Date

\*EPP Status Codes

\*Contact Name

\*Organisation

\*Street Address (1-3 fields)

\*City

\*State/Province

\*Postcode

\*Country Code (2 character ISO-3166 code)

\*Phone number (e164a format)

\*Fax number (e164a format)

\*Email address

An example of a contact object whois response is included in Appendix 26.2. A contact object



may be associated with one or more status codes. These are represented in Whois responses as phrases rather than EPP code mnemonics. A contact object may have any of the following status codes:

\*DELETE PROHIBITED - present if the contact object has either clientDeleteProhibited or serverDeleteProhibited (or both)

\*TRANSFER PROHIBITED - present if the contact object has either clientTransferProhibited or serverTransferProhibited (or both)

\*UPDATE PROHIBITED - present if the contact object has either clientUpdateProhibited or serverUpdateProhibited (or both)

\*PENDING TRANSFER - there is an active inter-registrar transfer for the contact object

\*LINKED - the contact object is associated with one or more domain names. A LINKED contact object automatically has the DELETE PROHIBITED status

#### 26.4. Host Objects

Users can query for information about a host object by submitting a query of the form "nameserver [HOST]". The following information is included in host records:

\*Server Name

\*IPv4 address (if any)

\*IPv6 address (if any)

\*EPP status codes

\*Sponsoring Registrar

\*Creation Date

\*Referral URL (if any)

\*An example of a host whois response is included in Appendix 26.3. A host object may have an IPv4 or IPv6 address if the host is "in-bailiwick", ie subordinate to a domain name within a TLD operated by the registry. IP address information is not shown for "out-of-bailiwick" hosts.

Host objects may only have two status codes:

\*INACTIVE - the host is not associated with any domain names

\*LINKED - the host is associated with one or more domain names

The Referral URL is the website of the Sponsoring Registrar for this host. If the host is subordinate to a domain name in the TLD, this will be the sponsoring registrar of the parent name. If the host is out-of-bailiwick, then the sponsoring registrar is the registrar who issued the original <create> request.

### 26.5. Character Encoding

Responses are encoded as UTF-8. Queries are assumed to be encoded in UTF-8.

### 26.6. IDN Support

The Whois service supports Internationalised Domain Names. Users may submit queries for IDN domains using either the U-label or the A-label.

### 26.7. Bulk Access

CentralNic will provide up-to-date registration data to ICANN on a weekly basis (the day to be designated by ICANN). CentralNic will provide the following data for all registered domain names: domain name, repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar. Data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the above.

At ICANN's request, CentralNic will provide ICANN with up-to-date data for the domain names of de-accredited registrar to facilitate a bulk transfer. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. CentralNic will provide the data within 2 business days.

### 26.8. Load Projections

As described in Q31, CentralNic's existing Whois system receives an average of 0.36 queries per day for each domain name in the registry, including misses for non-existent objects as well as hits.

The number of daily queries per domain for each existing gTLD was calculated using figures for the month of November 2011 published by ICANN. This analysis may be found in Appendix 26.6. It shows little correlation between the number of domains in the TLD and the number of queries that each domain receives. Smaller gTLDs such as .aero and .museum receive more queries per domain than larger gTLDs, but .jobs (which is much larger than either .aero or .museum) received more queries per domain than either. It should be noted that the high volumes observed for .XXX are very likely due to activities surrounding the Landrush and initial launch of that TLD.

CentralNic believes that the query rate observed for its own registry system is mainly

affected by its efforts to deter abuse, and outreach to registrars, who often use whois to perform availability checks, to encourage them to EPP instead. CentralNic believes this query rate will also apply for the TLD. A projection of query load for the Whois system for the first 24 months of operation can be found in Appendix 26.4. This model also includes data transit rates and bandwidth projections for the same period. As can be seen, the data and bandwidth requirements are relatively small compared to those for the Shared Registry System and authoritative DNS.

## 26.9. Technical Implementation

A diagram describing the infrastructure supporting the Whois service may be found in Figure 26.1. During normal operations, the Whois service is operated at the primary operations centre in London. During failover conditions, it is operated at the Disaster Recovery site in the Isle of Man (see Q34).

Queries pass through the firewalls to one of two front-end load balancers. Round-robin DNS distributes queries between the devices. Load balancers are configured in High Availability mode so that if one a server fails, the other will resume service on its IP address until the server can be restored. Queries are distributed to backend application servers via weighted least connections algorithm.

### 26.9.1. Application Server Architecture

Application servers are built on commodity hardware running CentOS. The service is provided using the mod\_whoisng Apache module (see <https://www.centralnic.com/registry/labs/mod-whois>) which causes Apache to listen on port 43 and accept queries, which are then handled using a PHP script, which generates and returns the response.

### 26.9.2. Caching

Application servers use caching to reduce database load. Subsequent identical queries are returned a cached record until the cache expires, after which a new record is generated. Records are currently cached for 600 seconds (ten minutes), so if a domain is updated immediately after its Whois record has been cached, the updated record will be visible after ten minutes. This compares favourably to the 60 minute requirement in the gTLD Service Level Agreement. Records are cached in a shared Memcached server. Memcached is a high-performance caching server used by some of the largest sites in the world, including Wikipedia, Flickr, Wordpress.com and Craigslist.

### 26.9.2. Database

The Whois service draws data directly from the primary database. The query volume required to sustain the Whois service is comparable to that of a modest web application such as a small e-commerce site, and as a result a dedicated database for the Whois system is not required. As can be seen in Figure 26.1, a separate logging database is used to aggregate log data for use with the rate limiting system.

## 26.10. Web based Whois Service

CentralNic provides a web interface to the Whois service on its website. In addition, DotOnline Inc. will provide a similar service on the TLD registry website. The web Whois acts as a proxy to the port 43 Whois service: users enter a query into a form, and a server-side process submits the query to the Whois server, and displays the response. This service will not be subjected to the rate limiting described above, but users will be required to complete a CAPTCHA to prevent high-volume automated access.

## 26.11. Anti-Abuse Mechanisms

CentralNic has implemented measures to mitigate the threat of abuse of the Whois service. The primary threat to the Whois service are so-called "dictionary" attacks, where an attacker attempts to enumerate the database by flooding the server with queries for domains taken from a precompiled list: as zone files are easy to obtain, this presents a threat to the privacy of contact information in the registry database. The information harvested can be used to compile email databases for spamming, or to send domain renewal scam letters, for example.

The Whois service implements rate-limiting to impede dictionary attacks. For each query, a counter associated with the client IP address is incremented. For subsequent queries, this counter determines the number of queries received within the previous hour. If the number of queries exceeds a pre-set maximum (currently 240 queries per hour), then the server returns an error, warning the user that they have exceeded the permitted query rate. If the user stops sending queries, then eventually the query rate will drop below the limit, and subsequent queries will be permitted. If the user continues to send queries, and the query rate exceeds the limit by a further 25% (300 queries per hour), then the IP address is permanently blocked. For queries over IPv6 (where an attacker might have access to billions of IP addresses), the enclosing /48 will be blocked.

Experience indicates that is an effective mechanism for preventing abuse of the Whois. The rate limit has been tuned to ensure that legitimate uses of the Whois are allowed, but abusive use of the whois is restricted to levels which are unappealing for attackers.

CentralNic keeps a "white list" of IP addresses used by legitimate users of the Whois service, including law enforcement agencies and other research and anti-abuse entities. Registrar access lists are also incorporated into the white list, and IP addresses registered on ICANN's RADAR system will also be included. Queries from IP addresses that appear on the white list are not rate-limited. Interested parties can request addition to the white list by contacting CentralNic's public customer service team.

The web-based Whois does not implement rate-limiting, but users of this service must complete a CAPTCHA to access Whois records.

### 26.11.1. Denial-of-Service attacks

The rate-limiting system in place provides protection against DoS and DDoS attacks, as any

host that attempts to flood the Whois service with queries will be quickly blocked. However, a DDoS attack could still saturate upstream links requiring filtering at the edges of CentralNic's network, as well as their upstream providers. Continuous surveillance and monitoring of the Whois system (see Q42) proactively detects these threats. As the Whois service directly queries the primary SRS database, CentralNic rate-limits on the database backend to prevent an attack against the Whois service from disrupting the SRS.

#### 26.12. Monitoring and Logging

Remote monitoring is used to verify the availability of the service and to record the round-trip times for different queries (warm hit, warm miss). Local monitoring records query volumes.

#### 26.13. Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to almost one full-time person (83%).

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

The Abuse and Compliance functions will be outsourced to the Abuse and Compliance team (20 staff) of the Directi Group.

The Directi Group and CentralNic teams provide abuse monitoring detection mechanisms to block data mining. Additionally the support team in conjunction with both the Compliance teams administer requests for listing on the Whitelist.

A detailed list of the Abuse and Compliance desk of Directi is provided in Q28. The Directi Group is protected against loss of staff due to its scale of operations. This is described in further detail in Q39

This completes our answers to Q26.

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27. Registration Life Cycle: provide a detailed description of the proposed registration lifecycle for domain names in the proposed gTLD. The description must:

- explain the various registration states as well as the criteria and procedures that are used to change state;
- describe the typical registration lifecycle of create/update/delete and all intervening steps such as pending, locked, expired, and transferred that may apply;
- clearly explain any time elements that are involved - for instance details of add-grace or redemption grace periods, or notice periods for renewals or transfers; and
- describe resourcing plans for this aspect of the criteria (number and description of personnel roles allocated to this area).

The description of the registration lifecycle should be supplemented by the inclusion of a state diagram, which captures definitions, explanations of trigger points, and transitions from state to state.

If applicable, provide definitions for aspects of the registration lifecycle that are not covered by standard EPP RFCs.

A complete answer is expected to be no more than 5 pages.

Except where specified this answer refers to the operations of DotOnline Inc.'s outsource Registry Service Provider, CentralNic.

The lifecycle of a domain in the registry is described in Figure 27.1, and closely follows that of domain names in existing gTLD registries. The lifecycle is described below.

#### 27.1. Available

The domain is not registered. No delegation (or any other records) exist in the DNS, and the whois system will return a "NOT FOUND" response to queries. An EPP <check> command will return an "avail" status of 1.

#### 27.2. Registered

A registrar submits an EPP <create> command or registers the domain name via the Registrar Console. The registration fee is deducted from the registrar's balance. The initial registration period may be any whole number of years between one (1) and ten (10).

For five (5) calendar days after the registration of the domain, the registrar can delete the domain and receive a credit for the registration fee (subject to the Add Grace Period Limits Policy).

While the domain is registered, it is delegated to the specified name servers and will resolve normally. During this time, the registrar may update the domain name's DNS settings, lock statuses and

contact associations, and may extend the registration period (subject to a maximum of ten (10) years) by submitting a <renew> EPP command or using the Registrar Console.

The domain may also be transferred to a different sponsoring registrar. Upon such transfer the domain name is automatically renewed for one year.

### 27.3. Expired

When the expiry date is reached, the domain name is automatically renewed for a period of one year, and the renewal fee is deducted from the registrar's account.

For forty-five (45) days after the auto-renewal (Auto-Renew Grace Period), the registrar can delete the domain and receive a credit for the renewal fee.

### 27.4. Redemption Grace Period

Should the registrar delete the domain, the domain enters the Redemption Grace Period. During this period, the domain name will no longer resolve as all delegation information is removed from the TLD zone.

For the first thirty (30) days after receipt of the delete request, the domain is in the "Pending Delete Restorable" state. During this time, the registrar may submit an RGP restore request via EPP or the Registrar Console. The domain is then placed into the "Pending Restore" state.

The registrar must then submit an RGP Restore Report detailing the reason why the restore request has been submitted. If the Restore Report is received within five (5) calendar days of the original restore request, then the domain is restored. However, if the Restore Report is not received within this period, then the domain falls back into the "Pending Delete Restorable" state.

### 27.5. Redemption Period State Diagram

Figure 27.2 describes the state diagram for domain names in the Redemption Grace Period. This diagram is taken from RFC 3915 (<http://tools.ietf.org/html/rfc3915>).

### 27.6. Pending Delete

Forty (40) days after the receipt of the delete request, the domain leaves the "Pending Delete Restorable" and enters the "Pending Delete" status. The registrar cannot submit a Restore Request during this period.

### 27.7. Released

Five (5) days after the domain enters the "Pending Delete" status the domain name is purged from the database and is once again available for registration.

### 27.8. Other Grace Periods

The registry also implements the following grace periods. In general, these grace periods allow registrars to delete domain names following billable transactions and receive a refund.

#### 27.8.1. Add Grace Period

As described above, the Add Grace Period (AGP) is the five (5) calendar days following the initial registration of the domain.

#### 27.8.2. Auto-renew Grace Period

As described above, the Auto-renew Grace Period is the forty five (45) calendar days following the auto-renewal of the domain.

#### 27.8.3. Renew Grace Period

The Renew Grace Period is the five (5) calendar days following the renewal of the domain via an EPP <renew> command, or via the Registrar Console.

#### 27.8.4. Transfer Grace Period

The Transfer Grace Period is the five (5) calendar days following the successful completion of an inter-registrar transfer.

### 27.9. Hold Periods

The registry implements the following hold periods:



### 27.9.1. Registration Hold Period

The Registration Hold Period forbids inter-registrar transfers of domain names within sixty (60) days of initial registration.

### 27.9.2. Transfer Hold Period

The Transfer Hold Period forbids transfers of domain names within sixty (60) days of a previous inter-registrar transfer. This Hold Period does not affect disputed transfers that are undone by the registry following the outcome of a Transfer Dispute Resolution process.

## 27.10. Lock Statuses

The registry system permits the following lock statuses for domain names:

### 27.10.1. clientHold

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. Domains with this status are removed from the DNS and will not resolve.

### 27.10.2. clientDeleteProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to delete the domain using an EPP <delete> command will be refused with EPP response code 2304 (Status Prohibits Operation). Registrars must remove the code using an EPP <update> command before they can delete the domain.

### 27.10.3. clientRenewProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to renew the domain using an EPP <renew> command will be refused with EPP response code 2304 (Status Prohibits Operation). Registrars must remove the code using an EPP <update> command before they can renew the domain.

### 27.10.4. clientUpdateProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to update the domain using an EPP <update> command will be refused with EPP response code 2304 (Status Prohibits Operation), unless the <update> request frame includes a <rem> element to remove this status. Once the status has been removed, subsequent <update> commands will succeed.

#### 27.10.5. clientTransferProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by other registrars to submit a transfer request for the the domain using an EPP <transfer> command, or via the Registrar Console, will be refused with EPP response code 2304 (Status Prohibits Operation). The sponsoring registrar must remove this status before any other registrar can submit a transfer request.

#### 27.10.6. serverHold

This status is set by the registry in accordance with policy. It cannot be removed by registrars. Domains with this status are removed from the DNS and will not resolve.

#### 27.10.7. serverDeleteProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to delete the domain using an EPP <delete> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### 27.10.8. serverUpdateProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to update the domain using an EPP <update> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### 27.10.9. serverRenewProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to renew the domain using an EPP <renew> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### 27.10.10. serverTransferProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to transfer the domain using an EPP <transfer> command will be refused with EPP response code 2304 (Status Prohibits Operation).

### 27.11. Lifecycle Processing

Domain names move through the lifecycle in one of two ways: in real-time as a result of registrar activity, or during daily billing runs.

Billing runs take place once per day. The billing run performs the following batch jobs:

- \*auto-renewal of expired domains

- \*processing of registration and renewal fees for domains that move outside their grace periods

- \*processing of domains in the RGP state (from restorable to not restorable, checking for missing restore reports, etc)

- \*purging of domains scheduled for deletion

The billing runs also perform registrar account management functions such as generation of invoices, sending balance warnings, and generation of internal reports.

### 27.12. Inter-Registrar Transfer Period

When a transfer request is received, the action date of the transfer is set to five (5) calendar days from the moment of the original request. Successful transfers are approved at the end of this period.

### 27.13. pendingCreate Status

The Registry system supports the "pendingCreate" status for domain names, as described in RFC 5731 (<http://tools.ietf.org/html/rfc5731>), Q3.3. Domains in this state are fully registered in the database (subsequent <create> commands would fail with an Object Exists error) but are not present in the DNS.

This status is used when a particular TLD implements a policy whereby registration requests are verified by a third party such as a Sponsoring Organisation or Validation Agent. Following out-of-band review of the request, the registration may be approved or denied.

If a request is denied, then the domain is immediately purged from the registry system, and the registrar notified via email and the EPP message queue. The registrar also receives a credit for

the registration fee. If approved, then the pendingCreate status is removed from the domain which begins to resolve.

#### 27.14. Resourcing

The domain registration lifecycle is managed through automated backend processes that generally require no human intervention, and real-time business logic implemented in Shared Registry System application code. Operations personnel will be responsible for maintaining and developing the computing infrastructure which supports the lifecycle processing systems. Backend systems are hosted on a flexible virtual infrastructure hosted at the primary operations centre at the Goswell Road Data Centre in London.

The domain registration lifecycle does have customer and registrar support requirements, so a proportion of the time of the Operations Manager, Support Manager and Support Agent has been dedicated to this area. This time primarily relates to dealing with questions and comments from registrars and registrants about the status of their domain names.

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to 30% of a full time person. Because of the maturity and stability of this system (which has been in use for more than 16 years), only 5% of time of a technical developer has been allocated to this area.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

The Abuse and Compliance functions will be outsourced to the Abuse and Compliance team (20 staff) of the Directi Group. The Compliance team outsourced to the Directi Group is responsible for any abuse of the registration policies within .online.

Most manual tasks fall to the Abuse and Compliance teams of the Directi Group, with staff experienced in development of policy for policy rich TLD environments. They have the required legal and industry background to perform this function.

A detailed list of the Abuse and Compliance desk of Directi is provided in Q28. The Directi

Group is protected against loss of staff due to its scale of operations. This is described in further detail in Q39.

This completes our answer to Q27.

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28. Abuse Prevention and Mitigation: Applicants should describe the proposed policies and procedures to minimize abusive registrations and other activities that have a negative impact on Internet users. A complete answer should include, but is not limited to:

- An implementation plan to establish and publish on its website a single abuse point of contact responsible for addressing matters requiring expedited attention and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller;
- Policies for handling complaints regarding abuse;
- Proposed measures for removal of orphan glue records for names removed from the zone when provided with evidence in written form that the glue is present in connection with malicious conduct (see Specification 6); and
- Resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

To be eligible for a score of 2, answers must include measures to promote Whois accuracy as well as measures from one other area as described below.

- Measures to promote Whois accuracy (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to:
  - Authentication of registrant information as complete and accurate at time of registration. Measures to accomplish this could include performing background checks, verifying all contact information of principals mentioned in registration data, reviewing proof of establishment documentation, and other means
  - Regular monitoring of registration data for accuracy and completeness, employing authentication methods, and establishing policies and procedures to address domain names with inaccurate or incomplete Whois data; and
  - If relying on registrars to enforce measures, establishing policies and procedures to ensure compliance, which may include audits, financial incentives, penalties, or other means. Note that the requirements of the RAA will continue to apply to all ICANN-accredited registrars.
- A description of policies and procedures that define malicious or abusive behavior, capture metrics, and establish Service Level Requirements for resolution, including service levels for responding to law enforcement requests. This may include rapid takedown or suspension systems and sharing information regarding malicious or abusive behavior with industry partners;
- Adequate controls to ensure proper access to domain functions (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to:
  - Requiring multi-factor authentication (i.e., strong passwords, tokens, one-time passwords) from registrants to process update, transfers, and deletion requests;
  - Requiring multiple, unique points of contact to request and/or approve update, transfer, and deletion requests; and
  - Requiring the notification of multiple, unique points of contact when a domain has been updated, transferred, or deleted.

A complete answer is expected to be no more than 20 pages.

DotOnline Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (including ResellerClub.com and BigRock.com) and Web Hosting companies. The Directi Group manages centralized functions for all its businesses. We have outsourced our Abuse and Compliance functions to the Directi Group and our Abuse and Compliance desk will be staffed as a cost center by them.

This response aims to provide a 360 degree perspective on our policies and processes to prevent abusive activities, and ensure swift mitigation when abuse does occur. We have prepared this plan based on over a decade's experience of fighting abuse as a Registrar, learnings through active industry participation, best-practices from existing registry operators and expert inputs from our back-end technical partner CentralNic.

## 1. ABUSE MITIGATION EXPERIENCE AND CAPABILITIES

With over four million active domain names registered through its registrars, Directi has significant experience (over 10 years) of managing domain names and is fully cognizant of the threat that stems from their abuse.

As one of the world's top ten registrars, we equally understand our ability to make a sizable contribution towards curbing internet abuse, and believe that mitigating this threat is one of our foremost responsibilities. By instituting policies, processes and services which go significantly above and beyond our obligation as a registrar, Directi has taken various initiatives to make the Internet a safer ground.

To drive this effort, Directi has a committed function working towards identifying abusive domain names and enforcing its policies. Our Abuse Desk functions 24/7 and takes prompt and effective action (both reactively and proactively) against domains reported or co-networked to be involved in any sort of online abuse. Complaints ranging from phishing, spam, malware perpetration, 419 scams, child pornography, copyright infringement and varied forms of abuse are subject to investigation at our Abuse Desk on a daily basis. The nature of abuse and the types of complaints received are varied in nature and intensity, and are documented in more detail further.

On average we already address, 15000 reported or detected abuse cases per year. Abuse cases are addressed within pre-determined SLAs, and our team is committed to ensure that each incident is resolved satisfactorily. The Directi abuse team has been heralded on many occasions by various security groups, law enforcement organizations and the general anti-abuse community for the manner in which abuse mitigation has been handled by us.

Additionally, we have always become highly involved, and continue to remain committed to industry-wide efforts to address organized abuse such as botnets (see below) and large scale phishing attacks, and any other malfeasances.

### 1.1 NOTABLE INSTANCES OF DIRECTI'S SUCCESSFUL ABUSE MITIGATION INITIATIVES

Our abuse mitigation team has developed strong relationships with many security groups and individuals in the abuse mitigation community, with the aim of sharing intelligence and facilitating quick action on abusive domain names. These sources provide us actionable intelligence on domains bought through our registrar. We have also participated in coordinated takedowns with such agencies in the past and are committed to doing so in the future. Please refer to Attachment 'Q28\_Recommendations' which showcases letters from several global agencies including the IRS and, commending our work and cooperation on several fronts. Following are some examples of cases where our efforts paid great results in abuse mitigation -

#### 1.1.1 MARIPOSA WORKING GROUP

Directi was part of the Mariposa Working Group which was responsible for taking down the largest known botnet network at the time.

(Ref: [http://defintel.com/docs/Mariposa\\_White\\_Paper.pdf](http://defintel.com/docs/Mariposa_White_Paper.pdf))

"Directi is BY FAR THE BEST registrar we have ever worked with at taking down criminal

domains in a timely, efficient and professional manner. Your team was absolutely key to the Mariposa Working Group taking down one of the largest Botnets in the history of the Internet. You and your team should be VERY proud of that :)” -- Christopher Davis, Former CEO of Defence Intelligence

### 1.1.2 IM WORM BOTNET TAKEDOWN COORDINATED BY IID

Since 1996, IID (Internet Identity) has been providing technology and services that secure the Internet presence for an organization and its extended enterprise. It recently introduced a number of unique approaches to secure organizations’ use of Internet infrastructure with ActiveTrust® BGP, ActiveTrust DNS, and ActiveTrust Resolver with TrapTrace. Directi worked with IID, acting against problematic domain names and sharing intelligence to take down a notorious botnet that was plaguing the internet for quite some time.

“Thank you for your exceptional coordination with our team and the other providers ... during the simultaneous shutdown. We wanted to follow up with you and let you know that despite the last minute unanticipated scramble, the takedown was a success and the botnet has been shutdown.” -- Lauren Lamp, Manager / Service Delivery -internetidentity.com

### 1.1.3 FAKE PHARMACY TAKEDOWNS COORDINATED BY LEGITSCRIPT

LegitScript is the leading source of information for patients, Internet users, physicians, businesses and other third parties who need to know if an Internet pharmacy is acting in accordance with the law and accepted standards of ethics and safety. LegitScript is identified by the National Association of Boards of Pharmacy as the only Internet pharmacy verification service that adheres to its standards. After affiliating with LegitScript, we have witnessed a steep downfall in fake pharma-related registrations. ResellerClub (referred below) is our wholesale registrar brand.

(Ref:<http://legitscriptblog.com/2009/03/directi-no-safe-haven-for-rogue-internet-pharmacies/>)



"Some registrars claim that they cannot shut down dangerous 'no-prescription-required' and fake online pharmacies. ResellerClub has proven that this is not true. By refusing to profit from dangerous, criminal activity at the expense of Internet users, ResellerClub has established itself as a responsible example for the rest of the

Internet community." John Horton, President, LegitScript.com

We have enclosed a commendation letter from LegitScript in Attachment 'Q28\_Recommendations', which speaks of our leadership in fighting fake and rouge pharmacies.

#### 1.1.4 419 FEEDBACK LOOP WITH ARTISTS AGAINST 419 (AA419.ORG)

An honorary member of the APWG (Anti-Phishing Working Group), Artists Against 419 is a premier organization with expertise in identifying, cataloging, and terminating fraud sites. Our tie-up with them has been greatly successful in eliminating fraudulent registrations within our portfolio. (Ref: <http://blog.aa419.org/?p=134>)

"Many registrars do respond to abuse reports and take action against them. However none do it as quickly and efficiently as Directi. If all registrars and hosters take this approach, it might then be possible to reduce internet fraud." -- aa419.org

We have enclosed a letter from Artists Against 419 in Attachment 'Q28\_Recommendations', commending the speed and impact of our proactive abuse mitigation activities.

## 2. PROPOSED ABUSE POLICY FOR .ONLINE

We have fully adopted the definition of abuse developed by the Registration Abuse Policies Working Group (Registration Abuse Policies Working Group Final Report 2010).

Our abuse policies described in this section apply to initial and ongoing domain registrations, ie any domain name must comply with these policies during registration and throughout its tenure.

Abusive behaviour in a TLD may relate can be categorized into:

### 2.1. REGISTRATION POLICY VIOLATIONS

.Online adopts certain Registration policies and any violations of these policies would be treated as an Abuse.

#### 2.1.1. SUNRISE POLICY VIOLATION

.Online will have a sunrise period as described in the response to Question 29. Our

sunrise policy will have an overarching goal to protect interests of IP holders globally, and be based on best practices seen in previous TLD launches. We will implement the Trademark Claim Service and partner with experienced service providers to run the TM verification, Sunrise Challenge and Auction processes. All Sunrise domain names will be validated before they are activated. Hence the possibility of a Sunrise policy violation is low. However the Sunrise process provides for a Sunrise Dispute Resolution Policy, and any disputes that fall within its scope will be referred to the Sunrise Dispute Resolution provider. If the abuse desk receives any complaints concerning a sunrise domain which violates the Sunrise eligibility policy the abuse desk will direct the complainant to the Sunrise Dispute Resolution provider

#### 2.1.2. WHOIS INACCURACY

.Online requires Whois accuracy as per its contracts. Any domain name with inaccurate whois information will be deemed to be in violation of its contract and hence will be deemed as an abuse and handled in the manner described ahead.

#### 2.1.3. TRADEMARK INFRINGEMENT VIOLATION AND UDRP

.Online requires registrants to abide by UDRP. If the abuse desk receives any complaints concerning a domain name which infringes upon the trademark right of a 3rd party, the abuse desk will direct the complainant to the Uniform Dispute Resolution provider.

All names registered under .Online will be subject to the UDRP and URS processes. We believe that URS will deter cybersquatting, and some malicious activities that illegitimately use brand names. We will seek to expeditiously process all URS cases, and are already equipped with mature processes and tracking systems to manage and keep track of all cases.

The URS process will be run by our compliance team, who has significant experience in processing UDRP complaints for our Registrar businesses.

While Registrars will be responsible for processing all UDRP cases related to the .Online, we will reserve the right to act on their behalf when necessary, and process all court orders that are directed to us.

## 2.2. ACCEPTABLE USAGE RELATED VIOLATIONS

.Online adopts certain Content and Acceptable usage policies and any violations of these would be treated as an Abuse. The following are deemed as violations of our content and acceptable usage policy

2.2.1. Intellectual property, Trademark, Copyright, and Patent violations, including piracy

Intellectual property (IP) is a term referring to a number of distinct types of creations of the mind for which a set of exclusive rights are recognized—and the corresponding fields of law. Under intellectual property law, owners are granted certain exclusive rights to a variety of intangible assets, such as musical, literary, and artistic works; discoveries and inventions; and words, phrases, symbols, and designs. Common types of intellectual property rights include copyrights, trademarks, patents, industrial design rights and trade secrets in recognized jurisdictions. Any act resulting in theft, misuse, misrepresentation or any other harmful act by any individual or a company is categorized as Intellectual Property violation.

## 2.2.2. SPAMMING

The use of electronic messaging systems to send unsolicited bulk messages. The term applies to e-mail spam and similar abuses such as instant messaging spam, mobile messaging spam, and the spamming of Web sites and Internet forums. Unsolicited emails advertising legitimate and

illegitimate products, services, and/or charitable requests and requests for assistance are also considered as spam.

### 2.2.3. PHISHING (and various forms of identity theft)

Fraudulent web services and applications meant to represent/confuse or mislead internet users into believing they represent services or products for nefarious purposes, such as illegally gaining login credentials to actual legitimate services.

### 2.2.4. PHARMING AND DNS HIJACKING

Redirection of DNS traffic from legitimate and intended destinations, by compromising the integrity of the relevant DNS systems. This leads unsuspecting Internet users to fraudulent web services and applications for nefarious purposes, such as illegally gaining login credentials to actual legitimate services.

### 2.2.5. DISTRIBUTION OF VIRUSES OR MALWARE

Most typically the result of a security compromised web service where the perpetrator has installed a virus or "malevolent" piece of software meant to infect computers attempting to use the web service in turn. Infected computers are then security compromised for various nefarious purposes such as gaining stored security credentials or personal identity information such as credit card data. Additionally compromised computers can sometimes be remotely controlled to inflict harm on other internet services (see botnet below).

### 2.2.6. CHILD PORNOGRAPHY

Child pornography refers to images or films (also known as child abuse images) and, in some cases, writings depicting sexually explicit activities involving a minor.

### 2.2.7. USING FAST FLUX TECHNIQUES

A methodology for hiding multiple source computers delivering malware, phishing or other harmful services behind a single domain hostname, by rapidly rotating associated IP addresses of the sources computers through related rapid DNS changes. This is typically done at DNS zones delegated below the level of a TLD DNS zone.

### 2.2.8. RUNNING BOTNET COMMAND AND CONTROL OPERATIONS

A Botnet is a significant coordinated net of compromised (sometimes tens of thousands) computers running software services to enact various forms of harm - ranging from unsanctioned spam to placing undue transaction traffic on valid computer services such as DNS or web services. Command and control refers to a smaller number of computers that issue/distribute subsequent commands to the Botnet. Compromised botnet computers will periodically check in with a command and control computer that hides behind a list of date triggered, rotating domain registrations, which are pre-loaded in the compromised computer during its last check-in.

Registries play a key role in breaking this cycle of pre-determined domain registrations by deactivating said registrations prior to the compromised computers being able to use them to contact the command and control computer. Successful intervention results in the botnet losing contact with their command and control computers, leaving them inactive and reducing potential harms.

### 2.2.9. HACKING

Hacking constitutes illegally accessing computers, accounts, or networks belonging to another party, or attempting to penetrate security measures of other individuals. Also includes any activity that might be used as a precursor to an attempted system penetration.

### 2.2.10. FINANCIAL AND OTHER CONFIDENCE SCAMS

Financial scams, including but not limited to the cases defined below, are operated by fraudsters to lure investors into fraudulent money making schemes. Prominent examples that will be treated as abusive are -

1. Ponzi Schemes. A Ponzi scheme is essentially an investment fraud wherein the operator promises high financial returns or dividends that are not available through traditional investments. Instead of investing victims' funds, the operator pays "dividends" to initial investors using the principle amounts "invested" by subsequent investors. The scheme generally falls apart when the operator flees with all of the proceeds, or when a sufficient number of new investors cannot be found to allow the continued payment of "dividends."

2. Money Laundering. Money laundering, the metaphorical "cleaning of money" with regard to appearances in law, is the practice of engaging in specific financial transactions in order to conceal the identity, source, and/or destination of money, and is a main operation of the underground economy.

3. 419 Scams. "419" scam (aka "Nigeria scam" or "West African" scam) is a type of fraud named after an article of the Nigerian penal code under which it is prosecuted. It is also known as "Advance Fee Fraud". The scam format is to get the victim to send cash (or other items of value) upfront by promising them a large amount of money that they would receive later if they cooperate.

### 2.2.11. ILLEGAL PHARMACEUTICAL DISTRIBUTION

Distribution and promotion of drugs, locally within a nation or overseas, without prescription and appropriate licenses as required in the country of distribution are termed illegal.

#### 2.2.12. OTHER VIOLATIONS

Other violations that will be expressly prohibited under the .Online include

- \* Network attacks
  
- \* Violation of applicable laws, government rules and other usage policies

### 3. PROCEDURES TO MINIMIZE ABUSIVE REGISTRATIONS

#### 3.1. BUILDING A ZERO-TOLERANCE REPUTATION

Our Anti-Abuse Policy will put Registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for abusive purposes. The policy will be made easily accessible on the Abuse page of our Registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

Directi has vast experience in minimizing abusive registrations. Our zero tolerance procedures and aggressive proactive takedown measures as a Domain Registrar have resulted in a white-



hat reputation discouraging abusive registrations to begin with. We intend on following the same approach with respect to Registry operations for .Online. Our proactive abuse procedures are geared towards building a reputation that discourages miscreants and malicious intent. Once it is known that abusive registrations and registrations in violation of our policies are suspended rapidly, both abusive registrations and abusive behavior will be discouraged.

Our Abuse policies described in section 2 above apply to new and ongoing registrations.

### 3.2. BUILDING AWARENESS OF OUR ANTI-ABUSE POLICY

The Abuse Policy will be published on the abuse page of our Registry website which will be accessible and have clear links from the home page. The abuse page of our Registry website will emphasise and evidence our commitment to combating abusive registrations by clearly identifying what our policy on abuse is and what effect our implementation of the policy may have on registrants. We anticipate that the clear message, which communicates our commitment to combating abusive registrations, will further serve to minimise abusive registrations in our TLD.

### 3.3. ICANN PRESCRIBED MEASURES

In accordance with our obligations as a Registry Operator we will comply with all requirements in the 'gTLD Applicant Guidebook'. In particular, we will comply with the following measures prescribed by ICANN which serve to mitigate the potential for abuse in the TLD:

\* DNSSEC deployment, which reduces the opportunity for pharming and other man-in-the-middle attacks. We will encourage registrars and Internet Service Providers to deploy DNSSEC capable resolvers in addition to encouraging DNS hosting providers to deploy DNSSEC in an easy to use manner in order to facilitate deployment by registrants. DNSSEC deployment is further discussed in the context of our response to Question 43;

\* Prohibition on Wild Carding as required by section 2.2 of specification 6 of the Registry Agreement

\* Removal of Orphan Glue records: ICANN requires a policy and procedure to take action to remove orphan glue records from the zone when provided with evidence that the glue is indeed present and aiding malicious conduct.

CentralNic's registry system includes effective measures to prevent the abuse of orphan glue records.

Firstly, the Shared Registry System will reject any request to create host object that is the child of a non-existent domain name. That is, if EXAMPLE.ONLINE does not exist, then NS0.EXAMPLE.ONLINE cannot be created.

If the parent domain name does exist, then only the sponsoring registrar of that domain is permitted to create child host objects.

CentralNic's registry system currently follows the third model described in the SAC 048 report: orphan glue records are deleted from the registry and removed from the DNS when the parent domain name is deleted. If other domains in the database are delegated to orphan hosts that are removed, then the delegation is also removed from these domains.

The removal of glue records upon removal of the delegation point NS record mitigates the potential for use of orphan glue records in an abusive manner

#### 3.4. REGISTRANT DISQUALIFICATION

Abusive domain registration has historically attracted a small number of individuals and organisations that engage in high volume registrations, driven by the marginal profitability of individual abusive registrations. As specified in our Anti-Abuse Policy, we reserve the right to deny registration of a domain name to a Registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

Registrants, their agents or affiliates found through the application of our Anti-Abuse Policy to have repeatedly engaged in abusive registration will be disqualified from maintaining any registrations or making future registrations. This will be triggered when our records indicate that a Registrant has had action taken against it an unusual number of times through the application of our Anti-Abuse Policy.

Registrant disqualification provides an additional disincentive for qualified registrants to maintain abusive registrations in that it puts at risk even otherwise non-abusive registrations through the possible loss of all registrations.

In addition, name servers that are found to be associated only with fraudulent registrations will be added to a local blacklist and any existing or new registration that uses such fraudulent NS record will be investigated.

The disqualification of 'bad actors' and the creation of blacklists mitigates the potential for abuse by preventing individuals known to partake in such behaviour from registering domain names.

### 3.5. PROACTIVE DETERMINATION OF POTENTIAL ABUSE

There are several tell-tale signs which are indicative of abusive intent. The

following are examples of the data variables will serve as indicators that we will monitor with the help of our registry technical partner.

\* Unusual Domain Name Registration Practices: practices such as registering hundreds of domains at a time, registering domains which are unusually long or complex or include an obvious series of numbers tied to a random word (abuse40, abuse50, abuse60) may when considered as a whole be indicative of abuse

\* An Unusual Number of Changes to the NS record: the use of fast-flux techniques to disguise the location of web sites or other Internet services, to avoid detection and mitigation efforts, or to host illegal activities is considered abusive in the TLD. Fast flux techniques use DNS to frequently change the location on the Internet to which the domain name of an Internet host or name server resolves. As such an unusual number of changes to the NS record may be indicative of the use of fast-flux techniques given that there is little, if any, legitimate need to change the NS record for a domain name more than a few times a month.

\* Results of Monthly Checks: The random monthly checks to promote Whois accuracy (described ahead) are not limited to serving that purpose but may also be used to identify abusive behaviour given the strong correlation between inaccurate Whois data and abuse.

\* Analysis of Cross Validation of Registrant Whois data against Whois Data Known to be Fraudulent.

\* Analysis of Domain Names belonging to Registrant subject to action under the Anti-Abuse policy: in cases where action is taken against a registrant through the application of our Anti-Abuse policy, we will also investigate other domain names by the same registrant (same name, nameserver IP address, email address, postal address etc).

#### 4. PROCEDURES FOR HANDLING COMPLAINTS

#### 4.1 MECHANISMS FOR REPORTING COMPLAINTS

In order to make it easy for security agencies, law enforcement bodies and vigilant users to report incidents of abusive behavior within .Online, we shall enable several channels of communication.

##### 4.1.1 SINGLE POINT OF CONTACT

In accordance with section 4.1 of specification 6 of the Registry Agreement we will establish a single abuse point of contact (SAPOC) responsible for addressing and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller. Complaints may be received from members of the general public, other registries, registrars, LEA (Law Enforcement Agencies), government and quasi governmental agencies and recognised members of the anti-abuse community.

The SAPOC's accurate contact details (email, fax and mailing address) will be provided to ICANN and published on the abuse page of our Registry website. The SAPOC will in turn represent the entire compliance desk operated by the Directi group on behalf of .Online as an outsourced function.

The Registry website will additionally also include:

- \* All public facing policies in relation to the TLD including the Anti-Abuse Policy described in section 2

- \* A web based submission service for reporting inaccuracies in Whois information

- \* Registrant Best Practices

\* Conditions that apply to proxy registration services and direction to the SAPOC to report domain names that violate the conditions

As such, the SAPOC may receive complaints regarding a range of matters concerning the abuse policy defined in section 2

The SAPOC will be the primary method by which we will receive notification of abusive behaviour from third parties. It must be emphasised that the SAPOC will be the initial point of contact following which other processes will be triggered depending on the identity of the reporting organization and the type of abuse. Accordingly, separate processes for identifying abuse will exist for reports by LEA/government and quasi governmental agencies and members of the general public.

When any party makes a report via the Abuse POC e-mail address or the abuse web form, he or she will receive back a ticket number from a ticketing system. Our abuse team will then examine these reports, and use a ticketing system to track each issue. This process will leverage a dedicated software that we have used for handling abuse reports to our registrar businesses. It is our goal to provide a timely response to all abuse complaints concerning domains registered in the TLD, as per the SLAs defined by us.

#### 4.1.2 LAW ENFORCEMENT AGENCIES

We recognise that LEA, governmental and quasi governmental agencies may be privy to information beyond the reach of others which may prove critical in the identification of abusive behaviour in our TLD. As such, we will provide an expedited process which serves as a channel of communication for law enforcement, government and quasi-governmental agencies to, amongst other things, report illegal conduct in connection with the use of the TLD.

The process will involve prioritization and prompt investigation of reports

identifying abuse from those organizations. The steps in the expedited process are summarised as follows:

1. We will identify relevant LEA, government and quasi governmental agencies who may take part in the expedited process

2. We will establish back channel communication with each of the identified agencies in order to obtain information that may be used to verify the identity of the agency upon receipt of a report utilising the expedited process;

3. We will publish contact details on the abuse page of the Registry website for the SAPOC to be utilised by only those taking part in the expedited process;

4. All calls to this number will be responded to by a member of our <sup>24/7</sup> Compliance Team

5. We will verify the identity of the reporting agency employing methods specific to that agency established during back channel communication;

6. Upon verification of the reporting agency, we will obtain the details necessary to adequately investigate the report of abusive behaviour in the TLD;

7. Reports from verified agencies may be provided in the Incident Object Description Exchange Format (IODEF) as defined in RFC 5070. Provision of information in the IODEF will improve our ability to resolve complaints by simplifying collaboration and data sharing

8. The report identifying abuse will then be dealt with in accordance to our process defined in subsequent sections of this answer

#### 4.2. EVALUATION OF COMPLAINTS

The next step is for our abuse desk staff to review each complaint. The abuse team looks at the facts of each complaint in order to verify the complaint. The goals are accuracy, good record-keeping, and a zero false-positive rate so as not to harm innocent registrants while at the same time, taking timely action to mitigate abusive behaviour and to minimize impact.

Evaluation of complaints thus forms a very important part of the process. The following factors are considered for each case:

\* Type, Severity and immediacy of the abuse: Upon initial review, all incoming complaints will face an initial evaluation on the basis of severity and harm caused due to the abuse. While we will adhere to the SLAs laid down for our abuse mitigation processes, regardless of the type of complaint, there will be some complaints that will be considered relatively more severe and of greater malicious impact than others. Complaints with a higher severity/malicious impact and immediacy will be processed with greater urgency than others.

\* Determining the origin of the complaint: a credible complainant e.g. a law enforcement agency, a security group etc. automatically lends genuineness to a complaint while a complaint from a previously unknown source will require a background check to ensure that the complaint is not from a miscreant looking to create unnecessary trouble for a domain owner. Thus while we may take immediate action complaints from reliable sources, those from other sources, not backed by enough evidence, may require further due-diligence before action is taken.

\* Evaluating proof submitted along with a complaint: A complaint is also evaluated based on the supporting evidence provided which further determines the validity of a complaint. At this stage we will also attempt to establish a clear link between the activity reported and the alleged type of abusive behaviour. This is done to ensure that addressing the reported activity will address the abusive behaviour. In some cases the abuse is evident, which will result in immediate processing of the complaint from our side without much further due-diligence. In some cases, where the abuse may not be evident upfront, our desk will rely on supplementary evidence provided by the complainant which may be further ratified. While not limited to this list, supporting evidence could range from links, screen-shots of websites, copy right / trademark details, emails, email headers, whois information, ID proof etc.

\* Evaluating historical data: As mentioned before, we will maintain a log of all complaints received, including the contact details of complainants, the whois details of the abusers, the nameservers of abusive domain registrations, the type of domain names, the IPs of spamming domains etc. This will further help us in establishing trends for further action as required. A registration that re-sounds alarms from previously seen abusive trends will ascertain the necessary pre-emptive mitigation processes.



Assessing abuse reports requires good judgment, and we will rely upon our, specially trained abuse desk staff.

While we recognise that each incident of abuse represents a unique security threat and should be mitigated accordingly, we also recognise that prompt action justified by objective criteria are key to ensuring that mitigation efforts are effective. With this in mind, we have categorised the actions that we may take in response to various types of abuse by reference to the severity and immediacy of harm. This categorisation will be applied to each validated report of abuse and actions will be taken accordingly. It must be emphasised that the actions to mitigate the identified type of abuse in the section/s below are merely intended to provide a rough guideline and may vary upon further investigation.

#### 4.3. CATEGORIZATION OF COMPLAINTS

Each confirmed case of abuse is bucketed into one of the following categories

##### 4.3.1. CATEGORY 1

Probable Severity or Immediacy of Harm - Low

Examples of types of abusive behaviour -Small Scale Spam, Whois Inaccuracy

Mitigation steps -

##### 1.Preliminary Investigation

2. Delegate to Registrar

3. Monitor response time-frame vis-à-vis SLA

4. Take direct action in case of Registrar non-conformance.

#### 4.3.2. CATEGORY 2

Probable Severity or Immediacy of Harm - Medium

Examples of types of abusive behaviour – Medium scale spam, inactive botnets and other forms of abuse which have a higher degree of impact than the ones bucketed as category 1, but still relatively limited in terms of potential damage.

Mitigation steps -

1. Preliminary Investigation

2. Delegate to Registrar

3. Monitor response time-frame vis-à-vis SLA

4. Take direct action in case of Registrar non-conformance.

#### 4.3.3. CATEGORY 3

### Probable Severity or Immediacy of Harm - High

Examples of types of abusive behaviour - Fast Flux Hosting, Phishing, Large scale hacking, Pharming, Botnet command and control, Child Pornography and all other cases deemed to carry a very high risk of large scale impact

### Mitigation steps for Abuse policy violation -

1. Suspend domain name
2. Investigate
3. Restore or terminate domain name

### 4.4. MITIGATION OF COMPLAINTS

The mitigation steps for each category will now be described:

#### 4.4.1. CATEGORY 1

Types of abusive behaviour that fall into this category include those that represent a low severity or immediacy of harm to registrants and internet users. These generally include behaviours that result in the dissemination of unsolicited information or the publication of

illegitimate information. While undesirable, these activities do not generally present such an immediate threat as to justify suspension of the domain name in question. Each of these cases will be delegated down to the Registrar and the registrar's performance, in terms of response and resolution rate, will be monitored and recorded by us. In case of non-conformance by the Registrar, we will take over the issue.

We will also continually monitor the issue to track possible increases in the severity of harm. In case the threat level is above what was originally anticipated, we will escalate the issue to category two or three and act in accordance.

#### 4.4.2. CATEGORY 2

Types of abusive behaviour that fall into this category include those that represent a medium severity or immediacy of harm to registrants and internet users. These generally include medium scale spam, network intrusion, inactive botnets etc. Following the notification of the existence of such behaviours, our compliance team will delegate the issue to registrars and invoke the more aggressive SLAs that apply to this category of risk.

As was the case with category 1, we will continue to monitor the registrar's conformance with the SLAs and take direct action when necessary. We will also check for possible increases in risk levels and escalate the abuse category if required.

#### 4.4.3. CATEGORY 3

Highly serious, sensitive and large scale issues like phishing, child pornography and large-scale botnet are considered to be a serious violation of the Anti-Abuse Policy owing to its fraudulent exploitation of consumer vulnerabilities, high level of risk and far-reaching consequences. Given the direct relationship between the uptime of these activities, and extent of harm caused, we recognise the urgency required to execute processes that handle these cases directly, without any delegation.

As soon as the abuse is substantiated, we will proceed to suspend the domain name pending further investigation to determine whether the domain name should be unsuspended or cancelled. Cancellation will result if upon further investigation, the behaviour is determined to be one of the types of abuse defined in the Anti Abuse Policy.

In some cases we may change the nameservers associated with the domain and/or use EPP prohibited statuses in appropriate combinations to restrict activity against the domain such as contact updates, deletes or transfers.

In the past we have modified Nameservers to sinkhole malicious domains, so research partners can measure botnets and monitor malware activity. We believe this to be an extremely effective mechanism which takes down large scale attacks from the source, and assists researchers to build processes and tools which prevent future attacks from the same source. Our team will follow the same process for domains belonging to our registry.

We have built special systems to suspend individual and bulk batches of domains. This will allow us to quickly take care of cases where criminals have obtained bulk batches of domain names. This will be of use if malware designers use generation algorithms to register domains.

Reactivation of the domain name will result where further investigation determines that abusive behaviour, as defined by the Anti Abuse Policy, does not exist and that the domain name is not causing any harm.

#### 4.5. PROPOSED RESOLUTION METRICS AND SERVICE LEVEL AGREEMENTS

#### SLA RESPONSE CONSIDERATIONS FOR REPORTED ABUSE CASES

As described earlier, each abuse case and goes into one of three response categories depending on the severity and immediacy of the harm caused by the abuse. In the case of any failed SLA responses, the Registry reserves the right to act directly to suspend and/or lock the domains associated with a given abuse case. Additionally, highly serious, sensitive and large scale issues are ranked as category 3 and prioritized above all other cases.

Attachment 'Q28\_Abuse Mitigation SLA', shows the flowchart and SLA response for each category of abuse complaint

#### 4.5.1. CATEGORY 1

Some examples of abuses cases that will be categorized as 1 include:

- \* Low scale Spam
- \* Whois Inaccuracy
- \* Low scale Malware
- \* Any other abuse case deemed as low risk

RESPONSE SLA COMMITMENTS:

\* Initial Registry Response to Complainant: 2 business days from the time of receipt of the complaint

\* Registry Notification to Registrar: 2 business days from the time of receipt of the complaint

\* Initial Response from Registrar: 3 business days from the time that the complaint notification is sent to the Registrar

\* Update from Registrar as action taken or intended: 7 business days from the time that the complaint notification is sent to the Registrar

\* Final Resolution: 15 business days from the time the issue was reported to us

#### 4.5.2. CATEGORY 2

Some examples of abuses cases that will be categorized as 2 include:

\* Medium scale Spam

\* Confirmed but inactive botnet domains

\* All other abuse cases deemed as medium scale

RESPONSE SLA COMMITMENTS:

\* Initial Registry Response to Complainant: 2 business days from the time of receipt of the complaint

\* Registry Notification to Registrar: 2 business days from the time of receipt of the complaint

\* Initial Response from Registrar: 2 business days from the time that the complaint notification is sent to the Registrar by the Registry

\* Update from Registrar as action taken or intended: 3 business days from the time that the complaint notification is sent to the Registrar by the Registry

\* Final Resolution: 8 business days from the time of receipt of the complaint

#### 4.5.3. CATEGORY 3

Some examples of abuses cases that will be categorized as 3 include:

\* Confirmed Cases of child pornography

\* Confirmed cases of Phishing

\* Confirmed and active botnets domains

\* Any other case deemed as large scale

RESPONSE SLA COMMITMENTS:



\* Initial Registry Response to Complainant: 1 business day from the time of receipt of the complaint

\* Registry time to direct takedown: 3 business days from the time of receipt of the complaint

#### 4.6. Follow-up and Capture of Metrics

The abuse staff will track each abuse complaint ticket to resolution. Our ticketing system allows us to capture many metrics. We will measure resolution times, and we can see what percentage of abuse reports could be confirmed. We will also capture how many domains were suspended, and we will break down statistics by registrar in the TLD. This will help us identify registrars that have regular problems, and we can work with them to systematically identify and act against bad actors.

#### 4.7. CONTRACTUAL PROVISIONS

As the registry operator, we will use the Registry-Registrar Agreement (RRA) to establish the registry's right to act against abusive registrations as described in the preceding sections. We will also use the contract to impose certain obligations on the registrars, and make some obligations binding on the registrants by obligating specific terms in the registrar-registrant contract. The contract will be a mandatory part of the Registrar accreditation process with the Registry. Production access to the Registry will not be granted until the contract is duly signed AND the registrar has provided copy of their Registry Registrant Agreement to demonstrate the inclusion of any required pass-through provisions. The registrar is also fully obligated to their accreditation contracts with ICANN (via the RAA) which includes elements such as the UDRP.

In general, the contracts will establish that the registry operator may reject a registration request, or can delete, revoke, update, suspend, cancel, or transfer a registration for violations of our anti-abuse policies. The terms in our proposed agreement will empower us to take necessary action including, but not limited to:

\* Discretionary action against domain names that are not accompanied by complete and accurate information as required by ICANN Requirements and/or Registry Policies or where required information is not updated and/or corrected as required by ICANN Requirements and/or Registry Policies;

\* Action as may be required to protect the integrity and stability of the Registry, its operations, and the TLD system;

\* Action as may be required to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the Registry;

\* Action as may be required to establish, assert, or defend the legal rights of the Registry or a third party or to avoid any civil or criminal liability on the part of the Registry and/or its affiliates, subsidiaries, officers, directors, representatives, employees, contractors, and stockholders;

\* Action as may be required to correct mistakes made by the Registry or any Accredited Registrar in connection with a registration; or

\* Enforcement of Registry policies and ICANN requirements; each as amended from time to time;

\* Actions as otherwise provided in the Registry-Registrar Agreement and/or the Registry-Registrant Agreement.

Below are some additional points that we will look to cover in the RRA. These clauses will enable us to enforce some additional, proactive measures to curb and deter abuse:

\* We will reserve the right to deny registration of a domain name to a registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

\* We will reserve the right to place upon registry lock, hold or similar status a domain name during resolution of a dispute.

\* We may amend or otherwise modify this policy to keep abreast of changes in consensus policy or new and emerging types of abusive behaviour in the Internet.

\* Relevant language that enforces Registrars to conform with the SLAs provided for abuse cases delegated to them and provides the Registry with rights to take relevant actions in those cases.

\* Relevant language for sanctions against a Registrar leading to termination with respect to repeated offences and violations of their obligations with respect to abuse mitigation.

\* Relevant language that requires Registrars to provide for the following in their

## agreement with the Registrants

\*\* Whois accuracy provisions

\*\* Acceptable content and usage policy

\*\* Sunrise policy and submission to SDRP

\*\* UDRP

\*\* Rights granted to the Registrar and Registry to take necessary action wrt abuse prevention including sharing information with regulatory bodies and LEA and domain takedowns where appropriate

\*\* Indemnification

All of the contracts above will be regularly reviewed (atleast once a year) based on the experience gained by the Registry during actual operation and any relevant changes required to mitigate abuse will be appropriately introduced in consultation with ICANN and the Registrars

### 4.8. ADDITIONAL MITIGATION MEASURES

Based on our experience of running a leading Registrar, we have also devised some powerful mechanisms which will prevent possible abuse, and quickly diffuse abusive domains. These mechanisms include:

#### 4.8.1. PROFILING & BLACKLISTING

This process, currently in practice for our registrar businesses within the Directi Group, is used for gathering intelligence on known offenders. We maintain abuse ratios for each of the 1,000,000 plus registrants and 65,000 plus resellers who use Directi.

Experience has enabled us to use these ratios accurately to uncover registrants who are known and repeated offenders. Expert offenders rarely reuse the same registrant profile and often maintain a myriad number of profiles to mask their true identity. Through pattern mapping we try and group registrant profiles that we believe belong to the same operator.

The same process is followed at the reseller level too, to identify those resellers who are knowingly harboring offenders, or are themselves involved in abuse.

When a registrant profile is confirmed to be involved in organized abuse, including but not limited to cybersquatting, phishing, pharming etc., our immediate step is to suspend that customer's control over his abusive domain portfolio. Our compliance team then carefully analyzes each domain name to identify those which are abusive and not already taken-down. The necessary action is undertaken to diffuse any ongoing abuse.

We plan to adopt the 'Profiling and Blacklisting' process within our registry operations. Since all of our compliance resources will be trained and experienced in running this process, its implementation into .Online will be simple. Specifics of this policy and process, as it applies to our registry business, will be drawn out.

#### 4.8.2. PROACTIVE QUALITY REVIEW

As a preventive safeguard against abusive domain registration, we follow a consistent review process for domain registrations on our registrar, where a sample of newly registered domain names are analyzed for potential abusive activity. Coupled with our profiling process (described above), it enables us to take proactive measures against domain names that are registered solely to perpetrate malicious activities such as phishing, or otherwise infringe on the rights of others. This helps us curb abusive activity before it can affect too many Internet users. We shall seek to implement similar safeguards for .Online, and encourage registrars to incorporate this practice as part of their abuse mitigation processes.

#### 4.9. INDUSTRY COLLABORATION AND INFORMATION SHARING

Upon obtaining Registry Accreditation, we will join the Registry Internet Safety Group (RISG), whose mission is to facilitate data exchange and promulgate best practices to address internet identity theft, especially phishing and malware distribution. In addition, Directi coordinates with the Anti-Phishing Working Group (APWG), other DNS abuse prevention organizations and is subscribed to the NXdomain mailing list.

Directi's strong participation in the industry facilitates collaboration with relevant organizations on abuse related issues and ensures that Directi is responsive to new and emerging domain name abuses.

The information shared as a result of this industry participation will be used to identify domain names registered or used for abusive purposes. Information shared may include a list of registrants known to partake in abusive behavior in other TLDs. While presence on such lists will not directly constitute grounds for registrant disqualification, we will investigate domain names registered to those listed registrants and take appropriate action. In addition, information shared regarding practices indicative of abuse will facilitate detection of abuse by our own monitoring activities.

#### 5. PROMOTING AND ENSURING WHOIS ACCURACY

All registrants shall be required, via required language in every Registrar - Registrant Agreement, to provide accurate Registrar Data Directory Services, RDDS (WHOIS) contact details, and to keep those details current. Additionally, Registrars shall have direct responsibility to ensure Whois accuracy through their accreditation contracts with ICANN. Whois Data Reminder Policy or WDRP is an example of a direct Registrar/ICANN contractual obligation to monitor that RDDS (WHOIS) information is accurate and up to date it includes requiring Registrars to notify their registrants at least once a year to ensure their RDDS (WHOIS) data is correct and up to date.

The threat of inaccurate Whois information significantly hampers the ability to enforce policies in relation to abuse in the TLD by allowing the registrant to remain anonymous. In addition, LEA's rely on the integrity and accuracy of Whois information in their investigative processes to identify and locate wrongdoers.

In recognition of this, we propose that .Online have the following measures to promote RDDS (WHOIS) accuracy.

#### 5.1. WHOIS INACCURACY REPORTING SYSTEM

On the abuse page of our Registry website, we will provide a web based submission service for reporting Whois accuracy issues. Each of these issues will then be resolved as per the process detailed in the previous sections.

#### 5.2. REGULAR MONITORING & SAMPLING

Registrants of randomly selected domain names will be contacted by telephone using the provided Whois information by a member of our team in order to verify the phone number and confirm other Whois information. Where the registrant is not contactable by telephone, alternative contact details (email, postal address) will be used to contact the registrant who must then provide a contact number that is verified by our team. In the event that the registrant is not able to be contacted by any of the methods provided in Whois, the domain name will be cancelled following five contact attempts or one month after the initial contact attempt (based on the premise that a failure to respond is indicative of inaccurate Whois information and is grounds for terminating the registration agreement)

#### 5.3. ANALYSIS OF REGISTRY DATA

We will adopt some processes to identify patterns and correlations indicative of inaccurate Whois (e.g. repetitive use of fraudulent details).

#### 5.4. PROMOTING ACCURATE WHOIS DATA

WDRP (Whois Data Reminder Policy) implemented by ICANN at the Registrar level, mandates regular e-mail communication to registrants reminding them to keep their whois data accurate and updated. In addition, we will also identify effective mediums to remind registrants to update Whois information and inform them of the ramifications of a failure to respond to our random monthly checks. Ramifications include but are not limited to termination of the registration agreement.

#### 5.5. ENFORCEMENT AT REGISTRAR LEVEL

Registrars will also be contractually required to promptly investigate reports of RDDS (WHOIS) accuracy submitted to them, and resolve each case within a predefined time-frame stipulated through our SLA.

For all cases where inaccuracy is confirmed, we will record the registrar from whom the domain was sourced. We will use this data to capture the ratio of inaccuracies as a percentage of total domains managed, and identify the registrars that seem to attract an abnormally high number of inaccuracy issues. We will then work with those registrars to find potential ways in which they can progressively reduce the number of whois inaccuracy incidents.

The measures to promote Whois accuracy described above strike a balance between the need to maintain the integrity of the Whois service, which facilitates the identification of those taking part in illegal or fraudulent behaviour, and the operating practices of the Registry Operator and Registrars which aim to offer domain names to registrants in an efficient and timely manner.



Awareness among registrants that we will actively take steps to maintain the accuracy of Whois information mitigates the potential for abuse in the TLD. It deters abusive behaviour given that registrants may be identified, located and held liable for all actions in relation to their domain name.

## 5.6. PROXY / PRIVACY PROTECTION

We have designed a policy that will maximize the legitimate use of proxy and privacy services, and will minimize use by criminals and abusers.

.Online will allow the use of proxy and privacy services, where permitted by ICANN policies and requirements. These services have legitimate uses. Millions of registrants use them to protect their privacy and personal data from spammers and other parties that mine zone files and RDDS (WHOIS) data.

It is undeniable that criminals also use whois proxy services, to hide their true identities. To deter that practice, our policy will require that:

\* Registrants must use only a privacy/proxy service operated, contracted or owned by the domain's sponsoring registrar, and cannot use third-party proxy services unaffiliated with the domain's sponsoring registrar. This means that a domain's sponsoring registrar will always be in possession of the underlying contact data.

\* Registrars and resellers must provide the underlying registrant information to the registry operator upon request, and/or upon a legitimate law-enforcement request, within 24 hours. The registry operator will keep this data confidential, unless #3 below applies.

\*Registrars and resellers must remove the proxy protection and publish the underlying registrant information in the RDDS (WHOIS) if it is determined by the registry operator and/or the registrar that the registrant has breached any terms of service, such as anti-abuse policies.

The registrar obligations outlined above shall apply with equal force to all registrations sponsored by a registrar, whether those registrations were placed directly with the registrar or through a reseller.

These conditions will be implemented contractually by inclusion of corresponding clauses in the RRA as well as being published on the abuse page of our Registry website. Individuals and organisations will be encouraged through our abuse page to report any domain names they believe violate the restriction on the availability of proxy registrations, following which appropriate action may be taken by us. Publication of these conditions on the abuse page of our Registry website ensures that registrants are aware that despite utilisation of a proxy registration service, actual Whois information will be provided to LEA upon request in order to hold registrants liable for all actions in relation to their domain name. The certainty of Whois disclosure of domain names which draw the attention of LEA, deters those seeking to register domain names for abusive purposes.

## 6. CONTROLS FOR PROPER ACCESS TO DOMAIN FUNCTIONS

We realize that registrants often do not willfully use their domain names for abusive purposes, but domain names end up being compromised because of a lapse in security. Though this cannot always be controlled or mitigated by the registry, we are nevertheless committed to ensure that adequate safeguards are implemented to prevent domain names from being compromised and thereby making them prone to abuse.

### 6.1. MULTI-FACTOR AUTHENTICATION AND SECURE CONNECTIVITY FOR REGISTRARS

Through the contractual agreement with the registry, registrars will be expected to develop and employ in their domain name registration business, all necessary technology and restrictions to ensure that their connection to the registry is secure. All data exchanged between the registrar's system and the registry shall be protected to avoid unintended disclosure of information. Each EPP session shall be authenticated and encrypted using two-way secure socket layer ("SSL") protocol. Registrars will also agree to authenticate every EPP client connection with the registry using both an X.509 server certificate issued by a commercialCertification Authority identified by the registry and their registrar password, disclosed only to their respective employees on a need-to-know basis. Registrars will also access the SRS Web interface by utilizing an additional two-factor authentication token. Further details on this is provided in the response to Question 24 and 25

## 6.2. ENFORCEMENT OF STRONG AUTHCODES

Every domain name will have a strong authorization (authinfo) code, composed of alphabets, numerals, and special characters. An inter-registrar domain name transfer will not be permitted unless the registrant provides this authorization code at the time of executing the transfer process.

## 6.3. NOTIFICATION FOR EVERY UPDATE

We plan to notify the domain name holder upon any update made to a domain name. The notification will be committed through email to either or both of the registrant and technical contact of the domain name.

## 6.4. REGISTRY LOCK

Certain mission-critical domain names such as transactional sites, email systems and site supporting applications may warrant a higher level of security. 'Registry locking' is a feature which allows registrants to prohibit any updates at the Registry Operator level. This service will be

available programmatically via EPP, so all registrars will be able to offer it in real-time to their registrants. The feature will prevent unintentional transfer, modification or deletion of the domain name, and mitigates the potential for abuse by prohibiting any unauthorised updates that may be associated with fraudulent behaviour. For example, an attacker may update name servers of a mission critical domain name, thereby redirecting customers to an illegitimate website without actually transferring control of the domain name. This is described in detail in our response to Question 27

## 6.5. AWARENESS PROGRAMS

In accordance with our commitment to operating a secure and reliable TLD, we will attempt to improve registrant awareness of the threats of domain name hijacking, registrant impersonation and fraud, and emphasize the need for registrants to keep registration information accurate and confidential. Awareness will be raised by:

- \* Publishing the necessary information on the Abuse page of our Registry website in the form of videos, presentations and FAQs;

- \* Developing and providing to registrants, resellers and Registrars Best Common Practices that describe appropriate use and assignment of domain auth info codes and risks of misuse when the uniqueness property of this domain name password is not preserved.

## 7. RESOURCING PLANS

### 7.1. PERSONNEL

Functions described herein will be performed by -

\* Directi Group staff under contract with us -

\*\* Abuse & Compliance Team

\* Dispute Resolution Service Providers that are selected wrt UDRP and SDRP

Directi Group possesses an exemplary track record of diffusing abuse on 4 million plus domains under their Registrar. The abuse mitigation function of our Registry will be handled by the same team that currently manages this process for the registrar businesses.

The existing compliance team comprises of:

\* 1 Compliance Manager

\* 1 Team Supervisor

\* 4 Cyber Security Analysts

\* 9 Compliance Officers

The compliance function is staffed on a 24/7/365 basis and capable of handling up to a peak of 52,800 unique abuse incidents per year. Each incident by itself can relate to a few to hundreds of domain names.

While this team is trained to investigate and verify all types of issues, they can also fall back on support from our technical staff when required. Similarly, abuse cases following new or unexpected parameters may also be escalated to legal support staff for expert counsel.

Our estimates of resource sizing are directly derived from the abuse case incident volumes currently experienced. On a base of 4 million domains across our Registrar businesses within Directi, each year we experience approximately:

- \* 6000 malware related abuses
  
- \* 1600 phishing abuses
  
- \* 1200 spam cases
  
- \* 600 pharmacy related abuses
  
- \* 5600 large botnet related abuse cases annually

This averages an incident rate of approximately 15,000 cases of abuse per year or 3.75 incidents per 1000 names

Since registries delegate a large portion of their abuse responsibilities to registrars, it is fair to assume that our registry's abuse incident ratio will be lower than what we experience as registrars. In fact, even in our case <sup>2</sup>/<sub>3</sub> categories of incidents will be delegated to the registrar and our direct involvement is expected in only 25%-35% of all incidents. However, given our proactive approach, importance on ensuring a clean and secure namespace, and aggressive SLAs, we choose to be conservative by assuming that we will be involved in 75% of the incidents.

Based on our projections, we expect .Online to reach 258,839 domain names at the end of the 3rd year. Extrapolating from our current rate of 3.75 incidents per 1000 names, we can expect around 971 abuse incidents yearly and be involved in 728 (75%) of them. Including the estimated 43 RPM incidents (details in our response to Q29) brings our total projected incident count to 771. This conservative estimate also accounts for the aggressive SLAs at multiple levels, law enforcement interfacing and having a single POC available at all times.

The Compliance desk works as a centralized team and all team members are responsible for all abuse complaints across all businesses of Directi. Costs of the Compliance team are then allocated to each business based on the % utilization of the compliance team by each business. We have assumed 15% of two compliance officers' time towards .Online. Given that our 15 people team has the capacity to handle 52,800 incidents yearly, 2 officers with 15% of their time, will have a total capacity to handle 1056 incidents annually. It is important to point out that 15% of the 2 officers is merely a cost allocation method and in actuality all 15 members and more of the Compliance team will be available to resolve abuse issues for TLD.

Our planning provides us redundant capacity of 231% in Y1, 75% in Y2 and 37% in Y3, to handle both abuse as well as RPM related cases such as those involving URS. This leaves substantial headroom for rapid growth of domains under management, or a sudden surge in abuse incident rates per domain.

It is also important to note that there exist some economies of scale in our operations since a large number of these cases are dealt with in bulk, or large batches, as they relate to the same instigator(s).

The abuse team has a structured training program in place which enables them to rapidly scale-up resources when required. Typically a team of recruits are given four weeks of training and two weeks on the floor before they are fully activated.

Given the rapid growth rate of Directi businesses, Directi will continue to hire and maintain a sizable buffer over and above anticipated growth.

## 7.2. FINANCIAL CONSIDERATIONS

The usage of Directi Group's staff is included in our contract with Directi attached to Q46 ('Q46\_References: Service and Facilities Commitment Agreement'). This cost is shown in the financial answers.

This completes our answer to Q28.

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29. Rights Protection Mechanisms: Applicants must describe how their registry will comply with policies and practices that minimize abusive registrations and other activities that affect the legal rights of others, such as the Uniform Domain Name Dispute Resolution Policy (UDRP), Uniform Rapid Suspension (URS) system, and Trademark Claims and Sunrise services at startup.

A complete answer should include:

- A description of how the registry operator will implement safeguards against allowing unqualified registrations (e.g., registrations made in violation of the registry's eligibility restrictions or policies), and reduce opportunities for behaviors such as phishing or pharming. At a minimum, the registry operator must offer a Sunrise period and a Trademark Claims service during the required time periods, and implement decisions rendered under the URS on an ongoing basis; and
- A description of resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

>To be eligible for a score of 2, answers must also include additional measures specific to rights protection, such as abusive use policies, takedown procedures, registrant pre-verification, or authentication procedures, or other covenants.

A complete answer is expected to be no more than 10 pages.

DotOnline Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (including ResellerClub.com and BigRock.com) and Web Hosting companies. At Directi, through our decade long experience as a domain name registrar, we have consciously strived to ensure that domain registrations through our platform do not violate the intellectual property or other rights of any person or organization.

Our experience as a domain name registrar gives us insight into the necessity and importance of rights protection, and the mechanisms that must be employed to assure it. With .Online, we shall leverage our experience to implement a comprehensive set of policies and procedures that will uphold intellectual property rights to the greatest possible extent.

The protection of trademark rights is a core goal of .Online. .Online will have a professional



plan for rights protection. It will incorporate best practices of existing TLDs, going above and beyond the ICANN mandated RPMs to prevent abusive registrations and rapidly take-down abuse when it does occur.

## 1. PREVENT ABUSIVE REGISTRATIONS

We will put into place the following measures to ensure prevention of registrations that infringe the IP rights of others

### 1.1. SUNRISE PROCESS

Our sunrise registration service will provide trademark holders with at least a 30-day priority period in which to register their trademarks as domain names.

Sunrise Timeline -

Day 1: Single sunrise round opens

Day 30: Sunrise round closes

Day 31: Sunrise allocation begins and Sunrise period ends

#### 1.1.1. SUNRISE POLICY SUMMARY AND SDRP SUMMARY

This section provides a summary of our Sunrise Policy and SDRP. We have formulated our policies and processes based on existing guidance concerning Sunrise and TMCH provided by ICANN. Any additional guidance in the future that requires changes to our process and policies will be implemented.

Through our Sunrise Policy we will offer at least one 30-day sunrise round in which trademark holders satisfying the Sunrise eligibility requirements proposed in the 'gTLD Applicant Guidebook' will be eligible to apply for a domain name. This sunrise period will be the first opportunity for

registration of domain names in .Online. Trademarks upon which sunrise applications are based must meet the criteria defined in the 'gTLD Applicant Guidebook' and be supported by an entry in the TMCH.

Sunrise allocation will start at the end of the 30-day sunrise period. If one validated application is received for a domain name, the same will be allocated to the applicant in the 10-day period following the end of the sunrise period. Where multiple validated applications are received for a domain name, the name will be allocated by auction. Domain names registered during the sunrise period will have a term of 2 yrs.

We will adopt a Sunrise Dispute Resolution Policy ('SDRP') to allow any party to raise a challenge on the four grounds identified in the 'gTLD Applicant Guidebook'. All registrants will be required to submit to proceedings under the SDRP. SDRP claims may be raised at any time after registration of a domain name.

#### 1.1.2. IMPLEMENTATION

##### 1.1.2.1. SUNRISE PRICING

We plan to charge a non-refundable Sunrise application fee or validation fee of \$80 for every Sunrise application. We have arrived at the fee to offset the cost of the trademark validation and other administrative over-heads.

##### 1.1.2.2. SUNRISE IMPLEMENTATION PLAN

1. Prior to sunrise, trademark holders should apply for inclusion of their marks in the TMCH database.

2. Our Sunrise Policy and SDRP will be published on our website.

3. A trademark holder satisfying the sunrise eligibility requirements will pay the non-refundable sunrise application fee and submit its application corresponding to its TMCH entry to a registrar along with evidence of the corresponding TMCH entry.

4. Registrars will send the sunrise applications to CENTRALNIC. They will be charged the application fee at this time.

5. CENTRALNIC will perform standard checks to ensure that the domain name is technically valid and hold the application for subsequent allocation.

6. Upon conclusion of the 30-day sunrise period, CENTRALNIC will allocate the applied-for names as follows:

\* Where a single sunrise application exists for a particular domain name CentralNic will allocate the domain to the sponsoring registrar and will charge the sunrise registration fee to the registrar.

\* Where multiple sunrise applications exist for a domain name, CentralNic will compile and communicate to a 3rd-party auction services provider appointed by us a list of competing applicants, who will be invited to participate in an auction for the domain name.

7. The auction services provider will facilitate the auction process and upon completion of the auction will notify all participants of the outcome and collect the auction payment from the winning participant.

8. Upon payment of the auction bid, the auction services provider will communicate to CentralNic the details of the winning auction participant and will submit the revenue collected to CentralNic. CentralNic will validate the communication from the auction services provider and allocate the domain name to the sponsoring registrar of the winning application.

9. Sometime during this process CentralNic will identify all sunrise applications which constitute an 'Identical Match' (as defined in the 'gTLD Applicant Guidebook') with a TMCH entry and provide notice to the TMCH via the List of Registered Domain Names (LORDN).

#### 1.1.1.3. SDRP IMPLEMENTATION PLAN

When a domain is awarded and granted to a registrant, that domain will be available for lookup in the public WHOIS.

After a Sunrise name is awarded it will also remain under a "Sunrise Lock" status for at least 60 days. During this period the domain will not resolve and cannot be modified, transferred, or deleted by the sponsoring registrar. A domain name will be unlocked at the end of that lock period only if it is not the subject of a Sunrise Challenge. Challenged domains will remain locked until the dispute resolution provider has issued a decision, which the registry operator will promptly execute.

SDRP filings will be handled by an appropriate service provider as per ICANN guidance and policy.

#### 1.1.1.4. IMPLEMENTATION THROUGH CONTRACTUAL RELATIONSHIPS

The following features of the Sunrise and SDRP implementation plans described above will be executed by the inclusion of corresponding clauses in our RRA, which will require inclusion in registrars' Domain Name Registration Agreements:

- \* By making a sunrise application the applicant agrees to purchase the domain name if that name is allocated to the applicant.

- \* The sunrise application fee is non-refundable.

- \* All sunrise applicants must submit to proceedings under the SDRP.

#### 1.2. TRADEMARK CLAIMS SERVICE

For at least 60 days during general availability we will offer the trademark claims service as described in the 'gTLD Application Guidebook'.

##### 1.2.1. IMPLEMENTATION

###### 1.2.1.1. TRADEMARK CLAIMS SERVICE IMPLEMENTATION PLAN

This process will be executed for at least the first 60 days of general availability:

1. an applicant will make an application to a registrar for a domain name.

2. Registrars will be required to communicate land rush application information to our registry backend provider - CENTRALNIC.

3. CENTRALNIC or Registrars (as prescribed) will interface with the TMCH to determine whether an applied-for domain name constitutes an 'Identical Match' with a trademark in the TMCH. If an 'Identical Match' is identified, the registrar will provide to the land rush applicant a Trademark Claims Notice in the form prescribed by the 'gTLD Applicant Guidebook'. Following receipt of this notice a land rush applicant must communicate to the registrar its decision either to proceed with or abandon the registration.

4. CENTRALNIC or Registrar (as prescribed) will interface with the TMCH to promptly notify relevant mark holders of the registration of a domain name constituting an 'Identical Match' to their TMCH entry.

#### 1.2.1.2. IMPLEMENTATION THROUGH CONTRACTUAL RELATIONSHIPS

The following features of our Trademark Claims Service Implementation Plan described above will be executed by the inclusion of corresponding clauses in our RRA:

- \* Registrars must comply with the TMCH as required by ICANN and the TMCH Service Provider/s.
- \* Registrars must not in their provision of the trademark claims service make use of any other trademark information aggregation, notification or validation service other than the TMCH.
- \* In order to prevent a chilling effect on registration, registrars must ensure that land rush applicants are not prevented from registering domain names considered an 'Identical Match' with a mark in the TMCH.
- \* Registrars must provide clear notice in the specific form provided by the 'gTLD Applicant Guidebook' to the prospective registrant of relevant entries in the TMCH.
- \* Registrars must interface with the TMCH as prescribed to relevant mark holders of the registration of a domain name constituting an 'Identical Match' to their TMCH entry.

#### 2. ONGOING RIGHTS PROTECTION AND ABUSE PREVENTION

Below we describe ongoing RPMs which we will implement to mitigate cybersquatting and other types of abusive behaviour such as phishing and pharming.

##### 2.1. UNIFORM RAPID SUSPENSION (URS)

The URS (Uniform Rapid Suspension) procedure is a new RPM the implementation of which is mandated in all new gTLDs. Understanding that a fundamental aim of the URS is expediency, all of the steps in our Implementation Plan below will be undertaken as soon as practical but without compromising security or accuracy.

#### 2.1.1. IMPLEMENTATION

##### 2.1.1.1. URS IMPLEMENTATION PLAN

1. We will provide to each URS provider an email address to which URS-related correspondence can be sent. On an ongoing basis, our compliance desk will monitor this email address for receipt of communications from URS providers, including the Notice of Complaint, Notice of Default, URS Determination, Notice of Appeal and Appeal Panel Findings.

2. We will validate correspondence from a URS provider to ensure that it originates from the URS Provider.

3. We will within 24 hours of receipt of a URS Notice of Complaint lock the domain name/s the subject of that complaint by restricting all changes to the registration data, including transfer and deletion of the domain name. The domain name will continue to resolve while in this locked status.

4. We will immediately notify the URS provider in the manner requested by the URS provider once the domain name/s have been locked.

5. Upon receipt of a favourable URS Determination we will unlock the domain name and redirect the nameservers to an informational web page provided by the URS provider. While a domain name is locked, our backend provider - CENTRALNIC - will continue to display all of the WHOIS information of the original registrant except for the redirection of the nameservers and the additional statement that the domain name will not be able to be transferred, deleted or modified for the life of the registration.

6. Upon receipt of notification from the URS provider of termination of a URS proceeding we will promptly unlock the domain name and return full control to the registrant.

7. Where a default has occurred (because a registrant has not submitted an answer to a URS complaint in accordance with the 'gTLD Applicant Guidebook') and a Determination has been made in favour of the complainant, in the event that we receive notice from a URS provider that a Response has been filed in accordance with the 'gTLD Applicant Guidebook', we will as soon as practical restore a domain name to resolve to the original IP address while preserving the domain's locked status until a Determination from de novo review is notified to us.

8. We will ensure that no changes are made to the resolution of a registration the subject of a successful URS Determination until expiry of the registration or the additional registration year unless otherwise instructed by a UDRP provider.

9. We will make available to successful URS complainants an optional extension of the registration period for one additional year.

#### 2.1.1.2. IMPLEMENTATION OF THE URS THROUGH CONTRACTUAL RELATIONSHIPS

The following features of our URS Implementation Plan described above will be executed by the inclusion of corresponding clauses in our RRA:

\* In the event that a Registrant does not submit an answer to a URS complaint in accordance with the 'gTLD Applicant Guidebook', registrars must prevent registrants from making changes to the WHOIS information of a registration while it is in URS default.

\* Registrars must prevent changes to a domain name when a domain is in locked status to ensure that both the Registrar's systems and Registry's systems contain the same information for the locked domain name.

\* Registrars must not take any action relating to a URS proceeding except as in accordance with a validated communication from us or a URS provider.

#### 2.2. UDRP

The UDRP (Uniform Domain Name Dispute Resolution Policy) is applicable to domain name registrations in all new gTLDs. It is available to parties with rights in valid and enforceable trade or service marks and is actionable on proof of all of the following three grounds:

1. the registrant's domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights.
2. the registrant has no rights or legitimate interests in respect of the domain name.
3. the registrant's domain name has been registered and is being used in bad faith.

The remedies offered by the UDRP are cancellation of a domain name or transfer of a domain name registration to a successful UDRP claimant.

#### 2.2.1. IMPLEMENTATION

#### 2.2.1.1. UDRP IMPLEMENTATION PLAN

We have two responsibilities in order to facilitate registrars' implementation of the UDRP -

1. Our backend provider - CENTRALNIC - will maintain awareness of UDRP requirements and is capable of taking action when required and sufficiently skilled and flexible to respond to any changes to UDRP policy arising from future consensus policy reviews.

2. We will provide EPP and the SRS web interfaces to enable registrars to perform required UDRP functions in accordance with the Policy on Transfer of Registrations between Registrars.

#### 2.2.1.2. IMPLEMENTATION OF THE UDRP THROUGH CONTRACTUAL RELATIONSHIPS

The UDRP is applicable to domain name registrations in all new gTLDs by force of a contractual obligation on Registry Operators to use only ICANN-accredited registrars, who in turn are contractually required to incorporate the UDRP in their Domain Name Registration Agreements.

### 3. ADDITIONAL RIGHTS PROTECTION MECHANISMS

The protection of trademark rights is a core goal of .Online. Our Right Protection Mechanisms, policies and procedures go significantly above and beyond the minimum mandated RPMs to prevent abusive registrations, rapidly take-down abuse when it occurs, and foster a clean namespace for .Online

This section describes several other RPMs that .Online will implement that exceed the minimum requirements for RPMs and align with our goal of creating a namespace that provides maximum protection to trademark holders.

#### 3.1. PROFILING & BLACKLISTING



This process, currently in practice for our registrar businesses within the Directi Group, is used for gathering intelligence on known offenders. We maintain abuse ratios for each of the 1,000,000 plus registrants and 65,000 plus resellers who use Directi.

Experience has enabled us to use these ratios accurately to uncover registrants who are known and repeated offenders. Expert offenders rarely reuse the same registrant profile and often maintain a myriad number of profiles to mask their true identity. Through pattern mapping we try and group registrant profiles that we believe belong to the same operator.

The same process is followed at the reseller level too, to identify those resellers who are knowingly harboring offenders, or are themselves involved in abuse.

When a registrant profile is confirmed to be involved in organized abuse, including but not limited to cybersquatting, phishing, pharming etc., our immediate step is to suspend that customer's control over his abusive domain portfolio. Our compliance team then carefully analyzes each domain name to identify those which are abusive and not already taken-down. The necessary action is undertaken to diffuse any ongoing abuse.

We plan to adopt the 'Profiling and Blacklisting' process within our registry operations. Since all of our compliance resources will be trained and experienced in running this process, its implementation into .Online will be simple. Specifics of this policy and process, as it applies to our registry business, will be drawn out.

### 3.2.PROACTIVE DOMAIN QUALITY ASSURANCE

As a preventive safeguard against abusive domain registration, we follow a consistent review process for domain registrations on our registrar, where a sample of newly registered domain names are analyzed for potential abusive activity. Coupled with our profiling process (described above), it enables us to take proactive measures against domain names that are registered solely to perpetrate malicious activities such as phishing, or otherwise infringe on the rights of others. This helps us curb abusive activity before it can affect too many Internet users. We shall seek to implement similar safeguards for .Online, and encourage registrars to incorporate this practice as part of their abuse mitigation processes.

### 3.3.INDUSTRY COLLABORATION

#### 3.3.1.ACTIVE INVOLVEMENT WITH SECURITY AGENCIES

In order to mitigate abuse of domain names on our registrar business, our abuse team has active involvement in helping security vendors and researchers fight domain abuse. They provide us a constant feed of abuse instances and help us identify domain names involved in activities like phishing or pharming. Some of the prominent organizations we work with include PhishLabs (phishing), LegitScript (illegal pharmaceutical distribution), Artists Against 419 (financial scams), Knujon (spam) etc. We will leverage these relationships to ensure oversight for all domain names registered within .Online.

### 3.3.2.APWG REVIEW

Every six months, the Anti-Phishing Working Group (APWG) publishes its latest Global Phishing Survey [See <http://www.apwg.org/resources.html#apwg>]. This study contains an analysis of phishing per TLD. We will review the performance of our anti-abuse program against the APWG reports, and other metrics created by the security community. We will work closely with APWG to combat phishing within .Online

### 3.3.3.MESSAGE OF ZERO TOLERANCE

Our Anti-Abuse Policy will put Registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for abusive purposes. The policy will be made easily accessible on the Abuse page of our Registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

The Directi Group has vast experience in minimizing abusive registrations. Our zero tolerance procedures and aggressive proactive takedown measures as a Domain Registrar have resulted in a white-hat reputation discouraging abusive registrations to begin with. We intend on following the same approach with respect to Registry operations for .Online. Our proactive abuse procedures are geared towards building a reputation that discourages miscreants and malicious intent. Once it is known that abusive registrations and registrations in violation of our policies are suspended rapidly, this will directly result in discouraging abusive registrations and creating a clean namespace. While following this path will mean a higher compliance and abuse vigilance cost for us, we believe this effort will pay us long term rewards through abusers keeping away and .Online becoming recognized as a reputable namespace.

## 4.REDUCING PHISHING AND PHARMING

All of the measures we have described in the preceding sections significantly reduce phishing and pharming within .Online. These include RPMs like URS and UDRP.

Over and above this our coordination with APWG, Industry Collaboration, Profiling and Blacklisting processes and Proactive measures described in Section 3 above will go a long way in ensuring a clean namespace for .Online and considerably reduced phishing and pharming activities.

## 5. PREVENTING TRADEMARK INFRINGEMENT IN OPERATING THE REGISTRY

We take seriously our responsibilities in running a registry and we understand that while offering a sunrise registration service and the trademark claims service during start-up of our TLD and the URS and UDRP on an ongoing basis serves to minimise abuse by others, this does not necessarily serve to minimise trademark infringement in our operation of the TLD. This responsibility is now clearly expressed and imposed upon registries through the new Trademark PDDRP [Post-Delegation Dispute Resolution Procedure], which targets infringement arising from the Registry Operator's manner of operation or use of its TLD.

Whilst we will as required under the Registry Agreement agree to participate in all Trademark PDDRP procedures and be bound by the resulting determinations, we will also have in place procedures to identify and address potential conflicts before they escalate to the stage of a Trademark PDDRP claim.

### 5.1. IMPLEMENTATION

1. We will notify to the Trademark PDDRP provider/s contact details to which communications regarding the Trademark PDDRP can be sent.

2. We will publish our Anti-Abuse Policy on a website specifically dedicated to abuse handling in our TLD.

3. Using the single abuse point of contact discussed in detail in our response to Q28, a complainant can notify us of its belief that that one or more of its marks have been infringed and harm caused by our manner of operation or use of our TLD

4. We will receive complaints submitted through the single abuse point of contact.

5. The Compliance Team will acknowledge receipt of the complaint and commence investigation of the subject matter of the complaint and good faith negotiations with the complainant in accordance with the 'gTLD Applicant Guidebook'.

6. On an ongoing basis, our Compliance Team will monitor the email address notified to the Trademark PDDRP provider/s for all communications from the Trademark PDDRP provider, including the threshold determination, Trademark PDDRP complaint, complainant's reply, notice of default, expert panel determinations, notice of appeal and determinations of an appeal panel.

7. In the event that a complaint cannot be resolved and a Trademark PDDRP claim is made, we will do the following:

- \* file a response to the complaint in accordance with Trademark PDDRP policy section 10 (thus avoiding, whenever possible, a default situation).

- \* where appropriate, make and communicate to the Trademark PDDRP provider decisions regarding the Trademark PDDRP proceeding, including whether to request a three-person Trademark PDDRP Expert Panel, request discovery, request and attend a hearing, request a de novo appeal, challenge an ICANN-imposed Trademark PDDRP remedy, initiate dispute resolution under the Registry Agreement, or commence litigation in the event of a dispute arising under the Trademark PDDRP.

- \* where appropriate, undertake discovery in compliance with Trademark PDDRP policy section 15, attend hearings raised under section 16 if required, and gather evidence in compliance with sections 20.5 and 20.6.

8. We will upon notification of an Expert Panel finding in favour of the Claimant (Trademark PDDRP policy section 14.3), reimburse the Trademark PDDRP Claimant.

9. We will implement any remedial measures recommended by the expert panel pursuant to Trademark PDDRP policy and take all steps necessary to cure violations found by the expert panel and notified by ICANN.

## 6. RESOURCING PLANS

### 6.1. PERSONNEL

Functions described herein will be performed by -

- \* Directi Group Abuse and Compliance team under contract with us -

- \*\* Overseeing Sunrise process

- \*\* URS

- \*\* Abuse complaints concerning RPM
  
- \* CENTRALNIC's backend Registry
  
- \* Service Providers that are selected wrt TMCH, UDRP, URS, and SDRP
  
- \* Director of Technology at .Online & Account Management staff at .Online
  
- \*\* Overseeing Sunrise process
  
- \*\* Communication of the sunrise process to Registrars

Directi Group possesses an exemplary track record of diffusing abuse on 4 million plus domains under their Registrar business. The Rights protection and abuse mitigation function of our Registry will be handled by the same team that currently manages this process for the registrar businesses.

The existing compliance team comprises of:

- \* 1 Compliance Manager
  
- \* 1 Team Supervisor
  
- \* 4 Cyber Security Analysts
  
- \* 9 Compliance Officers

The compliance function is staffed on a  $24/7/365$  basis and capable of handling up to a peak of 52,800 unique abuse incidents per year. Each incident by itself can relate to a few to hundreds of domain names.

While this team is trained to investigate and verify all types of issues, they can also fall back on support from our technical staff when required. Similarly, abuse cases following new or unexpected parameters may also be escalated to legal support staff for expert counsel.

Our estimates of resource sizing are directly derived from the abuse case incident volumes currently experienced. On a base of 4 million domains as a Registrar, we experience approximately the following incidents per year:

\* UDRP Cases - 200

\* Other RPM incidents - 20 cases

This averages an incident rate of approximately 220 cases of abuse per year or 0.055 incidents per 1000 names. Given that this is based on a more mature base of names, it would be prudent to assume a higher rate of activity for .Online. Based on our experience we have assumed the increase in activity rate to be three fold (300% of the current rate) and increase it to 0.165 per 1000 names.

Based on our projections, we expect .Online to reach 258,839 domain names at the end of the third year. Extrapolating from our estimated rate of 0.165 incidents per 1000 names, we can expect around 43 incidents yearly. Including the estimated 728 Abuse incidents that the registry will be involved in (details in our response to Q28), brings our total projected incident count to 771.

The Compliance desk works as a centralized team and all team members are responsible for all abuse complaints across all businesses of Directi. Costs of the Compliance team are then allocated to each business based on the % utilization of the compliance team by each business. We have assumed 15% of two compliance officers' time towards .Online. Given that our 15 people team has the capacity to handle 52,800 incidents yearly, 2 officers with 15% of their time, will have a total capacity to handle 1056 incidents annually which is more than adequate for the Registry. It is important to point out that 15% of the 2 officers is merely a cost allocation method and in actuality all 15 members and more of the Compliance team will be available to resolve abuse issues for TLD.

Our planning provides us redundant capacity of 232% in Y1, 75% in Y2 and 37% in Y3, to handle both abuse as well as RPM related cases such as those involving URS. This leaves substantial headroom for rapid growth of domains under management, or a sudden surge in abuse incident rates per domain.

It is also important to note that there exist some economies of scale in our operations since a large number of these cases are dealt with in bulk, or large batches, as they relate to the same instigator(s).

The Abuse and Compliance team has a structured training program in place which enables them to rapidly scale-up resources when required. Typically a team of recruits are given four weeks of training and two weeks on the floor before they are fully activated.

Given our rapid growth rate and business expansion plans, we will continue to hire and maintain a sizable buffer over and above anticipated growth.

## 6.2. FINANCIAL COSTS

The usage of Directi Group's staff is included in our contract with Directi attached to Q46. This cost is shown in the financial answers.

This completes our answer to Q29.

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30A. Security Policy: provide a summary of the security policy for the proposed registry, including but not limited to:

- indication of any independent assessment reports demonstrating security capabilities, and provisions for periodic independent assessment reports to test security capabilities;
- description of any augmented security levels or capabilities commensurate with the nature of the applied for gTLD string, including the identification of any existing international or industry relevant security standards the applicant commits to following (reference site must be provided);
- list of commitments made to registrants concerning security levels.

To be eligible for a score of 2, answers must also include:

- Evidence of an independent assessment report demonstrating effective security controls (e.g., ISO 27001).

A summary of the above should be no more than 20 pages. Note that the complete security policy for the registry is required to be submitted in accordance with 30(b).

Except where specified this answer refers to the operations of DotOnline Inc.'s outsource Registry Service Provider, CentralNic.

### 30(a).1. Introduction

CentralNic's Information Security Management System (ISMS) has been certified against ISO 27001. A copy of the certificate issued by Lloyd's Register Quality Assurance (LRQA), a UKAS accredited certifier, is provided as Appendix 30.1.1. The ISMS is part of a larger Management System which includes policies and procedures compliant to ISO 9001.

### 30(a).2. Independent Assessment

As part of ISO 27001 compliance, CentralNic's security policies are subject to biannual external audit. Further details can be found in Q30(b).

### 30(a).3. Augmented Security Levels

DotOnline Inc. believes that the TLD requires no additional security levels above those expected of any gTLD registry operator. Nevertheless, DotOnline Inc. and CentralNic will operate the TLD to a high level of security and stability in keeping with its status as a component of critical Internet infrastructure.

Registry systems are hardened against attack from external and internal threats. Access controls are in place and all systems are monitored and audited to mitigate the risk of unauthorised access, distribution or modification of sensitive data assets. The Authoritative DNS System has been designed to meet the threat of Distributed Denial-of-Service (DDoS) attacks by means of over-provisioning of network bandwidth, and deployment of Shared Unicast ("Anycast") addresses on nameservers. Whois services have been designed with built-in rate limiting and include mechanisms for protection of personal information. The stability of the registry is supported by use of high-availability technologies including a "hot" Disaster Recovery site in the Isle of Man, as well as a backup provider relationship with GMO Registry in Japan.

### 30(a).4. Commitments to Registrars

DotOnline Inc. and CentralNic will make the following commitments to the TLD registrars:

\*The SRS will be operated in a secure manner. Controls will be in place to prevent unauthorised access and modification of registry data.

\*The Whois service will prevent unauthorised bulk access to domain name registration data, and provide tools to protect personal information.

\*The DNS system will be designed to provide effective defence against DDoS attacks. The registry will proactively monitor the DNS system to provide early warning against threats to the stability of the TLD.

\*The DNSSEC system will be operated in accordance with best practices and recommendations as described in the relevant RFC documents (described in Q43).

\*Security incidents reported by registrars, registrants and other stakeholders will be acted upon in accordance with the Security Incident Response Policy (see below).

\*Security vulnerabilities reported to the registry will be acknowledged and remediated as quickly as possible.

\*Registrars will be promptly notified of all incidents that affect the security and stability of the registry system and their customers, and will be kept informed as incidents develop.

### 30(a).5. Access Controls



CentralNic operates an access control policy for the registry system. For example, the web-based Staff Console which is used to administer the SRS and manage registrar accounts supports a total of ten different access levels, ranging from "Trainee", who have read-only access to a subset of features, to "System Administrator" who have full access to all systems.

Underlying server and network infrastructure is also subjected to access control. A centralised configuration manager is used to centrally control access to servers. Individual user accounts are created, managed and deleted via the configuration server. Access to servers is authenticated by means of SSH keys: only authorised keys may be used to access servers. Operations personnel can escalate privileges to perform administration tasks (such as updating software or restarting daemons) using the "sudo" command which is logged and audited as described below.

Only operations personnel have access to production environments. Development personnel are restricted to development, staging and OT&E environments.

### 30(a).6. Security Enforcement

Security controls are continually monitored to ensure that they are enforced. Monitoring includes use of intrusion detection systems on firewalls and application servers. Attempted breaches of access controls (for example, port scans or web application vulnerability scans) trigger NOC alerts and may result in the execution of the Security Incident Response Policy (see below).

Since CentralNic operates a centralised logging and monitoring system (see Q42), access logs are analysed in order to generate access reports which are then reviewed by NOC personnel. This includes access to servers via SSH, to web-based administration systems, and to security and networking equipment. Unexpected access to systems is investigated with a view to correcting any breaches and/or revoking access where appropriate.

### 30(a).8. Security Incident Response Policy

CentralNic operates a Security Incident Response Policy which applies to all events and incidents as defined by the policy, and to all computer systems and networks operated by CentralNic.

The Policy provides a mechanism by which security events and incidents are defined (as observable change to the normal behaviour of a system attributable to a human root cause). It also defines the conditions under which an incident may be defined as escalated (when events affect critical production systems or requires that implementation of a resolution that must follow a change control process) and emergencies (when events impact the health or safety of human beings, breach primary controls of critical systems, or prevent activities which protect or may affect the health or safety of individuals).

The Policy established an Incident Response Team which regularly reviews status reports and authorises specific remedies. The IST conduct an investigation which seeks to determine the human perpetrator who is the root cause for the incident. Very few incidents will warrant or require an investigation. However, investigation resources like forensic tools, dirty networks, quarantine networks and consultation with law enforcement may be useful for the effective and rapid resolution of an emergency incident.

The Policy makes use of CentralNic's existing support ticketing and bug tracking systems to provide a unique ID for the event, and means by which the incident may be escalated, information may be reported, change control processes put into effect, and ultimately resolved. The Policy also

describes the process by which an incident is escalated to invoke an Emergency Response, which involves Lock-Down and Repair processes, monitoring and capturing of data for forensic analysis, and liaison with emergency services and law enforcement as necessary.

#### 30(a).9. Role of the Network Operations Centre (NOC)

In addition to its role in managing and operating CentralNic's infrastructure, the NOC plays a key role in managing security. The NOC responds to any and all security incidents, such as vulnerability reports received from registrars, clients and other stakeholders; monitoring operator and security mailing lists (such as the DNS-OARC lists) to obtain intelligence about new security threats; responding to security-related software updates; and acting upon security alerts raised by firewall and intrusion detection systems.

#### 30(a).10. Information Security Team

CentralNic maintains an Information Security Team (IST) to proactively manage information security. The IST is a cross-functional team from relevant areas of CentralNic. These key members of staff are responsible for cascading rules, regulations and information to their respective departments. They are also the first port of call for their departmental staff to report potential security incidences and breaches, the IST are all members of an internal email group used to co-ordinate and discuss security related issues.

The IST is comprised of the CEO, CTO, Operations Manager, Senior Operations Engineer and Security Engineer.

IST responsibilities include:

- \*Review and monitor information security threats and incidents.
- \*Approve initiatives and methodologies to enhance information security.
- \*Agree and review the security policy, objectives and responsibilities.
- \*Review client requirements concerning information security.
- \*Promote the visibility of business support for information security company-wide.
- \*Manage changes to 3rd party services that may impact on Information Security
- \*Perform internal audits with the assistance of Blackmores.

#### 30(a).11 Auditing and Review

ISO 27001 includes processes for the auditing and review of security systems and policies.

Audits are performed annually by an independent assessor. The IST periodically reviews the ISMS and conducts a gap analysis, identifying areas where performance does not comply with policy, and where the Risk Assessment has identified the need for further work.

#### 30(a).12. Testing of Controls and Procedures

CentralNic will conduct bi-annual penetration tests of its registry systems to ensure that access controls are properly enforced and that no new vulnerabilities have been introduced to the system. Penetration tests will include both "black box" testing of public registry services such as Whois and the Registrar Console, "grey box" testing of authenticated services such as EPP, and tests of physical security at CentralNic's offices and facilities.

CentralNic will retain the services of a reputable security testing company such as SecureData (who, as MIS-CDS, performed the 2009 assessment of CentralNic's security stance). The results of this test will be used in annual reviews and audits of the ISMS.

#### 30(a).13.DotOnline Inc. Security Policy

In addition to the security of our technical back-end by CentralNic, we will implement the following security measures in our offices:

As explained earlier, some of our functions are outsourced to the Directi Group. The Directi Group operates offices across Mumbai, India and UAE. The office building has a 24/7 alarm system and cameras throughout the building, with a full view of entry and exits to the main areas. All critical physical and digital file storage areas are also closely monitored with controlled access.

The office doors are only accessible with access cards provided to employees. All entries and exits are recorded by the system. Access cards are de-activated as part of the employee discontinuation policy.

Access to sensitive areas are controlled by the electronic access control system managed by the IT team.

The facility is designed to have 100% power backup in case of a power failure. Currently, we have generators which are capable of providing power backup to critical requirements like servers, workstations & lights for at least 48 hours.

With regards to our company systems and network security, we have adopted the following policies and processes:

**Password Policy:** We have policies and procedures to manage the creating, changing, and safeguarding of passwords.

\*A password cannot contain your User Name and cannot match your first or last name

\*A password must contain at least eight characters, and contain at least one alphabetic character and one number

\*The last three passwords cannot be re-used when changing to a new password

\*Account lockout after 8 failed login attempts, reset only possible after logging a ticket to internal IT help desk team

\*Passwords are force-changed every quarter

#### Systems Security Policy:

\*We use well-known Anti-Virus/Malware tools that constantly run scans during off peak hours and are updated on a regular basis

\*Automatic Screen locking systems for idle users to prevent unauthorized access

\*Hard disk encryption with domain login password preventing data duplication if the hard drive is attached to a different system

\*Access to information that is deemed sensitive, requires the input of the employee's password in conjunction with the password of a member from senior management

\*Password protected BIOS in each system preventing any hardware level tampering

\*Phishing/Malware sites blocked on all browsers by our Internet Security tools

\*Unauthorized software is blocked and only while-listed after proper business justification and approvals

\*We have an internal process to back-up critical data on a regular basis

\*Redundancy for our all Critical Applications and Servers is ensured

#### Network Security Policy:

\*The default passwords are always reset on all network devices

\*Firewall is configured to block outbound traffic from VLAN workgroups or entire network segments that have no business establishing client connections to internet servers

\*Requests to our internal servers are blocked unless authorized explicitly

\*Our wireless network is encrypted using a signed certificate

\*VPN traffic is encrypted using a CA signed certificate

\*DMZ is implemented to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports

\*Inbound Internet traffic is limited to servers in DMZ zone only

\*Servers that store data are on an internal network zone are segregated from the DMZ and other untrusted networks

\*We occasionally run intruder detection tests to identify insecure services/protocols/ports

\*We have processes to ensure that ios/firmware/patches to switches/firewall/routers are updated regularly

\*Tests are run regularly to ensure the internet redundancy links are working fine on our edge routers

#### Intranet Security Policy:

\*Constant collaboration with leading security vendors and experts on specific threats

\*Internal Mails (Webmail, SMTP, POP3, IMAP) are only accessible via VPN

\*Internal Mail over mobile device is password protected screen locks with remote wipe supported if the device is lost

\*Penetrating tests for each system (including virtual machine/network device) are run to check for weak passwords and security vulnerabilities

\*SSO (Single Sign On) login for all our internal sites only work over our VPN

\*Security audit logs are archived for a year

\*Revoking all privileges and re-setting access details as part of the employee discontinuation process

\*Some of the monitoring tools we use internally are:

\*Cacti

\*Nagios

\*Zenoss

\*Pingdom

\*Whats up gold

\*Observium

We are and will continue to be working with CentralNic and other security experts to enhance physical and network security measures in addition to policy development and employee training.

Given that the string is a generic TLD that does not propose to offer unique security policies beyond those detailed; we will not be making specific security commitments to our registrants. We trust that we will become known for providing a safe and secure platform for individuals and companies.

This completes our answer to Q30(a).

© *Internet Corporation For Assigned Names and Numbers.*

# **EXHIBIT AC-20**



## New gTLD Application Submitted to ICANN by: Namecheap Inc.

String: online

Originally Posted: 13 June 2012

Application ID: 1-2091-95954

### Applicant Information

#### 1. Full legal name

Namecheap Inc.

#### 2. Address of the principal place of business

Contact Information Redacted

#### 3. Phone number

Contact Information Redacted

#### 4. Fax number

#### 5. If applicable, website or URL

<http://www.namecheap.com/>



## Primary Contact

### 6(a). Name

Mr. Faisal Premji

### 6(b). Title

CEO

### 6(c). Address

### 6(d). Phone Number

Contact Information Redacted

### 6(e). Fax Number

### 6(f). Email Address

Contact information Redacted

## Secondary Contact

### 7(a). Name

Irfaan Premji

### 7(b). Title

VP

### **7(c). Address**

### **7(d). Phone Number**

Contact Information Redacted

### **7(e). Fax Number**

### **7(f). Email Address**

Contact Information Redacted

## **Proof of Legal Establishment**

### **8(a). Legal form of the Applicant**

Corporation

### **8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).**

Delaware General Corporation Law (Title 8, Chapter 1 of the Delaware Code)

### **8(c). Attach evidence of the applicant's establishment.**

Attachments are not displayed on this form.

### **9(a). If applying company is publicly traded, provide the exchange and symbol.**

### **9(b). If the applying entity is a subsidiary, provide the parent company.**

### **9(c). If the applying entity is a joint venture, list all joint venture partners.**

## Applicant Background

### 11(a). Name(s) and position(s) of all directors

RICHARD KIRKENDALL	CEO
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### 11(b). Name(s) and position(s) of all officers and partners

RICHARD KIRKENDALL	CEO
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### 11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares

RICHARD KIRKENDALL	CEO
--------------------	-----

### 11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility

## Applied-for gTLD string

### 13. Provide the applied-for gTLD string. If an IDN, provide the U-label.

online

### 14(a). If an IDN, provide the A-label (beginning with "xn--").

### 14(b). If an IDN, provide the meaning or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.

### 14(c). If an IDN, provide the language of the label (in English).

**14(c). If an IDN, provide the language of the label (as referenced by ISO-639-1).**

**14(d). If an IDN, provide the script of the label (in English).**

**14(d). If an IDN, provide the script of the label (as referenced by ISO 15924).**

**14(e). If an IDN, list all code points contained in the U-label according to Unicode form.**

**15(a). If an IDN, Attach IDN Tables for the proposed registry.**

Attachments are not displayed on this form.

**15(b). Describe the process used for development of the IDN tables submitted, including consultations and sources used.**

**15(c). List any variant strings to the applied-for gTLD string according to the relevant IDN tables.**

**16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.**

Applicant has conducted technical analysis on the applied-for string, and concluded that there are no known potential operational or rendering issues associated with the string.

The following sections discuss the potential operational or rendering problems that can arise, and how Applicant will mitigate them.

#### Compliance and Interoperability

The applied-for string conforms to all relevant RFCs, as well as the string requirements set forth in Section 2.2.1.3.2 of the Applicant Guidebook.

#### Mixing Scripts

If a domain name label contains characters from different scripts, it has a higher likelihood of encountering rendering issues. If the mixing of scripts occurs within the top-level label, any rendering issue would affect all domain names registered under it. If occurring within second level labels, its ill effects are confined to the domain names with such labels.

All characters in the applied-for gTLD string are taken from a single script. In addition, Applicant IDN policies are deliberately conservative and compliant with the ICANN Guidelines for the Implementation of IDN Version 3.0. Specifically, Applicant does not allow mixed-script labels to be registered at the second level, except for languages with established orthographies and conventions that require the commingled use of multiple scripts, e.g. Japanese.

#### Interaction Between Labels

Even with the above issue appropriately restricted, it is possible that a domain name composed of labels with different properties such as script and directionality may introduce unintended rendering behavior.

Applicant adopts a conservative strategy when offering IDN registrations. In particular, it ensures that any IDN language tables used for offering IDN second level registrations involve only scripts and characters that would not pose a risk when combined with the top level label.

#### Immature Scripts

Scripts or characters added in Unicode versions newer than 3.2 (on which IDNA2003 was based) may encounter interoperability issues due to the lack of software support.

Applicant does not currently plan to offer registration of labels containing such scripts or characters.

#### Other Issues

To further contain the risks of operation or rendering problems, Applicant currently does not offer registration of labels containing combining characters or characters that require IDNA contextual rules handling. It may reconsider this decision in cases where a language has a clear need for such characters.

Applicant understands that the following may be construed as operational or rendering issues, but considers them out of the scope of this question. Nevertheless, it will take reasonable steps to protect registrants and Internet users by working with vendors and relevant language communities to mitigate such issues.

- missing fonts causing string to fail to render correctly; and
- universal acceptance of the TLD;

### **17. (OPTIONAL) Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).**

## **Mission/Purpose**

### **18(a). Describe the mission/purpose of your proposed gTLD.**

18 (a) Describe the mission/purpose of your proposed gTLD.

The mission and purpose of the .ONLINE TLD is to provide a simple, intuitive all-purpose gTLD option to be utilized by all walks of life and use cases. This will be free of the restrictions (actual or implied) that come with the more niche (geographical or user case) segmented TLDs that are currently available. We do this by focusing on the true motivation of potential registrants to do what they really want, which is get an “online” presence in the truest sense of the word.

The word ‘Online’ no longer means just a connection that has been made in technical terms, but also from one individual to another or a group, community, or business collective. It has now become a perceived location, as well. It’s a gathering place where meetings are held, games are played, stories are shared, creativity is expressed, and business is done.

DotOnline will operate the .ONLINE TLD in accordance with all ICANN regulations and principles, including integrity, social responsibility, registrant protection, community consultation, transparency and openness.

Our mission is consistent with ICANN’s Affirmation of Commitments (AoC), specifically:

- “ensuring accountability, transparency and the interests of global Internet users” in regards to security, “enhancing the operational stability, reliability, resiliency, security, and global interoperability of the DNS” and “promoting competition, consumer trust, and consumer choice” while “adequately addressing consumer protection, malicious abuse, and rights protection issues” (<http://www.icann.org/en/about/agreements/aoc/affirmation-of-commitments-30sep09-en.htm>).

.ONLINE Mission and Guiding Principles:

Stability and Security

Our chosen Backend Registry Provider is a market leader in the domain name industry with a proven track record of success. More details of the operational capabilities of our Backend Registry Provider can be found in our response to question #23 and #24.

In all cases, the .ONLINE gTLD will always be operated to exceed ICANN minimum requirements for security, stability and resiliency.

Enhancing Competition, Consumer Choice, Fairness and Opportunities

The .ONLINE TLD will enhance competition at all levels in the domain lifecycle, providing an open gTLD to enhance consumer choice combined with fair processes for domain allocation. We intend .ONLINE to be a TLD open for general-purpose registration by a wide range of potential registrants, as the generic nature of the string is geared toward a universal and open gTLD. No eligibility requirements will be imposed, providing a fair and open playing field for all registrants. Choice to consumers will, naturally, increase due to the availability of potential strings in a new gTLD.

IP Protection and Abuse

DotOnline takes intellectual property and violations thereof seriously, and has developed policies and procedures to address the claims of rights-holders, including a Phased implementation plan with Sunrise allocation to rights-holders. In addition, all registrants must agree to the DotOnline Abuse Policy as a condition of registration. DotOnline has developed strict internal policies and procedures, as well as business decisions, to combat and mitigate abuse of the .ONLINE gTLD and ensure that .ONLINE is synonymous with a legitimate registrant.

## 18(b). How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?

18b (i)

Registrants and Internet Users will benefit from the .ONLINE TLD as a generic, available, relevant and memorable alternative to existing gTLD’s.

DotOnline intends at all times to be stakeholder-centric, incorporating the needs of registrants and registrar partners accordingly, while maintaining our stewardship of the .ONLINE TLD in accordance with ICANN policies and our mission/purpose. As the .ONLINE TLD is generic, DotOnline will operate the registry with strict anti-abuse provisions and policies to prevent malicious use of the .ONLINE TLD.

DotOnline intends to operate the registry with the highest levels of service, and to closely monitor and mitigate potential abuse in order to establish .ONLINE as a trusted TLD for all-purpose general Internet use. DotOnline plans to ensure that the reputation of the .ONLINE TLD is not tarnished by malicious registrants.

18b (ii) The .ONLINE string is immediately apprehended by most minds as eminently related to the Internet, and the word is now a part of the common vernacular. Registrants will no doubt benefit from the introduction of the .ONLINE TLD into the Internet namespace, simply due to the increase in available keyword strings paired with a memorable, relevant TLD string. Competition and

differentiation on the Internet will be enhanced by the introduction of the .ONLINE TLD as registrants will have more choice and more opportunity to utilize domain keyword strings that previously were unavailable in existing TLD's.

18b (iii) The .ONLINE user experience will be enhanced due to the positioning of the TLD as an open, relevant and memorable term extension. The primary benefit of the .ONLINE TLD space is the availability of keywords, enhancing registrant choice and providing a superior experience to registrants who are likely to find a suitable string that otherwise may not be found in an existing gTLD or ccTLD.

The primary goals of the .ONLINE TLD user experience are to provide an open and free namespace for registrant use, and to protect the space from malicious abuse by bad actors. Significant policies and safeguards put in place by DotOnline to protect registrants. Operational policies stipulate immediate action against malicious abuse, including random sampling and pro-active monitoring of suspicious registrations. Registration and anti-abuse policies are constantly updated to reflect current threats and malicious actions. Data protection and privacy standards are in place to ensure safety of confidential user and registrant data.

18b (iv)

In order to reach our goal of an open yet secure TLD namespace, DotOnline has implemented various safeguards, measures and policies. We have developed these policies in conjunction with the latest technological advances, while keeping in mind critical requirements of user privacy and data protection. The .ONLINE TLD will launch with standard registration rules in place such as grace-periods, which are explained in more detail in our technical answer #27, and standard rights-protection and IP mechanisms, which are explained in questions #28 and #29.

Names will be reserved under premium, second-level, and rights-protection methods and processes, which are detailed in our technical responses. Country-territory and other second-level names will be reserved per ICANN requirements and various registry operations purposes.

Trademark Clearing-House services will be implemented during rights-protection phases (such as Sunrise) in accordance with ICANN guidance and specifications. DotOnline plans on implementing three specific launch phases in the same manner as previous successful gTLD launches: Sunrise, Landrush and General Availability. Auctions may be implemented to resolve multiple applications in Sunrise or Landrush phases, and in the GA phase domains are available on a first-come, first-serve basis. The DotOnline Anti-Abuse policy applies to all registrants and is incorporated in our registration agreement. It aims to prevent malicious abuse of the TLD namespace by enforcing take-down of domains in case of malicious activity in contravention of the policy. Further details on our policies, including details on compliance and enforcement are specified in our technical answers. We intend to adhere to ICANN requirements and policies in terms of abuse resolution and mitigation mechanisms.

18b (v) Privacy and the protection of confidential data of users and registrants is paramount when operating a TLD registry; .ONLINE and our Back End Registry Provider intend to use best practices to manage these aspects of the registry, including specific WHOIS protections, WHOIS accuracy compliance efforts, and using WHOIS abuse best practices (for example, incorporating those as presented by ICANN at the recent Costa Rica meeting).

Data protection capabilities and safeguards for our users, registrars and potential registrants are explained in detail within our technical responses.

Outreach and communications will be critical in order for potential registrants to become aware of the .ONLINE TLD and transition to registrants. In order to communicate the projected benefits of the .ONLINE TLD, DotOnline plans to leverage various forms of advertising and media, including social media, to reach potential registrants. We expect to work closely with our registrar partners to communicate the benefits of .ONLINE to their customers via the registrar channel, and DotOnline provide collateral and incentives for same. We believe the generic nature of the .ONLINE TLD will lend itself naturally to wide registrar distribution and subsequent significant registrant awareness.

## 18(c). What operating rules will you adopt to eliminate or minimize social costs?

18c) Eliminate Social Costs

(i) DotOnline plans to launch the .ONLINE TLD as a cost-effective means for all registrants to obtain an easy, memorable domain name for use online. Further to ICANN's commitment to the global Internet community, DotOnline will launch and manage the TLD in a responsible manner, and serve registrants with alacrity and efficiency. Additionally, we plan to incorporate numerous safeguards to protect registrants, the registry and the TLD as a whole from intellectual property violations and malicious Internet activity.

In order to serve our registrants, the public interest and the Internet community as a whole, DotOnline plans to establish policies and structures to ensure broad availability of the .ONLINE TLD to all Internet users, wherever located in the world. As a world-wide TLD, we believe this broad

strategy for .ONLINE represents the best way for DotOnline to reduce prices and create value in the marketplace, continue innovating new services and products to serve registrants, improve information sharing and reduce friction, and finally provide a TLD that is safe, secure, and a trusted place to interact online.

#### REGISTRATION PRICING

DotOnline plans to offer a competitive yet moderate pricing point, incorporating the following factors into this decision:

1. TLD's with extremely low registration prices suffer a higher potential for abuse. Pricing structures that incorporate a higher price ensure the barrier to entry necessary to mitigate this potential and ensure higher quality content across the TLD.
2. Analysis of the pricing for comparable gTLDs and ccTLDs and results from same.
3. Estimated registrant price sensitivity and price elasticity of demand for the TLD.

In the two initial launch phases multiple applications will be resolved via auction. During the general availability stage, domains will be allocated in a first come-first serve basis.

Various factors may influence DotOnline's decision to, from time to time, increase or lower the wholesale price to registrars, in accordance with Sec. 2.10 of the proposed New gTLD Registry Agreement, including economic and market conditions and other external factors.

ii) In the course of routine sales and marketing activities, DotOnline may choose to offer discount or rebate programs or other cost benefits to registrars in order to spur adoption of the .ONLINE TLD on a worldwide basis. This may include targeting discounts to specific registrants which may be segmented by location or economic status.

Otherwise, DotOnline does not have specific plans for advantageous pricing, introductory pricing, nor plans for any bulk registration discounts.

iii) At this time, there are no plans to offer contractual registration periods or price commitments beyond the maximum term of 10 years. Price increases or reductions will be affected by various business and economic factors, and will be managed in accordance with the proposed New gTLD Registry Agreement.

## Community-based Designation

### 19. Is the application for a community-based TLD?

No

**20(a). Provide the name and full description of the community that the applicant is committing to serve.**

**20(b). Explain the applicant's relationship to the community identified in 20(a).**

**20(c). Provide a description of the community-based purpose of the applied-for gTLD.**

**20(d). Explain the relationship between the applied-for gTLD string and the community identified in 20(a).**



**20(e). Provide a description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD.**

**20(f). Attach any written endorsements from institutions/groups representative of the community identified in 20(a).**

Attachments are not displayed on this form.

## Geographic Names

**21(a). Is the application for a geographic name?**

No

## Protection of Geographic Names

**22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD.**

The range of second level names protected by Specification 5 of the Registry Operator contract is extensive (approx. 2,000 strings are blocked). This list resulted from a lengthy process of collaboration and compromise between members of the ICANN community, including the Governmental Advisory Committee. Namecheap believes this list represents a healthy balance between the protection of national naming interests and free speech on the Internet.

Namecheap does not intend to block second level names beyond those detailed in Specification 5. Should a geographic name be registered in this TLD and used for illegal or abusive activity Namecheap will remedy this by applying the array of protections implemented in this TLD.

Namecheap will strictly adhere to the relevant provisions of Specification 5 of the New gTLD Agreement. Specifically:

1. All two-character labels will be initially reserved, and released only upon agreement between Namecheap and the relevant government and country code manager.
2. At the second level, country and territory names will be reserved at the second and other levels according to these standards:
  - 2.1. Short form (in English) of country and territory names documented in the ISO 3166-1 list;
  - 2.2. Names of countries and territories as documented by the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
  - 2.3. The list of United Nations member states in six official UN languages, as prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names.

Namecheap will initially reserve country and territory names at the second level and at all other levels within the TLD. Namecheap supports this requirement by using the following internationally recognized lists to develop a comprehensive master list of all geographic names that are initially reserved:

1. The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166-1 List, and its scope extended in August 1999 to any application needing to represent the name European Union [[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm#EU)].
2. The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World.
3. The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardization of Geographical Names
4. The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes

This comprehensive list of names will be ineligible for registration. Only in consultation with the GAC and ICANN would Namecheap develop a proposal for release of these reserved names, and seek approval accordingly. Namecheap understands governmental processes require time-consuming, multi-department consultations. Accordingly, we will apportion more than adequate time for the GAC and its members to review any proposal we provide.

Namecheap recognizes the potential use of country and territory names at the third level. We will address and mitigate attempted third-level use of geographic names as part of our operations.

Namecheap's list of geographic names will be transmitted to Registrars as part of the onboarding process and will also be made available to the public via the TLD website. Changes to the list are anticipated to be rare; however, Namecheap will regularly review and revise the list as government authorities make changes.

For purposes of clarity the following will occur for a domain that is reserved by the registry:

1. An availability check for a domain in the reserved list will result in a "not available" status. The reason given will indicate that the domain is reserved.
2. An attempt to register a domain name in the reserved list will result in an error.
3. An EPP info request will result in an error indicating the domain name was not found.
4. Queries for a reserved name in the WHOIS system will display information indicating the reserved status and indicate it is not registered nor is available for registration.
5. Reserved names will not be published or used in the zone in any way.
6. Queries for a reserved name in the DNS will result in an NXDOMAIN response.

## Registry Services

### **23. Provide name and full description of all the Registry Services to be provided.**

#### 23. Registry Services

##### Note to Reader:

Namecheap has incorporated a specific subsidiary, Namecheap Registry Services, to serve as the legal entity that will contract with ICANN and operate the gTLD Registry. Namecheap Registry Services is 100% owned by Namecheap, Inc.

Applicant is applying to become an ICANN accredited Top Level Domain (TLD) registry. Namecheap meets the operational, technical, and financial capability requirements to pursue, secure and operate the TLD registry. The responses to technical capability questions were prepared to demonstrate, with confidence, that the technical capabilities and resources of Namecheap meet and substantially exceed the requirements proposed by ICANN.

The following response describes our registry services, as implemented by Namecheap and our partners. Such partners include Demand Media Europe Limited (DMEL) for comprehensive back-end registry services; AusRegistry Pty Ltd. (ARI) for Domain Name System (DNS) services and Domain Name Service Security Extensions (DNSSEC); an independent consultant for abuse mitigation and prevention consultation; Equinix and SuperNap for datacenter facilities and infrastructure; and Iron Mountain Intellectual Property Management, Inc. (Iron Mountain) for data escrow services. For simplicity, the term “company” and the use of the possessive pronouns “we”, “us”, “our”, “ours”, etc., all refer collectively to Namecheap and our subcontracted service providers.

Our comprehensive back-end registry services partner DMEL is structured to operate a robust and reliable Shared Registration System by leveraging the infrastructure and expertise of Demand Media, Inc., which includes years of experience in the operation side for domain names in both gTLDs and ccTLDs for over 10 years.

DMEL is a wholly-owned subsidiary of DMIH Limited, a well-capitalized Irish corporation whose ultimate parent company is Demand Media, Inc.

## 1.0. EXECUTIVE SUMMARY

We offer all of the customary services for proper operation of a gTLD registry using an approach designed to support the security and stability necessary to ensure continuous uptime and optimal registry functionality for registrants and Internet users alike.

## 2.0. REGISTRY SERVICES

### 2.1. Receipt of Data from registrars

The process of registering a domain name and the subsequent maintenance involves interactions between registrars and the registry. These interactions are facilitated by the registry through the Shared Registration System (SRS) through two interfaces:

- EPP: A standards-based XML protocol over a secure network channel.
- Web: A web based interface that exposes all of the same functionality as EPP yet accessible through a web browser.

Registrants wishing to register and maintain their domain name registrations must do so through an ICANN accredited registrar. The XML protocol, called the Extensible Provisioning Protocol (EPP) is the standard protocol widely used by registrars to communicate provisioning actions. Alternatively, registrars may use the web interface to create and manage registrations.

The registry is implemented as a “thick” registry meaning that domain registrations must have contact information associated with each. Contact information will be collected by registrars and associated with domain registrations.

#### 2.1.1. SRS EPP Interface

The SRS EPP Interface is provided by a software service that provides network based connectivity. The EPP software is highly compliant with all appropriate RFCs including:

- RFC 5730 Extensible Provisioning Protocol (EPP)
- RFC 5731 Extensible Provisioning Protocol (EPP) Domain Name Mapping
- RFC 5732 Extensible Provisioning Protocol (EPP) Host Mapping
- RFC 5733 Extensible Provisioning Protocol (EPP) Contact Mapping
- RFC 5734 Extensible Provisioning Protocol (EPP) Transport over TCP
- RFC 5910 Domain Name System (DNS) Security Extensions for Extensible Provisioning Protocol (EPP)
- RFC 3915 Domain Registry Grace Period Mapping for EPP

##### 2.1.1.1. SRS EPP Interface Security Considerations

Security precautions are put in place to ensure transactions are received only from authorized registrars in a private, secure manner. Registrars must provide the registry with narrow subnet ranges, allowing the registry to restrict network connections that originate only from these pre-arranged networks. The source IP address is verified against the authentication data received from the connection to further validate the source of the connection. Registrars may only establish a limited number of connections and the network traffic is rate limited to ensure that all registrars receive the same quality of service. Network connections to the EPP server must be secured with TLS. The revocation status and validity of the certificate are checked.

Successful negotiation of a TLS session begins the process of authentication using the protocol elements of EPP. Registrars are not permitted to continue without a successful EPP session establishment. The EPP server validates the credential information passed by the registrar along with validation of:

- Certificate revocation status
- Certificate chain
- Certificate Common Name matches the Common Name the registry has listed for the source IP address
- User name and password are correct and match those listed for the source IP address

In the event a registrar creates a level of activity that threatens the service quality of other registrars, the service has the ability to rate limit individual registrars.

#### 2.1.1.2. SRS EPP Interface Stability Considerations

To ensure the stability of the EPP Interface software, strict change controls and access controls are in place. Changes to the software must be approved by management and go through a rigorous testing and staged deployment procedure.

Additional stability is achieved by carefully regulating the available computing resources. A policy of conservative usage thresholds leaves an equitable amount of computing resources available to handle spikes and service management.

#### 2.1.2. SRS Web Interface

The SRS web interface is an alternative way to access EPP functionality using a web interface, providing the features necessary for effective operations of the registry. This interface uses the HTTPS protocol for secure web communication. Because users can be located worldwide, as with the EPP interface, the web interface is available to all registrars over multiple network paths.

Additional functionality is available to registrars to assist them in managing their account. For instance, registrars are able to view their account balance in near real time as well as the status of the registry services. In addition, notifications that are sent out in email are available for viewing.

##### 2.1.2.1. Web Interface Security Considerations

Only registrars are authorized to use the SRS web interface, and therefore the web interface has several security measures to prevent abuse. The web interface requires an encrypted network channel using the HTTPS protocol. Attempts to access the interface through a clear channel are redirected to the encrypted channel.

The web interface restricts access by requiring each user to present authentication credentials before proceeding. In addition to the typical user name and password combinations, the web interface also requires the user to possess a hardware security key as a second factor of authentication.

Registrars are provided a tool to create and manage users that are associated with their account. With these tools, they can set access and authorization levels for their staff.

##### 2.1.2.2. Web Interface Stability Considerations

Both the EPP interface and web interface use a common service provider to perform the work required to fulfill their requests. This provides consistency across both interfaces and ensures all policies and security rules are applied.

The software providing services for both interfaces executes on a farm of servers, distributing the

load more evenly ensuring stability is maintained.

## 2.2. Dissemination of TLD Zone Files

### 2.2.1. Communication of Status Information of TLD Zone Servers to Registrars

The status of TLD zone servers and their ability to reflect changes in the SRS is of great importance to registrars and Internet users alike. We ensure that any change from normal operations is communicated to the relevant stakeholders as soon as is appropriate. Such communication might be prior to the status change, during the status change and/or after the status change (and subsequent reversion to normal) – as appropriate to the party being informed and the circumstance of the status change.

Normal operations are:

- DNS servers respond within SLAs for DNS resolution.
- Changes in the SRS are reflected in the zone file according to the DNS update time SLA.

The SLAs are those from Specification 10 of the Registry Agreement.

A deviation from normal operations, whether it is registry wide or restricted to a single DNS node, will result in the appropriate status communication being sent.

### 2.2.2. Communication Policy

We maintain close communication with registrars regarding the performance and consistency of the TLD zone servers.

A contact database containing relevant contact information for each registrar is maintained. In many cases, this includes multiple forms of contact, including email, phone and physical mailing address. Additionally, up-to-date status information of the TLD zone servers is provided within the SRS Web Interface.

Communication using the registrar contact information discussed above will occur prior to any maintenance that has the potential to effect the access to, consistency of, or reliability of the TLD zone servers. If such maintenance is required within a short timeframe, immediate communication occurs using the above contact information. In either case, the nature of the maintenance and how it affects the consistency or accessibility of the TLD zone servers, and the estimated time for full restoration, are included within the communication.

That being said, the TLD zone server infrastructure has been designed in such a way that we expect no downtime. Only individual sites will potentially require downtime for maintenance; however the DNS service itself will continue to operate with 100% availability.

### 2.2.3. Security and Stability Considerations

We restrict zone server status communication to registrars, thereby limiting the scope for malicious abuse of any maintenance window. Additionally, we ensure registrars have effective operational procedures to deal with any status change of the TLD nameservers and will seek to align its communication policy to those procedures.

## 2.3. Zone File Access Provider Integration

Individuals or organizations that wish to have a copy of the full zone file can do so using the Zone Data Access service. This process is still evolving; however the basic requirements are unlikely to change. All registries will publish the zone file in a common format accessible via secure FTP at an agreed URL.

DMEI will fully comply with the processes and procedures dictated by the Centralized Zone Data Access Provider (CZDA Provider or what it evolves into) for adding and removing Zone File access consumers from its authentication systems. This includes:

- Zone file format and location.
- Availability of the zone file access host via FTP.
- Logging of requests to the service (including the IP address, time, user and activity log).

- Access frequency.

## 2.4. Zone File Update

To ensure changes within the SRS are reflected in the zone file rapidly and securely, we update the zone file on the TLD zone servers following a staged but rapid propagation of zone update information from the SRS, outwards to the TLD zone servers - which are visible to the Internet. As changes to the SRS data occur, those changes are updated to isolated systems which act as the authoritative primary server for the zone, but remain inaccessible to systems outside our network. The primary servers notify the designated secondary servers, which service queries for the TLD zone from the public. Upon notification, the secondary servers transfer the incremental changes to the zone and publicly present those changes.

The mechanisms for ensuring consistency within and between updates are fully implemented in our TLD zone update procedures. These mechanisms ensure updates are quickly propagated while the data remains consistent within each incremental update, regardless of the speed or order of individual update transactions.

## 2.5. Operation of Zone Servers

ARI maintains TLD zone servers which act as the authoritative servers to which the TLD is delegated.

### 2.5.1. Security and Operational Considerations of Zone Server Operations

The potential risks associated with operating TLD zone servers are recognized by us such that we will perform the steps required to protect the integrity and consistency of the information they provide, as well as to protect the availability and accessibility of those servers to hosts on the Internet. The TLD zone servers comply with all relevant RFCs for DNS and DNSSEC, as well as BCPs for the operation and hosting of DNS servers. The TLD zone servers will be updated to support any relevant new enhancements or improvements adopted by the IETF.

The DNS servers are geographically dispersed across multiple secure data centers in strategic locations around the world. By combining multi-homed servers and geographic diversity, ARI's zone servers remain impervious to site level, supplier level or geographic level operational disruption.

The TLD zone servers are protected from accessibility loss by malicious intent or misadventure, via the provision of significant over-capacity of resources and access paths. Multiple independent network paths are provided to each TLD zone server and the query servicing capacity of the network exceeds the extremely conservatively anticipated peak load requirements by at least 10 times, to prevent loss of service should query loads significantly increase.

As well as the authentication, authorization and consistency checks carried out by the registrar access systems and DNS update mechanisms, ARI reduces the scope for alteration of DNS data by following strict DNS operational practices:

- TLD zone servers are not shared with other services.
- The primary authoritative TLD zone server is inaccessible outside ARI's network.
- TLD zone servers only serve authoritative information.
- The TLD zone is signed with DNSSEC and a DNSSEC Practice/Policy Statement published.

## 2.6. Dissemination of Domain Registration Information

Domain name registration information is required for a variety of purposes. Our registry provides this information through the required WHOIS service through a standard text based network protocol on port 43. Whois also is provided on the registry's web site using a standard web interface. Both interfaces are publically available at no cost to the user and are reachable worldwide.

The information displayed by the Whois service consists not only of the domain name but also of relevant contact information associated with the domain. It also identifies nameserver delegation and the registrar of record. This service is available to any Internet user, and use of it does not require prior authorization or permission.

### 2.6.1. Whois Port 43 Interface

The Whois port 43 interface consists of a standard Transmission Control Protocol (TCP) server that

answers requests for information over port 43 in compliance with IETF RFC 3912. For each query, the TCP server accepts the connection over port 43 and then waits for a set time for the query to be sent. This communication occurs via clear, unencrypted ASCII text. If a properly formatted and valid query is received, the registry database is queried for the registration data. If registration data exists, it is returned to the service where it is then formatted and delivered to the requesting client. Each query connection is short-lived. Once the output is transmitted, the server closes the connection.

### 2.6.2. Whois Web Interface

The Whois web interface also uses clear, unencrypted text. The web interface is in an HTML format suitable for web browsers. This interface is also available over an encrypted channel on port 43 using the HTTPS protocol.

### 2.6.3. Security and Stability Considerations

Abuse of the Whois system through data mining is a concern as it can impact system performance and reduce the quality of service to legitimate users. The Whois system mitigates this type of abuse by detecting and limiting bulk query access from single sources. It does this in two ways: 1) by rate limiting queries by non-authorized parties; and 2) by ensuring all queries result in responses that do not include data sets representing significant portions of the registration database. In addition, the Whois web interface adds a simple challenge-response CAPCHA that requires a user to type in the characters displayed in image format. Both systems have blacklist functionality to provide a complete block to individual IPs or IP ranges.

## 2.7. Internationalized Domain Names (IDNs)

An Internationalized Domain Name (IDN) contains at least one label that is displayed in a specific language script in IDN aware software. We will offer registration of second level IDN labels at launch,

IDNs are published into the TLD zone. The SRS EPP and Web Interfaces also support IDNs.

The IDN implementation is fully compliant with the IDNA 2008 suite of standards (RFC 5890, 5891, 5892 and 5893) as well as the ICANN Guidelines for the Implementation of IDN Version 3.0

(<http://www.icann.org/en/resources/idn/implementation-guidelines>). To ensure stability and security, we have adopted a conservative approach in our IDN registration policies, as well as technical implementation.

All IDN registrations must be requested using the A-label form, and accompanied by an RFC 5646 language tag identifying the corresponding language table published by the registry. The candidate A-label is processed according to the registration protocol as specified in Section 4 of RFC 5891, with full U-label validation. Specifically, the "Registry Restrictions" steps specified in Section 4.3 of RFC 5891 are implemented by validating the U-label against the identified language table to ensure that the set of characters in the U-label is a proper subset of the character repertoire listed in the language table.

### 2.7.1. IDN Stability Considerations

To avoid the intentional or accidental registration of visually similar characters, and to avoid identity confusion between domains, there are several restrictions on the registration of IDNs. Domains registered within a particular language are restricted to only the characters of that language. This avoids the use of visually similar characters within one language which mimic the appearance of a label within another language, regardless of whether that label is already within the DNS or not.

Child domains are restricted to a specific language and registrations are prevented in one language being confused with a registration in another language; for example Cyrillic a (U+0430) and Latin a (U+0061).

## 2.8. DNSSEC

DNSSEC provides a set of extensions to the DNS that allow an Internet user (normally the resolver acting on a user's behalf) to validate that the DNS responses they receive were not manipulated en-route.

This type of fraud, commonly called 'man in the middle', allows a malicious party to misdirect Internet users. DNSSEC allows a domain owner to sign their domain and to publish the signature, so that all DNS consumers who visit that domain can validate that the responses they receive are as the

domain owner intended.

Registries, as the operators of the parent domain for registrants, must publish the DNSSEC material received from registrants, so that Internet users can trust the material they receive from the domain owner. This is commonly referred to as a “chain of trust.” Internet users trust the root (operated by IANA), which publishes the registries’ DNSSEC material, therefore registries inherit this trust. Domain owners within the TLD subsequently inherit trust from the parent domain when the registry publishes their DNSSEC material.

In accordance with new gTLD requirements, the TLD zone will be DNSSEC signed and the receipt of DNSSEC material from registrars for child domains is supported in all provisioning systems.

#### 2.8.1. Stability and Operational Considerations for DNSSEC

##### 2.8.1.1. DNSSEC Practice Statement

ARI’s DNSSEC Practice Statement is included in our response to Question 43. The DPS following the guidelines set out in the draft IETF DNSOP DNSSEC DPS Framework document.

##### 2.8.1.2. Resolution Stability

DNSSEC is considered to have made the DNS more trustworthy; however some transitional considerations need to be taken into account. DNSSEC increases the size and complexity of DNS responses. ARI ensures the TLD zone servers are accessible and offer consistent responses over UDP and TCP.

The increased UDP and TCP traffic which results from DNSSEC is accounted for in both network path access and TLD zone server capacity. ARI will ensure that capacity planning appropriately accommodates the expected increase in traffic over time.

ARI complies with all relevant RFCs and best practice guides in operating a DNSSEC-signed TLD. This includes conforming to algorithm updates as appropriate. To ensure Key Signing Key Rollover procedures for child domains are predictable, DS records will be published as soon as they are received via either the EPP server or SRS Web Interface. This allows child domain operators to rollover their keys with the assurance that their timeframes for both old and new keys are reliable.

### 3.0. APPROACH TO SECURITY AND STABILITY

Stability and security of the Internet is an important consideration for the registry system. To ensure that the registry services are reliably secured and remain stable under all conditions, DMEL takes a conservative approach with the operation and architecture of the registry system.

By architecting all registry services to use the least privileged access to systems and data, risk is significantly reduced for other systems and the registry services as a whole should any one service become compromised. By continuing that principal through to our procedures and processes, we ensure that only access that is necessary to perform tasks is given. ARI has a comprehensive approach to security modeled of the ISO27001 series of standards and explored further in the relevant questions of this response.

By ensuring all our services adhering to all relevant standards, DMEL ensures that entities which interact with the registry services do so in a predictable and consistent manner. When variations or enhancements to services are made, they are also aligned with the appropriate interoperability standards.

## Demonstration of Technical & Operational Capability

### 24. Shared Registration System (SRS) Performance



## 1.0. INTRODUCTION

Our Shared Registration System (SRS) complies fully with Specification 6, Section 1.2 and the SLA Matrix provided with Specification 10 in ICANN's Registry Agreement and is in line with the projections outlined in our responses to Questions 31 and 46. The services provided by the SRS are critical to the proper functioning of a TLD registry.

We will adhere to these commitments by operating a robust and reliable SRS founded on best practices and experience in the domain name industry.

## 2.0. TECHNICAL OVERVIEW

A TLD operator must ensure registry services are available at all times for both registrants and the Internet community as a whole. To meet this goal, our SRS was specifically engineered to provide the finest levels of service derived from a long pedigree of excellence and experience in the domain name industry. This pedigree of excellence includes a long history of technical excellence providing long running, highly available and high-performing services that help thousands of companies derive their livelihoods.

Our SRS services will give registrars standardized access points to provision and manage domain name registration data. We will provide registrars with two interfaces: an EPP protocol over TCP/IP and a web site accessible from any web browser (note: throughout this document, references to the SRS are inclusive of both these interfaces).

Initial registration periods will comply with Specification 6 and will be in one (1) year increments up to a maximum of ten (10) years. Registration terms will not be allowed to exceed ten (10) years. In addition, renewal periods also will be in one-year increments and renewal periods will only allow an extension of the registration period of up to ten years from the time of renewal.

The performance of the SRS is critical for the proper functioning of a TLD. Poor performance of the registration systems can adversely impact registrar systems that depend on its responsiveness. Our SRS is committed to exceeding the performance specifications described in Specification 10 in all cases. To ensure that we are well within specifications for performance, we will test our system on a regular basis during development to ensure that changes have not impacted performance in a material way. In addition, we will monitor production systems to ensure compliance. If internal thresholds are exceeded, the issue will be escalated, analyzed and addressed.

Our SRS will offer registry services that support Internationalized Domain Names (IDNs). Registrations can be made through both the EPP and web interfaces.

## 3.0. ROBUST AND RELIABLE ARCHITECTURE

To ensure quality of design, the SRS software was designed and written by seasoned and experienced software developers. This team designed the SRS using modern software architecture principles geared toward ensuring flexibility in its design not only to meet business needs but also to make it easy to understand, maintain and test.

A classic 3-tier design was used for the architecture of the system. 3-tier is a well-proven architecture that brings flexibility to the system by abstracting the application layer from the protocol layer. The data tier is isolated and only accessible by the services tier. 3-tier adds an additional layer of security by minimizing access to the data tier through possible exploits of the protocol layer.

The protocol and services layers are fully redundant. A minimum of three physical servers is in place in both the protocol and services layers. Communications are balanced across the servers. Load balancing is accomplished with a redundant load balancer pair.

## 4.0. SOFTWARE QUALITY

The software for the SRS, as well as other registry systems, was developed using an approach that ensures that every line of source code is peer reviewed and source code is not checked into the source code repository without the accompanying automated tests that exercise the new functionality. The development team responsible for building the SRS and other registry software applies continuous integration practices to all software projects; all developers work on an up-to-date code base and are required to synchronize their code base with the master code base and resolve any incompatibilities before checking in. Every source code check-in triggers an automated build and test

process to ensure a minimum level of quality. Each day an automated “daily build” is created, automatically deployed to servers and a fully-automated test suite run against it. Any failures are automatically assigned to developers to resolve in the morning when they arrive.

When extensive test passes are in order for release candidates, these developers use a test harness designed to run usability scenarios that exercise the full gamut of use cases, including accelerated full registration life cycles. These scenarios can be entered into the system using various distributions of activity. For instance, the test harness can be run to stress the system by changing the distribution of scenarios or to stress the system by exaggerating particular scenarios to simulate land rushes or, for long running duration scenarios, a more common day-to-day business distribution.

#### 5.0. SOFTWARE COMPLIANCE

The EPP interface to our SRS is compliant with current RFCs relating to EPP protocols and best practices. This includes RFCs 5910, 5730, 5731, 5732, 5733 and 5734. Since we are also supporting Registry Grace Period functionality, we are also compliant with RFC 3915. Details of our compliance with these specifications are provided in our response to Question 25. We are also committed to maintaining compliance with future RFC revisions as they apply as documented in Section 1.2 of Specification 6 of the new gTLD Agreement.

We strive to be forward-thinking and will support the emerging standards of both IPv6 and DNSSEC on our SRS platform. The SRS was designed and has been tested to accept IPv6 format addresses for nameserver glue records and provision them to the gTLD zone. In addition, key registry services will be accessible over both IPv4 and IPv6. These include both the SRS EPP and SRS web-based interfaces, both port 43 and web-based WHOIS interfaces and DNS, among others. For details regarding our IPv6 reachability plans, please refer to our response to Question 36.

DNSSEC services are provided, and we will comply with Specification 6. Additionally, our DNSSEC implementation complies with RFCs 4033, 4034, 4035, and 4509; and we commit to complying with the successors of these RFCs and following the best practices described in RFC 4641. Additional compliance and commitment details on our DNSSEC services can be found in our response to Question 43.

#### 6.0. DATABASE OPERATIONS

The database for our gTLD is Microsoft SQL Server 2008 R2. It is an industry-leading database engine used by companies requiring the highest level of security, reliability and trust. Case studies highlighting SQL Server’s reliability and use indicate its successful application in many industries, including major financial institutions such as Visa, Union Bank of Israel, KeyBank, TBC Bank, Paymark, Coca-Cola, Washington State voter registration and many others. In addition, Microsoft SQL Server provides a number of features that ease the management and maintenance of the system. Additional details about our database system can be found in our response to Question 33.

Our SRS architecture ensures security, consistency and quality in a number of ways. To prevent eavesdropping, the services tier communicates with the database over a secure channel. The SRS is architected to ensure all data written to the database is atomic. By convention, leave all matters of atomicity are left to the database. This ensures consistency of the data and reduces the chance of error. So that we can examine data versions at any point in time, all changes to the database are written to an audit database. The audit data contains all previous and new values and the date/time of the change. The audit data is saved as part of each atomic transaction to ensure consistency.

To minimize the chance of data loss due to a disk failure, the database uses an array of redundant disks for storage. In addition, an exact duplicate of the primary site is maintained in a secondary datacenter. All hardware is fully duplicated and set up to take over operations at any time. All database operations are replicated to the secondary datacenter via synchronous replication. The secondary datacenter always maintains an exact copy of our live data as the transactions occur.

#### 7.0. REDUNDANT HARDWARE

The SRS is composed of several pieces of hardware that are critical to its proper functioning, reliability and scale. At least two of each hardware component comprises the SRS, making the service fully redundant. Any component can fail, and the system is designed to use the facility of its pair. The EPP interface to the SRS will operate with more than two servers to provide the capacity required to meet our projected scale as described in Question 46: Projections Template.

## 8.0. HORIZONTALLY SCALABLE

The SRS is designed to scale horizontally. That means that, as the needs of the registry grow, additional servers can be easily added to handle additional loads.

The database is a clustered 2-node pair configured for both redundancy and performance. Both nodes participate in serving the needs of the SRS. A single node can easily handle the transactional load of the SRS should one node fail. In addition, there is an identical 2-node cluster in our backup datacenter. All data from the primary database is continuously replicated to the backup datacenter.

Not only is the registry database storage medium specified to provide the excess of capacity necessary to allow for significant growth, it is also configured to use techniques, such as data sharing, to achieve horizontal scale by distributing logical groups of data across additional hardware. For further detail on the scalability of our SRS, please refer to our response to Question 31.

## 9.0. REDUNDANT HOT FAILOVER SITE

We understand the need for maximizing uptime. As such, our plan includes maintaining at all times a warm failover site in a separate datacenter for the SRS and other key registry services. Our planned failover site contains an exact replica of the hardware and software configuration contained in the primary site. Registration data will be replicated to the failover site continuously over a secure connection to keep the failover site in sync.

Failing over an SRS is not a trivial task. In contrast, web site failover can be as simple as changing a DNS entry. Failing over the SRS, and in particular the EPP interface, requires careful planning and consideration as well as training and a well-documented procedure. Details of our failover procedures as well as our testing plans are detailed in our response to Question 41.

## 10.0. SECURE ACCESS

To ensure security, access to the EPP interface by registrars is restricted by IP/subnet. Access Control Lists (ACLs) are entered into our routers to allow access only from a restricted, contiguous subnet from registrars. Secure and private communication over mutually authenticated TLS is required. Authentication credentials and certificate data are exchanged in an out-of-band mechanism. Connections made to the EPP interface that successfully establish an EPP session are subject to server policies that dictate connection maximum lifetime and minimal activity to maintain the session.

To ensure fair and equal access for all registrars, as well as maintain a high level of service, we will use traffic shaping hardware to ensure all registrars receive an equal number of resources from the system.

To further ensure security, access to the SRS web interface is over the public Internet via an encrypted HTTPS channel. Each registrar will be issued master credentials for accessing the web interface. Each registrar also will be required to use 2-factor authentication when logging in. We will issue a set of Yubikey (<http://yubico.com>) 2-factor, one-time password USB keys for authenticating with the web site. When the SRS web interface receives the credentials plus the one-time password from the Yubikey, it communicates with a RADIUS authentication server to check the credentials.

## 11.0. OPERATING A ROBUST AND RELIABLE SRS

### 11.1. AUTOMATED DEPLOYMENT

To minimize human error during a deployment, we use a fully-automated package and deployment system. This system ensures that all dependencies, configuration changes and database components are included every time. To ensure the package is appropriate for the system, the system also verifies the version of system we are upgrading.

### 11.2. CHANGE MANAGEMENT

We use a change management system for changes and deployments to critical systems. Because the SRS is considered a critical system, it is also subject to all change management procedures. The change management system covers all software development changes, operating system and networking hardware

changes and patching. Before implementation, all change orders entered into the system must be reviewed with careful scrutiny and approved by appropriate management. New documentation and procedures are written; and customer service, operations, and monitoring staff are trained on any new functionality added that may impact their areas.

### 11.3. PATCH MANAGEMENT

Upon release, all operating system security patches are tested in the staging environment against the production code base. Once approved, patches are rolled out to one node of each farm. An appropriate amount of additional time is given for further validation of the patch, depending on the severity of the change. This helps minimize any downtime (and the subsequent roll back) caused by a patch of poor quality. Once validated, the patch is deployed on the remaining servers.

### 11.4. REGULAR BACKUPS

To ensure that a safe copy of all data is on hand in case of catastrophic failure of all database storage systems, backups of the main database are performed regularly. We perform full backups on both a weekly and monthly basis. We augment these full backups with differential backups performed daily. The backup process is monitored and any failure is immediately escalated to the systems engineering team. Additional details on our backup strategy and procedures can be found in our response to Question 37.

### 11.5. DATA ESCROW

Data escrow is a critical registry function. Escrowing our data on a regular basis ensures that a safe, restorable copy of the registration data is available should all other attempts to restore our data fail. Our escrow process is performed in accordance with Specification 2. Additional details on our data escrow procedures can be found in our response to Question 38.

### 11.6. REGULAR TRAINING

Ongoing security awareness training is critical to ensuring users are aware of security threats and concerns. To sustain this awareness, we have training programs in place designed to ensure corporate security policies pertaining to registry and other operations are understood by all personnel. All employees must pass a proficiency exam and sign the Information Security Policy as part of their employment. Further detail on our security awareness training can be found in our response to Question 30a.

We conduct failover training regularly to ensure all required personnel are up-to-date on failover process and have the regular practice needed to ensure successful failover should it be necessary. We also use failover training to validate current policies and procedures. For additional details on our failover training, please refer to our response to Question 41.

### 11.7. ACCESS CONTROL

User authentication is required to access any network or system resource. User accounts are granted the minimum access necessary. Access to production resources is restricted to key IT personnel. Physical access to production resources is extremely limited and given only as needed to IT-approved personnel. For further details on our access control policies, please refer to our response to Question 30a.

### 11.8. 24/7 MONITORING AND REGISTRAR TECHNICAL SUPPORT

We employ a full-time staff trained specifically on monitoring and supporting the services we provide. This staff is equipped with documentation outlining our processes for providing first-tier analysis, issue troubleshooting, and incident handling. This team is also equipped with specialty tools developed specifically to safely aid in diagnostics. On-call staff second-tier support is available to assist when necessary. To optimize the service we provide, we conduct ongoing training in both basic and more advanced customer support and conduct additional training, as needed, when new system or tool features are introduced or solutions to common issues are developed.

### 12.0. SRS INFRASTRUCTURE

As shown in Attachment A, Figure 1, our SRS infrastructure consists of two identically provisioned and configured datacenters with each served by multiple bandwidth providers.

For clarity in Figure 1, connecting lines through the load balancing devices between the Protocol Layer and the Services Layer are omitted. All hardware connecting to the Services Layer goes through a load-balancing device. This device distributes the load across the multiple machines providing the services. This detail is illustrated more clearly in subsequent diagrams in Attachment A.

### 13.0 RESOURCING PLAN

Resources for the continued development and maintenance of the SRS and ancillary services have been carefully considered. We have a significant portion of the required personnel on hand and plan to hire additional technical resources, as indicated below. Resources on hand are existing full time employees whose primary responsibility is the SRS.

For descriptions of the following teams, please refer to the resourcing section of our response to Question 31, Technical Review of Proposed Registry. Current and planned allocations are below.

#### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, two Sr. Software Engineers, two, Sr. Database Engineer, Quality Assurance Engineer
- First Year New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

#### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Systems Administrators, two Systems Administrators, two Sr. Systems Engineers, two Systems Engineers
- First Year New Hires: Systems Engineer

#### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, two Network Engineers
- First Year New Hires: Network Engineer

#### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, 2 Database Administrators

#### Information Security Team:

- Existing Department Personnel: Director of Information Security, Sr. Information Security Specialist, Information Security Specialists, Sr. Information Security Engineer, Information Security Engineer
- First Year New Hires: Information Security Engineer

#### Network Operations Center (NOC):

- Existing Department Personnel: Manager, two NOC Supervisors, 12 NOC Analysts
- First Year New Hires: Eight NOC Analysts

## 25. Extensible Provisioning Protocol (EPP)

### 1.0. INTRODUCTION

Our SRS EPP interface is a proprietary network service compliant with RFC 3735 and RFCs 5730-4. The EPP interface gives registrars a standardized programmatic access point to provision and manage domain name registrations.

### 2.0. IMPLEMENTATION EXPERIENCE

The SRS implementation for our gTLD leverages extensive experience implementing long-running, highly available network services accessible. Our EPP interface was written by highly experienced engineers

focused on meeting strict requirements developed to ensure quality of service and uptime. The development staff has extensive experience in the domain name industry.

### 3.0. TRANSPORT

The EPP core specification for transport does not specify that a specific transport method be used and is, thus, flexible enough for use over a variety of transport methods. However, EPP is most commonly used over TCP/IP and secured with a Transport Layer Security (TLS) layer for domain registration purposes. Our EPP interface uses the industry standard TCP with TLS.

### 4.0. REGISTRARS' EXPERIENCE

Registrars will find our EPP interface familiar and seamless. As part of the account creation process, a registrar provides us with information we use to authenticate them. The registrar provides us with two subnets indicating the connection's origination. In addition, the registrar provides us with the Common Name specified in the certificate used to identify and validate the connection.

Also, as part of the account creation process, we provide the registrar with authentication credentials. These credentials consist of a client identifier and an initial password and are provided in an out-of-band, secure manner. These credentials are used to authenticate the registrar when starting an EPP session.

Prior to getting access to the production interfaces, registrars have access to an Operational Test and Evaluation (OT&E) environment. This environment is an isolated area that allows registrars to develop and test against registry systems without any impact to production. The OT&E environment also provides registrars the opportunity to test implementation of custom extensions we may require.

Once a registrar has completed testing and is prepared to go live, the registrar is provided a Scripted Server Environment. This environment contains an EPP interface and database pre-populated with known data. To verify that the registrar's implementations are correct and minimally suitable for the production environment, the registrar is required to run through a series of exercises. Only after successful performance of these exercises is a registrar allowed access to production services.

### 5.0. SESSIONS

The only connections that are allowed are those from subnets previously communicated during account set up. The registrar originates the connection to the SRS and must do so securely using a Transport Layer Security (TLS) encrypted channel over TCP/IP using the IANA assigned standard port of 700.

The TLS protocol establishes an encrypted channel and confirms the identity of each machine to its counterpart. During TLS negotiation, certificates are exchanged to mutually verify identities. Because mutual authentication is required, the registrar certificate must be sent during the negotiation. If it is not sent, the connection is terminated and the event logged.

The SRS first examines the Common Name (CN). The SRS then compares the Common Name to the one provided by the registrar during account set up. The SRS then validates the certificate by following the signature chain, ensures that the chain is complete, and terminates against our store of root Certificate Authorities (CA). The SRS also verifies the revocation status with the root CA. If these fail, the connection is terminated and the event logged.

Upon successful completion of the TLS handshake and the subsequent client validation, the SRS automatically sends the EPP greeting. Then the registrar initiates a new session by sending the login command with their authentication credentials. The SRS passes the credentials to the database for validation over an encrypted channel. Policy limits the number of failed login attempts. If the registrar exceeds the maximum number of attempts, the connection to the server is closed. If authentication was successful, the EPP session is allowed to proceed and a response is returned indicating that the command was successful.

An established session can only be maintained for a finite period. EPP server policy specifies the timeout and maximum lifetime of a connection. The policy requires the registrar to send a protocol command within a given timeout period. The maximum lifetime policy for our registry restricts the connection to a finite overall timespan. If a command is not received within the timeout period or the connection lifetime is exceeded, the connection is terminated and must be reestablished. Connection lifecycle details are explained in detail in our Registrar Manual.

The EPP interface allows pipelining of commands. For consistency, however, the server only processes one command at a time per session and does not examine the next command until a response to the previous command is sent. It is the registrar's responsibility to track both the commands and their responses.

## 6.0. EPP SERVICE SCALE

Our EPP service is horizontally scalable. Its design allows us to add commodity-grade hardware at any time to increase our capacity. The design employs a 3-tier architecture which consists of protocol, services and data tiers. Servers for the protocol tier handle the loads of SSL negotiation and protocol validation and parsing. These loads are distributed across a farm of numerous servers balanced by load-balancing devices. The protocol tier connects to the services tier through load-balancing devices.

The services tier consists of a farm of servers divided logically based on the services provided. Each service category has two or more servers. The services tier is responsible for registry policy enforcement, registration lifecycle and provisioning, among other services. The services tier connects to the data tier which consists of Microsoft SQL Server databases for storage.

The data tier is a robust SQL Server installation that consists of a 2-node cluster in an active/active configuration. Each node is designed to handle the entire load of the registry should the alternate node go offline.

Additional details on scale and our plans to service the load we anticipate are described in detail on questions 24: SRS Performance and 32: Architecture.

## 7.0. COMPLIANCE WITH CORE AND EPP EXTENSION RFCs

The EPP interface is highly compliant with the following RFCs:

- RFC 5730 Extensible Provisioning Protocol
- RFC 5731 EPP Domain Name Mapping
- RFC 5732 EPP Host Mapping
- RFC 5733 EPP Contact Mapping
- RFC 5734 EPP Transport over TCP
- RFC 3915 Domain Registry Grace Period Mapping
- RFC 5910 Domain Name System (DNS) Security Extensions Mapping

The implementation is fully compliant with all points in each RFC. Where an RFC specifies optional details or service policy, they are explained below.

### 7.1. RFC 5730 EXTENSIBLE PROVISIONING PROTOCOL

Section 2.1 Transport Mapping Considerations - ack.  
Transmission Control Protocol (TCP) in compliance with RFC 5734 with TLS.

#### Section 2.4 Greeting Format - compliant

The SRS implementation responds to a successful connection and subsequent TLS handshake with the EPP Greeting. The EPP Greeting is also transmitted in response to a <hello/> command. The server includes the EPP versions supported which at this time is only 1.0. The Greeting contains namespace URIs as <objURI/> elements representing the objects the server manages.

The Greeting contains a <svcExtension> element with one <extURI> element for each extension namespace URI implemented by the SRS.

#### Section 2.7 Extension Framework - compliant

Each mapping and extension, if offered, will comply with RFC 3735 Guidelines for Extending EPP.

#### Section 2.9 Protocol Commands - compliant

Login command's optional <options> element is currently ignored. The <version> is verified and 1.0 is currently the only acceptable response. The <lang> element is also ignored because we currently only support English (en). This server policy is reflected in the greeting.

The client mentions <objURI> elements that contain namespace URIs representing objects to be managed

during the session inside `<svcs>` element of Login request. Requests with unknown `<objURI>` values are rejected with error information in the response. A `<logout>` command ends the client session.

#### Section 4 Formal syntax - compliant

All commands and responses are validated against applicable XML schema before acting on the command or sending the response to the client respectively. XML schema validation is performed against base schema (epp-1.0), common elements schema (eppcom-1.0) and object-specific schema.

#### Section 5 Internationalization Considerations - compliant

EPP XML recognizes both UTF-8 and UTF-16. All date-time values are presented in Universal Coordinated Time using Gregorian calendar.

### 7.2. RFC 5731 EPP DOMAIN NAME MAPPING

#### Section 2.1 Domain and Host names - compliant

The domain and host names are validated to meet conformance requirements mentioned in RFC 0952, 1123 and 3490.

#### Section 2.2 Contact and Client Identifiers - compliant

All EPP contacts are identified by a server-unique identifier. Contact identifiers conform to "clIDType" syntax described in RFC 5730.

#### Section 2.3 Status Values - compliant

A domain object always has at least one associated status value. Status value can only be set by the sponsoring client or the registry server where it resides. Status values set by server cannot be altered by client. Certain combinations of statuses are not permitted as described by RFC.

#### Section 2.4 Dates and Times - compliant

Date and time attribute values are represented in Universal Coordinated Time (UTC) using Gregorian calendar, in conformance with XML schema.

#### Section 2.5 Validity Periods - compliant

Our SRS implementation supports validity periods in unit year ("y"). The default period is 1y.

#### Section 3.1.1 EPP `<check>` Command - compliant

A maximum of 5 domains can be checked in a single command request as defined by server policy.

#### Section 3.1.2 EPP `<info>` Command - compliant

EPP `<info>` command is used to retrieve information associated with a domain object. If the querying Registrar is not the sponsoring registrar and the registrar does not provide valid authorization information, the server does not send any domain elements in response per server policy.

#### Section 3.1.3 EPP `<transfer>` Query Command - compliant

EPP `<transfer>` command provides a query operation that allows a client to determine the real-time status of pending and completed transfer requests. If the authInfo element is not provided or authorization information is invalid, the command is rejected for authorization.

#### Section 3.2.4 EPP `<transfer>` Command - compliant

All subordinate host objects to the domain are transferred along with the domain object.

### 7.3. RFC 5732 EPP HOST MAPPING

#### Section 2.1 Host Names - compliant

The host names are validated to meet conformance requirements mentioned in RFC 0952, 1123 and 3490.

#### Section 2.2 Contact and Client Identifiers - compliant

All EPP clients are identified by a server-unique identifier. Client identifiers conform to "clIDType" syntax described in RFC 5730.

#### Section 2.5 IP Addresses - compliant

The syntax for IPv4 addresses conform to RFC0791. The syntax for IPv6 addresses conform to RFC4291.

#### Section 3.1.1 EPP `<check>` Command - compliant

Maximum of five host names can be checked in a single command request set by server policy.



### Section 3.1.2 EPP <info> Command - compliant

If the querying client is not a sponsoring client, the server does not send any host object elements in response and the request is rejected for authorization according to server policy.

### Section 3.2.2 EPP <delete> Command - compliant

A delete is permitted only if the host is not delegated.

### Section 3.2.2 EPP <update> Command - compliant

Any request to change host name of an external host that has associations with objects that are sponsored by a different client fails.

## 7.4. RFC 5733 EPP CONTACT MAPPING

### Section 2.1 Contact and Client Identifiers - compliant

Contact identifiers conform to "clIDType" syntax described in RFC 5730.

### Section 2.6 Email Addresses - compliant

Email address validation conforms to syntax defined in RFC5322.

### Section 3.1.1 EPP <check> Command - compliant

Maximum of 5 contact id can be checked in a single command request.

### Section 3.1.2 EPP <info> Command - compliant

If querying client is not sponsoring client, server does not send any contact object elements in response and the request is rejected for authorization.

### Section 3.2.2 EPP <delete> Command - compliant

A delete is permitted only if the contact object is not associated with other known objects.

## 7.5. RFC 5734 EPP TRANSPORT OVER TCP

### Section 2 Session Management - compliant

The SRS implementation conforms to the required flow mentioned in the RFC for initiation of a connection request by a client, to establish a TCP connection. The client has the ability to end the session by issuing an EPP <logout> command, which ends the session and closes the TCP connection. Maximum life span of an established TCP connection is defined by server policy. Any connections remaining open beyond that are terminated. Any sessions staying inactive beyond the timeout policy of the server are also terminated similarly. Policies regarding timeout and lifetime values are clearly communicated to registrars in documentation provided to them.

### Section 3 Message Exchange - compliant

With the exception of EPP server greeting, EPP messages are initiated by EPP client in the form of EPP commands. Client-server interaction works as a command-response exchange where the client sends one command to the server and the server returns one response to the client in the exact order as received by the server.

### Section 8 Security considerations - ack.

TLS 1.0 over TCP is used to establish secure communications from IP restricted clients. Validation of authentication credentials along with the certificate common name, validation of revocation status and the validation of the full certificate chain are performed. The ACL only allows connections from subnets prearranged with the Registrar.

### Section 9 TLS Usage Profile - ack.

The SRS uses TLS 1.0 over TCP and matches the certificate common name. The full certificate chain, revocation status and expiry date is validated. TLS is implemented for mutual client and server authentication.

## 8.0. EPP EXTENSIONS

### 8.1. STANDARDIZED EXTENSIONS

Our implementation includes extensions that are accepted standards and fully documented. These include the Registry Grace Period Mapping and DNSSEC.

### 8.2. COMPLIANCE WITH RFC 3735

RFC 3735 are the Guidelines for Extending the Extensible Provisioning Protocol. Any custom extension implementations follow the guidance and recommendations given in RFC 3735.

### 8.3. COMPLIANCE WITH DOMAIN REGISTRY GRACE PERIOD MAPPING RFC 3915

#### Section 1 Introduction - compliant

Our SRS implementation supports all specified grace periods particularly, add grace period, auto-renew grace period, renew grace period, and transfer grace period.

#### Section 3.2 Registration Data and Supporting Information - compliant

Our SRS implementation supports free text and XML markup in the restore report.

#### Section 3.4 Client Statements - compliant

Client can use free text or XML markup to make 2 statements regarding data included in a restore report.

#### Section 5 Formal syntax - compliant

All commands and responses for this extension are validated against applicable XML schema before acting on the command or sending the response to the client respectively. XML schema validation is performed against RGP specific schema (rgp-1.0).

### 8.4. COMPLIANCE WITH DOMAIN NAME SYSTEM (DNS) SECURITY EXTENSIONS MAPPING RFC 5910

RFC 5910 describes an Extensible Provisioning Protocol (EPP) extension mapping for the provisioning and management of Domain Name System Security Extensions (DNSSEC) for domain names stored in a shared central repository. Our SRS and DNS implementation supports DNSSEC.

The information exchanged via this mapping is extracted from the repository and used to publish DNSSEC Delegate Signer (DS) resource records (RR) as described in RFC 4034.

#### Section 4 DS Data Interface and Key Data Interface - compliant

Our SRS implementation supports only DS Data Interface across all commands applicable with DNSSEC extension.

#### Section 4.1 DS Data Interface - compliant

The client can provide key data associated with the DS information. The collected key data along with DS data is returned in an info response, but may not be used in our systems.

#### Section 4.2 Key Data Interface - compliant

Since our gTLD's SRS implementation does not support Key Data Interface, when a client sends a command with Key Data Interface elements, it is rejected with error code 2306.

#### Section 5.1.2 EPP <info> Command - compliant

This extension does not add any elements to the EPP <info> command. When an <info> command is processed successfully, the EPP <resData> contains child elements for EPP domain mapping. In addition, it contains a child <secDNS:infData> element that identifies extension namespace if the domain object has data associated with this extension. It is conditionally based on whether or the client added the <extURI> element for this extension in the <login> command. Multiple DS data elements are supported.

#### Section 5.2.1 EPP <create> Command - compliant

The client must add an <extension> element, and the extension element MUST contain a child <secDNS:create> element if the client wants to associate data defined in this extension to the domain object. Multiple DS data elements are supported. Since the SRS implementation does not support maxSigLife, it returns a 2102 error code if the command included a value for maxSigLife.

#### Section 5.2.5 EPP <update> Command - compliant

Since the SRS implementation does not support the <secDNS:update> element's optional "urgent" attribute, an EPP error result code of 2102 is returned if the "urgent" attribute is specified in the command with value of Boolean true.

### 8.5. PROPRIETARY EXTENSION DOCUMENTATION

We are not proposing any proprietary EPP extensions for this TLD.

## 8.6. EPP CONSISTENT WITH THE REGISTRATION LIFECYCLE DESCRIBED IN QUESTION 27

Our EPP implementation makes no changes to the industry standard registration lifecycle and is consistent with the lifecycle described in Question 27.

## 9.0. RESOURCING PLAN

For descriptions of the following teams, please refer to our response to Question 31. Current and planned allocations are below.

### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, 2 Sr. Software Engineers, Sr. Database Engineer, Quality Assurance Engineer
- First Year New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Systems Administrators, two Systems Administrators, two Sr. Systems Engineers, two Systems Engineers
- First Year New Hires: Systems Engineer

### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, two Network Engineers
- First Year New Hires: Network Engineer

### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, two Database Administrators

### Information Security Team:

- Existing Department Personnel: Director of Information Security, Sr. Information Security Specialist, Information Security Specialists, Sr. Information Security Engineer, Information Security Engineer
- First Year New Hires: Information Security Engineer

### Network Operations Center (NOC):

- Existing Department Personnel: Manager, two NOC Supervisors, 12 NOC Analysts
- First Year New Hires: Eight NOC Analysts

## 26. Whois

Our registry provides a publicly available Whois service for registered domain names in the top-level domain (TLD). Our registry also offers a searchable Whois service that includes web-based search capabilities by domain name, registrant name, postal address, contact name, registrar ID and IP addresses without an arbitrary limit. The Whois service for our gTLD also offers Boolean search capabilities, and we have initiated appropriate precautions to avoid abuse of the service. This searchable Whois service exceeds requirements and is eligible for a score of 2 by providing the following:

- Web-based search capabilities by domain name, registrant name, postal address, contact names, registrar IDs, and Internet Protocol addresses without arbitrary limit.
- Boolean search capabilities.
- Appropriate precautions to avoid abuse of this feature (e.g., limiting access to legitimate authorized users).
- Compliance with any applicable privacy laws or policies.

The Whois service for our planned TLD is available via port 43 in accordance with RFC 3912. Also, our registry includes a Whois web interface. Both provide free public query-based access to the elements outlined in Specification 4 of the Registry Agreement. In addition, our registry includes a searchable Whois service. This service is available to authorized entities and accessible from a web browser.

## 2.0. HIGH-LEVEL WHOIS SYSTEM DESCRIPTION

The Whois service for our registry provides domain registration information to the public. This information consists not only of the domain name but also of relevant contact information associated with the domain. It also identifies nameserver delegation and the registrar of record. This service is available to any Internet user, and use does not require prior authorization or permission. To maximize accessibility to the data, Whois service is provided over two mediums, as described below. Where the medium is not specified, any reference to Whois pertains to both mediums. We describe our searchable Whois solution in Section 11.0.

One medium used for our gTLD's Whois service is port 43 Whois. This consists of a standard Transmission Control Protocol (TCP) server that answers requests for information over port 43 in compliance with IETF RFC 3912. For each query, the TCP server accepts the connection over port 43 and then waits for a set time for the query to be sent. This communication occurs via clear, unencrypted text. If no query is received by the server within the allotted time or a malformed query is detected, the connection is closed. If a properly formatted and valid query is received, the registry database is queried for the registration data. If registration data exists, it is returned to the service where it is then formatted and delivered to the requesting client. Each query connection is short-lived. Once the output is transmitted, the server closes the connection.

The other medium used for Whois is via web interface using clear, unencrypted text. The web interface is in an HTML format suitable for web browsers. This interface is also available over an encrypted channel on port 443 using the HTTPS protocol.

The steps for accessing the web-based Whois will be prominently displayed on the registry home page. The web-based Whois is for interactive use by individual users while the port 43 Whois system is for automated use by computers and lookup clients.

Both Whois service offerings comply with Specification 4 of the New GTLD Agreement. Although the Whois output is free text, it follows the output format as described for domain, registrar and nameserver data in Sections 1.4, 1.5 and 1.6 of Specification 4 of the Registry Agreement.

Our gTLD's WHOIS service is mature, and its current implementation has been in continuous operation for seven years. A dedicated support staff monitors this service 24/7. To ensure high availability, multiple redundant servers are maintained to enable capacity well above normal query rates.

Most of the queries sent to the port 43 Whois service are automated. The Whois service contains mechanisms for detecting abusive activity and, if abuse is detected, reacts appropriately. This capability contributes to a high quality of service and availability for all users.

### 2.1. PII POLICY

The services and systems for this gTLD do not collect, process or store any personally identifiable information (PII) as defined by state disclosure and privacy laws. Registry systems collect the following Whois data types: first name, last name, address and phone numbers of all billing, administration and technical contacts. Any business conducted where confidential PII consisting of customer payment information is collected uses systems that are completely separate from registry systems and segregated at the network layer.

## 3.0. RELEVANT NETWORK DIAGRAM(S)

Our network diagram (Q 26 - Attachment A, Figure 1) provides a quick-reference view of the Whois system. This diagram reflects the Whois system components and compliance descriptions and explanations that follow in this section.

### 3.1. NARRATIVE FOR Q26 - FIGURE 1 OF 1 (SHOWN IN ATTACHMENT A)

The Whois service for our gTLD operates from two datacenters from replicated data. Network traffic is directed to either of the datacenters through a global load balancer. Traffic is directed to an

appropriate server farm, depending on the service interface requested. The load balancer within the datacenter monitors the load and health of each individual server and uses this information to select an appropriate server to handle the request.

The protocol server handling the request communicates over an encrypted channel with the Whois service provider through a load-balancing device. The WHOIS service provider communicates directly with a replicated, read-only copy of the appropriate data from the registry database. The Whois service provider is passed a sanitized and verified query, such as a domain name. The database attempts to locate the appropriate records, then format and return them. Final output formatting is performed by the requesting server and the results are returned back to the original client.

#### 4.0. INTERCONNECTIVITY WITH OTHER REGISTRY SYSTEMS

The Whois port 43 interface runs as an unattended service on servers dedicated to this task. As shown in Attachment A, Figure 1, these servers are delivered network traffic by redundant load-balancing hardware, all of which is protected by access control methods. Balancing the load across many servers helps distribute the load and allows for expansion. The system's design allows for the rapid addition of new servers, typically same-day, should load require them.

Both our port 43 Whois and our web-based Whois communicate with the Whois service provider in the middle tier. Communication to the Whois service provider is distributed by a load balancing pair. The Whois service provider calls the appropriate procedures in the database to search for the registration records.

The Whois service infrastructure operates from both datacenters, and the global load balancer distributes Whois traffic evenly across the two datacenters. If one datacenter is not responding, the service sends all traffic to the remaining datacenter. Each datacenter has sufficient capacity to handle the entire load.

To avoid placing an abnormal load on the Shared Registration System (SRS), both service installations read from replicated, read-only database instances (see Figure 1). Because each instance is maintained via replication from the primary SRS database, each replicated database contains a copy of the authoritative data. Having the Whois service receive data from this replicated database minimizes the impact of services competing for the same data and enables service redundancy. Data replication is also monitored to prevent detrimental impact on the primary SRS.

#### 5.0. FREQUENCY OF SYNCHRONIZATION BETWEEN SERVERS

As shown in Figure 1, the system replicates WHOIS services data continuously from the authoritative database to the replicated database. This persistent connection is maintained between the databases, and each transaction is queued and published as an atomic unit. Delays, if any, in the replication of registration information are minimal, even during periods of high load. At no time will the system prioritize replication over normal operations of the SRS.

#### 6.0. POTENTIAL FORMS OF ABUSE

Potential forms of abuse of this feature, and how they are mitigated, are outlined below. For additional information on our approach to preventing and mitigating Whois service abuse, please refer to our response to Question 28.

##### 6.1. DATA MINING ABUSE

This type of abuse consists primarily of a user using queries to acquire all or a significant portion of the registration database.

The system mitigates this type of abuse by detecting and limiting bulk query access from single sources. It does this in two ways: 1) by rate-limiting queries by non-authorized parties; and 2) by ensuring all queries result in responses that do not include data sets representing significant portions of the registration database.

##### 6.2. INVALID DATA INJECTION

This type of abuse is mitigated by 1) ensuring that all Whois systems are strictly read-only; and 2) ensuring that any input queries are properly sanitized to prevent data injection.

### 6.3. DISCLOSURE OF PRIVATE INFORMATION

The Whois system mitigates this type of abuse by ensuring all responses, while complete, only contain information appropriate to Whois output and do not contain any private or non-public information.

### 7.0. COMPLIANCE WITH WHOIS SPECIFICATIONS FOR DATA OBJECTS, BULK ACCESS, AND LOOKUPS

Whois specifications for data objects, bulk access, and lookups for our gTLD are fully compliant with Specifications 4 and 10 to the Registry Agreement, as explained below.

#### 7.1. COMPLIANCE WITH SPECIFICATION 4

Compliance of Whois specifications with Specification 4 is as follows:

- Registration Data Directory Services Component: Specification 4.1 is implemented as described. Formats follow the outlined semi-free text format. Each data object is represented as a set of key/value pairs with lines beginning with keys followed by a colon and a space as delimiters, followed by the value. Fields relevant to RFCs 5730-4 are formatted per Section 1.7 of Specification 4.
- Searchability compliance is achieved by implementing, at a minimum, the specifications in section 1.8 of specification 4. We describe this searchability feature in Section 11.0.
- Co-operation, ICANN Access and Emergency Operator Access: Compliance with these specification components is assured.
- Bulk Registration Data Access to ICANN: Compliance with this specification component is assured.

Evidence of Whois system compliance with this specification consists of:

- Matching existing Whois output with specification output to verify that it is equivalent.

#### 7.2. COMPLIANCE WITH SPECIFICATION 10 FOR WHOIS

Our gTLD's Whois complies fully with Specification 10. With respect to Section 4.2, the approach used ensures that Round-Trip Time (RTT) remains below five times the corresponding Service Level Requirement (SLR).

##### 7.2.1. Emergency Thresholds

To achieve compliance with this Specification 10 component, several measures are used to ensure emergency thresholds are never reached:

- 1) Provide staff training as necessary on Registry Transition plan components that prevent Whois service interruption in case of emergency (see the Question 40 response for details).
- 2) Conduct regular failover testing for Whois services as outlined in the Question 41 response.
- 3) Adhere to recovery objectives for Whois as outlined in the Question 39 response.

##### 7.2.2. Emergency Escalation

Compliance with this specification component is achieved by participation in escalation procedures as outlined in this section.

### 8.0. COMPLIANCE WITH RFC 3912

Whois service for our gTLD is fully compliant with RFC 3912 as follows:

- RFC 3912 Element, "A Whois server listens on TCP port 43 for requests from Whois clients": This requirement is properly implemented, as described in Section 1 above. Further, running Whois on ports other than port 43 is an option.
- RFC 3912 Element, "The Whois client makes a text request to the Whois server, then the Whois server replies with text content": The port 43 Whois service is a text-based query and response system. Thus, this requirement is also properly implemented.
- RFC 3912 Element, "All requests are terminated with ASCII CR and then ASCII LF. The response might contain more than one line of text, so the presence of ASCII CR or ASCII LF characters does not indicate the end of the response": This requirement is properly implemented for our TLD.
- RFC 3912 Element, "The Whois server closes its connection as soon as the output is finished": This requirement is properly implemented for our TLD, as described in Section 1 above.

- RFC 3912 Element, "The closed TCP connection is the indication to the client that the response has been received": This requirement is properly implemented.

## 9.0. RESOURCING PLAN

Resources for the continued development and maintenance of the Whois have been carefully considered. Many of the required personnel are already in place. Where gaps exist, technical resource addition plans are outlined below as "First Year New Hires." Resources now in place, shown as "Existing Department Personnel", are employees whose primary responsibility is the registry system.

### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, two Sr. Software Engineers, Sr. Database Engineer, Quality Assurance Engineer
- First Year New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Systems Administrators, two Systems Administrators, two Sr. Systems Engineers, two Systems Engineers
- First Year New Hires: Systems Engineer

### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, two Network Engineers
- First Year New Hires: Network Engineer

### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, two Database Administrators

### Information Security Team:

- Existing Department Personnel: Director of Information Security, Sr. Information Security Specialist, Information Security Specialists, Sr. Information Security Engineer, Information Security Engineer
- First Year New Hires: Information Security Engineer

### Network Operations Center (NOC):

- Existing Department Personnel: Manager, two NOC Supervisors, 12 NOC Analysts
- First Year New Hires: Eight NOC Analysts

## 11.0. PROVISION FOR SEARCHABLE WHOIS CAPABILITIES

The searchable Whois service for our gTLD provides flexible and powerful search ability for users through a web-based interface. This service is provided only to entities with a demonstrated need for it. Where access to registration data is critical to the investigation of cybercrime and other potentially unlawful activity, we authorize access for fully vetted law enforcement and other entities as appropriate. Search capabilities for our gTLD's searchable Whois meet or exceed the requirements indicated in section 1.8 of specification 4.

Once authorized to use the system, a user can perform exact and partial match searches on the following fields:

- Domain name
- Registrant name
- Postal address including street, city and state, etc., of all registration contacts
- Contact names
- Registrant email address
- Registrar name and ID
- Nameservers
- Internet Protocol addresses

In addition, all other EPP Contact Object fields and sub-fields are searchable as well. The following Boolean operators are also supported: AND, OR, NOT. These operators can be used for joining or excluding results.

Certain types of registry related abuse are unique to the searchable Whois function. Providing searchable Whois warrants providing protection against this abuse. Potential problems include:

- Attempts to abuse Whois by issuing a query that essentially returns the entire database in the result set.
- Attempts to run large quantities of queries sufficient to reduce the performance of the registry database.

Precautions for preventing and mitigating abuse of the Whois search service include:

- Limiting access to authorized users only.
- Establishing legal agreements with authorized users that clearly define and prohibit system abuse.
- Queuing search queries into a job processing system.
- Executing search queries against a replicated read-only copy of the database.
- Limiting result sets when the query is clearly meant to cause a wholesale dump of registration data.

Only authorized users with a legitimate purpose for searching registration data are permitted to use the searchable Whois system. Examples of legitimate purpose include the investigation of terrorism or cybercrime by authorized officials, or any of many other official activities that public officials must conduct to fulfill their respective duties. We grant access for these and other purposes on a case-by-case basis.

To ensure secure access, a two-factor authentication device is issued to each authorized user of the registry. Subsequent access to the system requires the user name, password and a one-time generated password from the issued two-factor device.

Upon account creation, users are provided with documentation describing our terms of service and policies for acceptable use. Users must agree to these terms to use the system. These terms clearly define and illustrate what constitutes legitimate use and what constitutes abuse. They also inform the user that abuse of the system is grounds for limiting or terminating the user's account.

For all queries submitted, the searchable Whois system first sanitizes the query to deter potential harm to our internal systems. The system then submits the query to a queue for job processing. The system processes each query one by one and in the order received. The number of concurrent queries executed varies, depending on the current load.

To ensure Whois search capabilities do not affect other registry systems, the system executes queries against a replicated read-only version of the database. The system updates this database frequently as registration transactions occur. These updates are performed in a manner that ensures no detrimental load is placed on the production SRS.

To process successfully, each query must contain the criteria needed to filter its results down to a reasonable result set (one that is not excessively large). If the query does not meet this, the user is notified that the result set is excessive and is asked to verify the search criteria. If the user wishes to continue without making the indicated changes, the user must contact our support team to verify and approve the query. Each successful query submitted results in immediate execution of the query.

Query results are encrypted using the unique shared secret built into each 256-bit Advanced Encryption Standard (AES) two-factor device. The results are written to a secure location dedicated for result storage and retrieval. Each result report has a unique file name in the user's directory. The user's directory is assigned the permissions needed to prevent unauthorized access to report files. For the convenience of Registrars and other users, each query result is stored for a minimum of 30 days. At any point following this 30-day period, the query result may be purged by the system.

## 27. Registration Life Cycle



## 1.0. INTRODUCTION

To say that the lifecycle of a domain name is complex would be an understatement. A domain name can traverse many states throughout its lifetime and there are many and varied triggers that can cause a state transition. Some states are triggered simply by the passage of time. Others are triggered by an explicit action taken by the registrant or registrar. Understanding these is critical to the proper operation of a gTLD registry. To complicate matters further, a domain name can contain one or more statuses. These are set by the registrar or registry and have a variety of uses.

When this text discusses EPP commands received from registrars, with the exception of a transfer request, the reader can assume that the command is received from the sponsoring registrar and successfully processed. The transfer request originates from the potential gaining registrar. Transfer details are explicit for clarity.

## 2.0. INDUSTRY STANDARDS

The registration life cycle approach for our gTLD follows industry standards for registration lifecycles and registration statuses. By implementing a registration life cycle that adheres to these standards, we avoid compounding an already confusing topic for registrants. In addition, since registrar systems are already designed to manage domain names in a standard way, a standardized registration lifecycle also lowers the barrier to entry for registrars.

The registration lifecycle for our gTLD follows core EPP RFCs including RFC 5730 and RFC 5731 and associated documentation of lifecycle information. To protect registrants, EPP Grace Period Mapping for domain registrations is implemented, which affects the registration lifecycle and domain status. EPP Grace Period Mapping is documented in RFC 3915.

## 3.0. REGISTRATION STATES

For a visual guide to this registration lifecycle discussion, please refer to the attachment, Registration Lifecycle Illustrations. Please note that this text makes many references to the status of a domain. For brevity, we do not distinguish between the domain mapping status `<domain:status>` and the EPP Grace Period Mapping status `<rgp:rgpStatus>` as making this differentiation in every case would make this document more difficult to read and in this context does not improve understanding.

## 4.0. AVAILABILITY

The lifecycle for any domain registration begins with the Available state. This is not necessarily a registration state, per se, but indicates the lack of domain registration implied and provides an entry and terminal point for the state diagram provided. In addition to the state diagram, please refer to Fig. 2 - Availability Check for visual representation of the process flow.

Before a user can register a new domain name, the registry performs an availability check. Possible outcomes of this availability check include:

1. Domain name is available for registration.
2. Domain name is already registered, regardless of the current state and not available for registration.
3. Domain name has been reserved by the registry.
4. Domain name string has been blocked because of a trademark claim.

## 5.0. INITIAL REGISTRATION

The first step in domain registration is the availability check as described above and shown in Fig. 2 - Availability Check. A visual guide to the description for domain registration in this section can be found in Fig. 3 - Domain Registration. If the domain is available for registration, a registrar submits a registration request.

With this request, the registrar can include zero or more nameserver hosts for zone delegation. If the registrar includes zero or one nameserver host(s), the domain is registered but the EPP status of the domain is set to inactive. If the registrar includes two or more, the EPP status of the domain is set to ok.

The request may also include a registration period (the number of years the registrar would like the domain registered). If this time period is omitted, the registry may use a default initial registration period. The policy for this aligns with the industry standard of one year as the default period. If the registrar includes a registration period, the value must be between one and ten years as specified in the gTLD Registry Agreement.

Once the registration process is complete within the registry, the domain registration is considered to be in the REGISTERED state but within the Add Grace Period.

## 6.0. REGISTERED STATE - ADD GRACE PERIOD

The Add Grace Period is a status given to a new domain registration. The EPP status applied in this state is addPeriod. The Add Grace Period is a state in which the registrar is eligible for a refund of the registration price should the registration be deleted while this status is applied. The status is removed and the registration transitions from the Add Grace Period either by an explicit delete request from the registrar or by the lapse of five days. This is illustrated in Fig. 1 and Fig. 3 of the illustrations attachment.

If the registrar deletes the domain during the Add Grace Period, the domain becomes immediately available for registration. The registrar is refunded the original cost of the registration.

If the five-day period lapses without receiving a successful delete command, the addPeriod status is removed from the domain.

## 7.0. REGISTERED STATE

A domain registration spends most of its time in the REGISTERED state. A domain registration period can initially be between one year and ten years in one-year increments as specified in the new gTLD Registry Agreement. At any time during the registration's term, several things can occur to either affect the registration period or transition the registration to another state. The first three are the auto-renew process, an explicit renew EPP request and a successful completion of the transfer process.

## 8.0. REGISTRATION PERIOD EXTENSION

The registration period for a domain is extended either through a successful renew request by the registrar, through the successful completion of the transfer process or through the auto-renew process. This section discusses each of these three options.

### 8.1. EXTENSION VIA RENEW REQUEST

One way that a registrar can extend the registration period is by issuing a renew request. Each renew request includes the number of years desired for extension of the registration up to ten years. Please refer to the flow charts found in both Fig. 4 - Renewal and Fig. 5 - Renewal Grace Period for a visual representation of the following.

Because the registration period cannot extend beyond ten years, any request for a registration period beyond ten years fails. The domain must not contain the status renewProhibited. If this status exists on the domain, the request for a renewal fails.

Upon a successful renew request, the registry adds the renewPeriod status to the domain. This status remains on the domain for a period of five days. The number of years in the renew request is added to the total registration period of the domain. The registrar is charged for each year of the additional period.

While the domain has the renewPeriod status, if the sponsoring registrar issues a successful delete request, the registrar receives a credit for the renewal. The renewPeriod status is removed and the domain enters the Redemption Grace Period (RGP) state. The status redemptionPeriod is added to the status of the domain.

### 8.2. EXTENSION VIA TRANSFER PROCESS

The second way to extend the registration is through the Request Transfer process. A registrar may transfer sponsorship of a domain name to another registrar. The exact details of a transfer are explained in the Request Transfer section below. The successful completion of the Request Transfer process automatically extends the registration for one year. The registrar is not charged separately for the addition of the year; it comes automatically with the successful transfer. The transferPeriod status is added to the domain.

If the gaining registrar issues a successful delete request during the transferPeriod, the gaining registrar receives a credit for the transfer. The status redemptionPeriod is added to the status of the domain and transferPeriod is removed. The domain then enters the RGP state.

### 8.3. EXTENSION VIA AUTO-RENEW

The last way a registration period can be extended is passive and is the simplest way because it occurs without any action by the Registrar. When the registration period expires, for the convenience

of the registrar and registrant, the registration renews automatically for one year. The registrar is charged for the renewal at this time. This begins the Auto Renew Grace Period. The `autoRenewPeriod` status is added to the domain to represent this period.

The Auto Renew Grace Period lasts for 45 days. At any time during this period, the Registrar can do one of four things: 1) passively accept the renewal; 2) actively renew (to adjust renewal options); 3) delete the registration; or 4) transfer the registration.

To passively accept the renewal, the registrar need only allow the 45-day time span to pass for the registration to move out of the Auto Renew Grace Period.

Should the registrar wish to adjust the renewal period in any way, the registrar can submit a renew request via EPP to extend the registration period up to a maximum of ten years. If the renew request is for a single year, the registrar is not charged. If the renew request is for more than a single year, the registrar is charged for the additional years that the registration period was extended. If the command is a success, the `autoRenewPeriod` status is removed from the domain.

Should the registrar wish to delete the registration, the registrar can submit a delete command via EPP. Once a delete request is received, the `autoRenewPeriod` status is removed from the domain and the `redemptionPeriod` status is added. The registrar is credited for the renewal fees. For illustration of this process, please refer to Fig. 6 – Auto Renew Grace Period.

The last way move a domain registration out of the Auto Renew state is by successful completion of the Request Transfer process, as described in the following section. If the transfer completes successfully, the `autoRenewPeriod` status is removed and the `transferPeriod` status is added.

## 9.0. REQUEST TRANSFER

A customer can change the sponsoring registrar of a domain registration through the Request Transfer process. This process is an asynchronous, multi-step process that can take many as five days but may occur faster, depending on the level of support from participating Registrars.

The initiation of the transfer process is illustrated in Fig. 8 – Request Transfer. The transfer process begins with a registrar submitting a transfer request. To succeed, the request must meet several criteria. First, the domain status must not contain `transferProhibited` or `pendingTransfer`. Second, the initial domain registration must be at least 60 days old or, if transferred prior to the current transfer request, must not have been transferred within the last 60 days. Lastly, the transfer request must contain the correct `authInfo` (authorization information) value. If all of these criteria are met, the transfer request succeeds and the domain moves into the Pending Transfer state and the `pendingTransfer` status is added to the domain.

There are four ways to complete the transfer (and move it out of Pending Transfer status):

1. The transfer is auto-approved.
2. The losing registrar approves the transfer.
3. The losing registrar rejects the transfer.
4. The requesting registrar cancels the transfer.

After a successful transfer request, the domain continues to have the `pendingTransfer` status for up to five days. During this time, if no other action is taken by either registrar, the domain successfully completes the transfer process and the requesting registrar becomes the new sponsor of the domain registration. This is illustrated in Fig. 9 – Auto Approve Transfer.

At any time during the Pending Transfer state, either the gaining or losing registrar can request the status of a transfer provided they have the correct domain `authInfo`. Querying for the status of a transfer is illustrated in Fig. 13 – Query Transfer.

During the five-day Pending Transfer state, the losing registrar can accelerate the process by explicitly accepting or rejecting the transfer. If the losing registrar takes either of these actions, the `pendingTransfer` status is removed. Both of these actions are illustrated in Fig. 10 – Approve Transfer and Fig. 11 – Reject Transfer.

During the five-day Pending Transfer state, the requesting registrar may cancel the transfer request. If the registrar sends a cancel transfer request, the `pendingTransfer` status is removed. This is shown in Fig. 12 – Cancel Transfer.

If the transfer process is a success, the registry adds the transferPeriod status and removes the pendingTransfer status. If the domain was in the Renew Period state, upon successful completion of the transfer process, this status is removed.

The transferPeriod status remains on the domain for five days. This is illustrated in Fig. 14 – Transfer Grace Period. During this period, the gaining Registrar may delete the domain and obtain a credit for the transfer fees. If the gaining registrar issues a successful delete request during the transferPeriod, the gaining registrar receives a credit for the transfer. The status redemptionPeriod is added to the status of the domain and transferPeriod is removed. The domain then enters the RGP state.

#### 10.0. REDEMPTION GRACE PERIOD

The Redemption Grace Period (RGP) is a service provided by the registry for the benefit of registrars and registrants. The RGP allows a registrar to recover a deleted domain registration. The only way to enter the RGP is through a delete command sent by the sponsoring registrar. A domain in RGP always contains a status of redemptionPeriod. For an illustrated logical flow diagram of this, please refer to Fig. 15 – Redemption Grace Period.

The RGP lasts for 30 days. During this time, the sponsoring registrar may recover the domain through a two-step process. The first step is to send a successful restore command to the registry. The second step is to send a restore report to the registry.

Once the restore command is processed, the registry adds the domain status of pendingRestore to the domain. The domain is now in the Pending Restore state, which lasts for seven days. During this time, the registry waits for the restore report from the Registrar. If the restore report is not received within seven days, the domain transitions back to the RGP state. If the restore report is successfully processed by the registry, the domain registration is restored back to the REGISTERED state. The statuses of pendingRestore and redemptionPeriod are removed from the domain.

After 30 days in RGP, the domain transitions to the Pending Delete state. A status of pendingDelete is applied to the domain and all other statuses are removed. This state lasts for five days and is considered a quiet period for the domain. No commands or other activity can be applied for the domain while it is in this state. Once the five days lapse, the domain is again available for registration.

#### 11.0. DELETE

To delete a domain registration, the sponsoring registrar must send a delete request to the registry. If the domain is in the Add Grace Period, deletion occurs immediately. In all other cases, the deleted domain transitions to the RGP. For a detailed visual diagram of the delete process flow, please refer to Fig. 7 – Delete.

For domain registration deletion to occur successfully, the registry must first ensure the domain is eligible for deletion by conducting two checks. The registry first checks to verify that the requesting registrar is also the sponsoring registrar. If this is not the case, the registrar receives an error message.

The registry then checks the various domain statuses for any restrictions that might prevent deletion. If the domain's status includes either the transferPending or deleteProhibited, the name is not deleted and an error is returned to the registrar.

If the domain is in the Add Grace Period, the domain is immediately deleted and any registration fees paid are credited back to the registrar. The domain is immediately available for registration.

If the domain is in the Renew Grace Period, the Transfer Grace Period or the Auto Renew Grace Period, the respective renewPeriod, transferPeriod or autoRenewPeriod statuses are removed and the corresponding fees are credited to the Registrar. The domain then moves to the RGP as described above.

#### 12.0. ADDITIONAL STATUSES

There are additional statuses that the registry or registrar can apply to a domain registration to limit what actions can be taken on it or to limit its usefulness. This section addresses such statuses that have not already addressed in this response.

Some statuses are applied by the registrar and others are exclusively applied by the registry. Registry-applied statuses cannot be altered by registrars. Status names that registrars can add or remove begin with "client". Status names that only the registry can add or remove begin with

“server”. These statuses can be applied by a registrar using the EPP domain update request as defined in RFC 5731.

To prevent a domain registration from being deleted, the status values of clientDeleteProhibited or serverDeleteProhibited may be applied by the appropriate party.

To withhold delegation of the domain to the DNS, clientHold or serverHold is applied. This prevents the domain name from being published to the zone file. If it is already published, the domain name is removed from the zone file.

To prevent renewal of the domain registration clientRenewProhibited or serverRenewProhibited is applied by the appropriate party.

To prevent the transfer of sponsorship of a registration, the states clientTransferProhibited or serverTransferProhibited is applied to the domain. When this is done, all requests for transfer are rejected by the registry.

If a domain registration contains no host objects, the registry applies the status of inactive. Since there are no host objects associated with the domain, by definition, it cannot be published to the zone. The inactive status cannot be applied by registrars.

If a domain has no prohibitions, restrictions or pending operations and the domain also contains sufficient host object references for zone publication, the registry assigns the status of ok if there is no other status set.

There are a few statuses defined by the domain mapping RFC 5731 that our registry does not use. These statuses are: pendingCreate, pendingRenew and pendingUpdate. RFC 5731 also defines some status combinations that are invalid. We acknowledge these and our registry system disallows these combinations.

### 13.0. RESOURCING

#### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, two Sr. Software Engineers, Sr. Database Engineer, Quality Assurance Engineer

- New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

#### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, 2 Sr. Systems Administrators, 2 Systems Administrators, 2 Sr. Systems Engineers, 2 Systems Engineers

- New Hires: Systems Engineer

#### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, 2 Network Engineers

- New Hires: Network Engineer

#### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, 2 Database Administrators

#### Network Operations Center:

- Existing Department Personnel: Manager, 2 NOC Supervisors, 12 NOC Analysts

- New Hires: Eight NOC Analysts

## 28. Abuse Prevention and Mitigation

### 1.0. INTRODUCTION

Namecheap will employ strong policies and procedures to prevent and mitigate abuse. Our intention is to ensure the integrity of this top-level domain (TLD) and maintain it as a trusted space on the Internet. We will not tolerate abuse and will use professional, consistent, and fair policies and procedures to identify and address abuse in the legal, operational, and technical realms

Our approach to abuse prevention and mitigation includes the following:

- An Anti-Abuse Policy that clearly defines malicious and abusive behaviors;

- An easy-to-use single abuse point of contact (APOC) that Internet users can use to report the malicious use of domains in our TLD;
- Procedures for investigating and mitigating abuse;
- Procedures for removing orphan glue records used to support malicious activities;
- Dedicated procedures for handling legal requests, such as inquiries from law enforcement bodies, court orders, and subpoenas;
- Measures to deter abuse of the Whois service; and
- Policies and procedures to enhance Whois accuracy, including compliance and monitoring programs.

Our abuse prevention and mitigation solution leverages our extensive domain name industry experience and was developed based on extensive study of existing gTLDs and ccTLDs for best registry practices. This same experience will be leveraged to manage the new TLD.

## 2.0. ANTI-ABUSE POLICY

The Anti-Abuse Policy for our registry will be enacted under the Registry-Registrar Agreement (RRA), with obligations from that agreement passed on to and made binding upon all registrants, registrars, and resellers. This policy will also be posted on the registry web site and accompanied by abuse point-of-contact contact information (see below). Internet users can report suspected abuse to the registry and sponsoring registrar, and report an orphan glue record suspected of use in connection with malicious conduct (see below).

The policy is especially designed to address the malicious use of domain names. Its intent is to:

1. Make clear that certain types of behavior are not tolerated;
2. Deter both criminal and non-criminal but harmful use of domain names; and
3. Provide the registry with clearly stated rights to mitigate several types of abusive behavior when found.

This policy does not take the place of the Uniform Dispute Resolution Policy (UDRP) or the Uniform Rapid Suspension System (URS), and it is not to be used as an alternate form of dispute resolution or as a brand protection mechanism.

Below is a policy draft based on the anti-abuse policies of several existing TLD registries with exemplary practices (including .ORG, .CA, and .INFO). We plan to adopt the same, or a substantially similar version, after the conclusion of legal reviews.

## 3.0. TLD ANTI-ABUSE POLICY

The registry reserves the right, at its sole discretion and at any time and without limitation, to deny, suspend, cancel, redirect, or transfer any registration or transaction, or place any domain name(s) on registry lock, hold, or similar status as it determines necessary for any of the following reasons:

- (1) to protect the integrity and stability of the registry;
- (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process;
- (3) to avoid any liability, civil or criminal, on the part of the registry operator, its affiliates, subsidiaries, officers, directors, or employees;
- (4) to comply with the terms of the registration agreement and the registry's Anti-Abuse Policy;
- (5) registrant fails to keep Whois information accurate and up-to-date;
- (6) domain name use violates the registry's acceptable use policies, or a third party's rights or acceptable use policies, including but not limited to the infringement of any copyright or trademark;
- (7) to correct mistakes made by the registry operator or any registrar in connection with a domain name registration; or
- (8) as needed during resolution of a dispute.

Abusive use of a domain is an illegal, malicious, or fraudulent action and includes, without limitation, the following:

- Distribution of malware: The dissemination of software designed to infiltrate or damage a computer system without the owner's informed consent. Examples include computer viruses, worms, keyloggers, trojans, and fake antivirus products;
- Phishing: attempts to acquire sensitive information such as usernames, passwords, and credit card details by masquerading as a trustworthy entity in an electronic communication;

- DNS hijacking or poisoning;
- Spam: The use of electronic messaging systems to send unsolicited bulk messages. This includes but is not limited to email spam, instant messaging spam, mobile messaging spam, and the spamming of Internet forums;
- Use of botnets, including malicious fast-flux hosting;
- Denial-of-service attacks;
- Child pornography/child sexual abuse images;
- The promotion, encouragement, sale, or distribution of prescription medication without a valid prescription in violation of applicable law; and
- Illegal access of computers or networks.

#### 4.0. SINGLE ABUSE POINT OF CONTACT

Our prevention and mitigation plan includes use of a single abuse point of contact (APOC). This contact will be a role-based e-mail address in the form of "abuse@registry.tld". This e-mail address will allow multiple staff members to monitor abuse reports. This role-based approach has been used successfully by ISPs, e-mail service providers, and registrars for many years, and is considered an Internet abuse desk best practice.

The APOC e-mail address will be listed on the registry web site. We also will provide a convenient web form for complaints. This form will prompt complainants to provide relevant information. (For example, complainants who wish to report spam will be prompted to submit the full header of the e-mail.) This will help make their reports more complete and accurate.

Complaints from the APOC e-mail address and web form will go into a ticketing system, and will be routed to our abuse handlers (see below), who will evaluate the tickets and execute on them as needed.

The APOC is mainly for complaints about malicious use of domain names. Special addresses may be set up for other legal needs, such as civil and criminal subpoenas, and for Sunrise issues.

#### 5.0. ABUSE INVESTIGATION AND MITIGATION

Our designated abuse handlers will receive and evaluate complaints received via the APOC. They will decide whether a particular issue merits action, and decide what action is appropriate.

Our designated abuse handlers have domain name industry experience receiving, investigating and resolving abuse reports. Our registry implementation plan will leverage this experience and deploy additional resources in an anti-abuse program tailored to running a registry.

We expect that abuse reports will be received from a wide variety of parties, including ordinary Internet users; security researchers and Internet security companies; institutions, such as banks; and law enforcement agencies.

Some of these parties typically provide good forensic data or supporting evidence of the alleged malicious behavior. In other cases, the party reporting an issue may not be familiar with how to provide evidence. It is not unusual, in the Internet industry, that a certain percentage of abuse reports are not actionable because there is insufficient evidence to support the complaint, even after additional investigation.

The abuse handling function will be staffed with personnel who have experience handling abuse complaints. This group will function as an abuse desk to "triage" and investigate reports. Over the past several years, this group has investigated allegations about a variety of problems, including malware, spam, phishing, and child pornography/child sexual abuse images.

#### 6.0. POLICIES, PROCEDURES, AND SERVICE LEVELS

Our abuse prevention and mitigation plan includes development of an internal manual for assessing and acting upon abuse complaints. Our designated abuse handlers will use this to ensure consistent and fair processes. To prevent exploitation of internal procedures by malefactors, these procedures will not be published publicly.

Assessing abuse reports requires great care. The goals are accuracy, a zero false-positive rate to prevent harm to innocent registrants, and good documentation.

Different types of malicious activities require different methods of investigation and documentation. The procedures we deploy will address all the abuse types listed in our Anti-Abuse Policy (above). This policy will also contain procedures for assessing complaints about orphan nameservers used for malicious activities.

One of the first steps in addressing abusive or harmful activities is to determine the type of domain involved. Two types of domains may be involved: 1) a “compromised domain”; and/or 2) a maliciously registered domain.

A “compromised” domain is one that has been hacked or otherwise compromised by criminals; the registrant is not responsible for the malicious activity taking place on the domain. For example, most domain names that host phishing sites are compromised. The goal in such cases is to inform the registrant of the problem via the registrar. Ideally, such domains are not suspended, since suspension disrupts legitimate activity on the domain.

The second type of potentially harmful domain, the maliciously registered domain, is one registered by a bad actor for the purpose of abuse. Since it has no legitimate use, this type of domain is a candidate for suspension.

In general, we see the registry as the central entity responsible for monitoring abuse of the TLD and passing any complaints received to the domains’ sponsoring registrars. In an alleged (though credible) case of malicious use, the case will be communicated to the domain’s sponsoring registrar requesting that the registrar investigate, act appropriately, and report on it within a defined time period. Our abuse handlers will also provide any evidence they collect to the registrar.

There are several good reasons for passing a case of malicious domain name use on to the registrar. First, the registrar has a direct relationship and contract with the registrant. It is important to respect this relationship as it pertains both to business in general and any legal perspectives involved. Second, the registrar holds a better position to evaluate and act because the registrar typically has vital information the registry operator does not, including domain purchase details and payment method (i.e., credit card, etc.); the identity of a proxy-protected registrant; the IP address from which the domain purchase was made; and whether a reseller is involved. Finally, it is important the registrar know if a registrant is in violation of registry or registrar policies and terms—the registrar may wish to suspend the registrant’s account, or investigate other domains the registrar has registered in this TLD or others.

The registrar is also often best for determining if questionable registrant activity violates the registrar’s legal terms of service or the registry Anti-Abuse Policy, and deciding whether to take any action. Registrars will be required to include language in their registrar-registrant contracts that indemnifies the registrar if it takes action and allows the registrar to suspend or cancel a domain name.

If a registrar does not take action within the time indicated by us in the report (i.e., 24 hours), we may take action ourselves. In some cases, we may suspend the domain name(s), and we reserve the right to act directly and immediately. We plan to take action directly if time is of the essence, such as with a malware attack that may cause significant harm to Internet users.

It is important to note that strict service level agreements (SLAs) for abuse response and mitigation are not always appropriate, additional tailoring of any SLAs may be required, depending on the problem. For example, suspending a domain within 24 hours may not be the best course of action when working with law enforcement or a national clearinghouse to address reports of child pornography. Officials may need more than 24 hours to investigate and gather evidence.

## 7.0. ABUSE MONITORING AND METRICS

In addition to addressing abuse complaints, we will actively monitor the overall abuse status of the TLD, gather intelligence and track abuse metrics to address criminal use of domains in the TLD.

To enable active reporting of problems to the sponsoring registrars, our plan includes proactive monitoring for malicious use of the domains in the TLD. Our goal is to keep malicious activity at an acceptably low level, and mitigate it actively when it occurs—we may do so by using professional blocklists of domain names. For example, professional advisors such as LegitScript ([www.legitscript.com](http://www.legitscript.com)) may be used to identify and close down illegal “rogue” Internet pharmacies.

Our approach also incorporates recordkeeping and metrics regarding abuse and abuse reports. These may



include:

- The number of abuse reports received by the registry's abuse point of contact described above and the domains involved;
- The number of cases and domains referred to registrars for resolution;
- The number of cases and domains for which the registry took direct action;
- Resolution times (when possible or relevant, as resolution times for compromised domains are difficult to measure).

We expect law enforcement to be involved in only a small percentage of abuse cases and will call upon relevant law enforcement as needed.

#### 8.0. HANDLING REPORTS FROM LAW ENFORCEMENT, COURT ORDERS

The new gTLD Registry Agreement contains this requirement: "Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law." (Article 2.8)

We will be responsive as required by Article 2.8. Our abuse handling team will comply with legal processes and leverage both experience and best practices to work effectively with law enforcement and other government agencies. The registry will post a Criminal Subpoena Policy and Procedure page, which will detail how law enforcement and government agencies may submit criminal and civil subpoenas. When we receive valid court orders or seizure warrants from courts or law enforcement agencies of relevant jurisdiction, we will expeditiously review and comply with them.

#### 9.0. PROHIBITING DOMAIN HIJACKINGS AND UNAPPROVED UPDATES

Our abuse prevention and mitigation plan also incorporates registrars that offer domain protection services and high-security access and authentication controls. These include services designed to prevent domain hijackings and inhibit unapproved updates (such as malicious changes to nameserver settings). Registrants will then have the opportunity to obtain these services should they so elect.

#### 10.0. ABUSE POLICY: ADDRESSING INTELLECTUAL PROPERTY INFRINGEMENT

Intellectual property infringement involves three distinct but sometimes intertwined problems: cybersquatting, piracy, and trademark infringement:

- Cybersquatting is about the presence of a trademark in the domain string itself.
- Trademark infringement is the misuse or misappropriation of trademarks - the violation of the exclusive rights attached to a trademark without the authorization of the trademark owner or any licensees. Trademark infringement sometimes overlaps with piracy.
- Piracy involves the use of a domain name to sell unauthorized goods, such as copyrighted music, or trademarked physical items, such as fake brand-name handbags. Some cases of piracy involve trademark infringement.

The Uniform Dispute Resolution Process (UDRP) and the new Uniform Rapid Suspension System (URS) are anti-cybersquatting policies. They are mandatory and all registrants in the new TLD will be legally bound to them. Please refer to our response to Question #29 for details on our plans to respond to URS orders.

The Anti-Abuse Policy for our gTLD will be used to address phishing cases that involve trademarked strings in the domain name. The Anti-Abuse Policy prohibits violation of copyright or trademark; such complaints will be routed to the sponsoring Registrar.

#### 11.0. PROPOSED MEASURES FOR REMOVAL OF ORPHAN GLUE RECORDS

Below are the policies and procedures to be used for our registry in handling orphan glue records. The anti-abuse documentation for our gTLD will reflect these procedures.

By definition, a glue record becomes an "orphan" when the delegation point Name Server (NS) record referencing it is removed without also removing the corresponding glue record. The delegation point NS record is sometimes referred to as the parent NS record.

As ICANN's SSAC noted in its Advisory SAC048 "SSAC Comment on Orphan Glue Records in the Draft Applicant Guidebook" (<http://www.icann.org/en/committees/security/sac048.pdf>), "Orphaned glue can be used for abusive purposes; however, the dominant use of orphaned glue supports the correct and ordinary operation of the Domain Name System (DNS)." For example, orphan glue records may be created when a domain (example.tld) is placed on Extensible Provisioning Protocol (EPP) ServerHold or ClientHold status. This use of Hold status is an essential tool for suspending malicious domains. When placed on Hold, the domain is removed from the zone and will stop resolving. However, any child nameservers (now orphan glue) of that domain (e.g., ns1.example.tld) are left in the zone. It is important to keep these orphan glue records in the zone so that any innocent sites using that nameserver will continue to resolve.

We will use the following procedure—used by several existing registries and considered a generally accepted DNS practice—to manage orphan glue records. When a registrar submits a request to delete a domain, the registry first checks for the existence of glue records. If glue records exist, the registry checks to see if other domains in the registry are using the glue records. If other domains in the registry are using the glue records, then registrar EPP requests to delete the domain will fail until no other domains are using the glue records. (This functionality is currently in place for the .ORG registry.) However, if a registrar submits a complaint that orphan glue is being used maliciously and the malicious conduct is confirmed, the registry operator will remove the orphan glue record from the zone file via an exceptional process.

## 12.0. METHODS TO PROMOTE WHOIS ACCURACY

### 12.1. ENFORCING REQUIRED CONTACT DATA FIELDS

We will offer a "thick" registry system. In this model, all key contact details for each domain name will be stored in a central location by the registry. This allows for better access to domain data and provides uniformity in storing the information.

As per the EPP specification, certain contact data fields are mandatory. Our registry will enforce those, plus certain other fields as necessary. This ensures that registrars are providing required domain registration data. The following fields (indicated as "MANDATORY") will be mandatory at a minimum:

Contact Name [MANDATORY]  
Street1 [MANDATORY]  
City [MANDATORY]  
State/Province [optional]  
Country [MANDATORY]  
Postal Code [optional]  
Registrar Phone [MANDATORY]  
Phone Ext [optional]  
Fax [optional]  
Fax Ext [optional]  
Email [MANDATORY]

In addition, our registry will verify formats for relevant individual data fields (e.g. e-mail, and phone/fax numbers) and will reject any improperly formatted submissions. Only valid country codes will be allowed, as defined by the ISO 3166 code list.

We will reject entries that are clearly invalid. For example, a contact that contains phone numbers such as 555.5555, or registrant names that consist only of hyphens, will be rejected.

### 12.2. POLICIES AND PROCEDURES TO ENHANCE WHOIS ACCURACY COMPLIANCE

We generally will rely on registrars to enforce WHOIS accuracy measures, but will also rely on review and audit procedures to enhance compliance.

As part of our RRA, we will require each registrar to be responsible for ensuring the input of accurate Whois data by its registrants. The Registrar/Registered Name Holder Agreement will include specific clauses to ensure accuracy of Whois data, as per ICANN requirements, and to give the registrar the right to cancel or suspend registrations if the registered name holder fails to respond to the registrar's query regarding accuracy of data. In addition, the Anti-Abuse Policy for our registry will give the registry the right to suspend, cancel, etc., domains that have invalid Whois data.

As part of our RRA, we will include a policy similar to the one below, currently used by the Canadian Internet Registration Authority (CIRA), the operator of the .CA registry. It will require the registrar to help us verify contact data.

“CIRA is entitled at any time and from time to time during the Term...to verify: (a) the truth, accuracy and completeness of any information provided by the Registrant to CIRA, whether directly, through any of the Registrars of Record or otherwise; and (b) the compliance by the Registrant with the provisions of the Agreement and the Registry PRP. The Registrant shall fully and promptly cooperate with CIRA in connection with such verification and shall give to CIRA, either directly or through the Registrar of Record such assistance, access to and copies of, such information and documents as CIRA may reasonably require to complete such verification. CIRA and the Registrant shall each be responsible for their own expenses incurred in connection with such verification.”  
<http://www.cira.ca/assets/Documents/Legal/Registrants/registratoragreement.pdf>

On a periodic basis, we will perform spot audits of the accuracy of Whois data in the registry. Questionable data will be sent to the sponsoring registrars as per the above policy.

All accredited registrars have agreed with ICANN to obtain contact information from registrants, and to take reasonable steps to investigate and correct any reported inaccuracies in contact information for domain names registered through them. As part of our RRA, we will include a policy that allows us to de-accredit any registrar who a) does not respond to our Whois accuracy requests, or b) fails to update Whois data or delete the name within 15 days of our report of invalid WHOIS data. In order to allow for inadvertent and unintentional mistakes by a registrar, this policy may include a “three strikes” rule under which a registrar may be de-accredited after three failures to comply.

### 12.3. PROXY/PRIVACY SERVICE POLICY TO CURB ABUSE

In our TLD, we will allow the use of proxy/privacy services. We believe that there are important, legitimate uses for such services. (For example, to protect free speech rights and avoid receiving spam.)

However, we will limit how proxy/privacy services are offered. The goal of this policy is to make proxy/privacy services unattractive to abusers, namely the spammers and e-criminals who use such services to hide their identities. We believe the policy below will enhance WHOIS accuracy, will help deter the malicious use of domain names in our TLD, and will aid in the investigation and mitigation of abuse complaints.

Registry policy will require the following, and all registrars and their registrants and resellers will be bound to it contractually:

- a. Registrants must provide complete and accurate contact information to their registrar (or reseller, if applicable). Domains that do not meet this policy may be suspended.
- b. Registrars and resellers must provide the underlying registrant information to the registry operator, upon written request, during an abuse investigation. This information will be held in confidence by the registry operator.
- c. The registrar or reseller must publish the underlying registrant information in the Whois if it is determined by the registry operator or the registrar that the registrant has breached any terms of service, such as the TLD Anti-Abuse Policy.

The purpose of the above policy is to ensure that, in case of an abuse investigation, the sponsoring registrar has access to the registrant’s true identity, and can provide that data to the registry. If it is clear the registrant has violated the TLD’s Anti-Abuse Policy or other terms of service, the registrant’s identity will be published publicly via the Whois, where it can be seen by the public and by law enforcement.

### 13.0. REGISTRY-REGISTRAR CODE OF CONDUCT AS RELATED TO ABUSE

Namecheap and our back-end technical operator DMEL will comply fully with the Registry Code of Conduct specified in the New TLD Registry Agreement, Specification 9. For abuse issues, we will comply by establishing an adequate “firewall” between our registry operations and the operations of any affiliated registrar. As the Code requires, the registry will not “directly or indirectly show any preference or provide any special consideration to any Registrar with respect to operational access to registry systems and related registry services”. Here is a non-exhaustive list of specific steps to be taken to enforce this:

- Abuse complaints and cases will be evaluated and executed upon using the same criteria and procedures, regardless of a domain's sponsoring registrar.
- Non-Senior Registry personnel will not discuss abuse cases with non-registry personnel or personnel from separate entities operating under the company. This policy is designed to both enhance security and prevent conflict of interest.
- If a compliance function is involved, the compliance staff will have responsibilities to the registry only, and not to a registrar we may be "affiliated" with at any point in the future. For example, if a compliance staff member is assigned to conduct audits of WHOIS data, that person will have no duty to any registrar business we may be operating at the time. The person will be free of conflicts of interest, and will be enabled to discharge his or her duties to the registry impartially and effectively.

#### 14.0. CONTROLS TO ENSURE PROPER ACCESS TO DOMAIN FUNCTIONS

Our registry incorporates several measures to ensure proper access to domain functions, including authentication provisions in the RRA relative to notification and contact updates via use of AUTH-INFO codes.

IP address access control lists, SSL certificates, and proper authentication will be used to control registrar access to the registry system. Registrars will be given access only to perform operations on the objects they sponsor.

Every domain will have a unique AUTH-INFO code as per EPP RFCs. The AUTH-INFO code is a 6- to 16-character code assigned by the registrar at the time the name is created. Its purpose is to aid identification of the domain owner so proper authority can be established. (It is the "password" to the domain name.) Registrars must use the domain's password to initiate a Registrar-to-Registrar transfer. It is used to ensure that domain updates (update contact information, transfer, or deletion) are undertaken by the proper registrant, and that this registrant is adequately notified of domain update activity. Only the sponsoring Registrar of a domain has access to the domain's AUTH-INFO code stored in the registry, and this is accessible only via encrypted, password-protected channels.

Our RRA will require that each registrar assign a unique AUTH-INFO code to every domain it creates. Due to security risk, registrars should not assign the same AUTH-INFO code to multiple domains.

Information about other registry security measures such as encryption and security of Registrar channels are confidential to ensure the security of the registry system. Details can be found in our response to Question #30(b).

#### 15.0. RESOURCING PLAN

Our back-end registry operator DMEL will perform the vast majority of Abuse Prevention and Mitigation services for this TLD, as required by our mutual agreement. Namecheap staff will supervise the activity of the provider. In some cases Namecheap staff will play a direct role in the handling of abuse cases.

The compliance department of our registry operator has, at the outset, two full time staff members who are trained in DNS, the investigation of abuse complaints, and related specialties. The volume of abuse activity will be gauged and additional staff hired by our back-end registry operator as required to meet their SLA commitments. In addition to the two full-time members, they expect to retain the services of one or more outside contractors to provide additional security and anti-abuse expertise - including advice on the effectiveness of our policies and procedures.

Finally, Namecheap's Legal Department will leverage existing outside legal resources, including a dedicated lead attorney whose role includes the oversight of legal issues related to abuse, and interaction with courts and law enforcement.

## 29. Rights Protection Mechanisms

## 1.0. INTRODUCTION

To minimize abusive registrations and other activities that affect the legal rights of others, our approach includes well-developed policies for rights protection, both during our TLD's rollout period and on an ongoing basis. As per gTLD Registry Agreement Specification 7, we will offer a Sunrise Period and a Trademark Claims service during the required time periods, we will use the Trademark Clearinghouse, and we will implement Uniform Rapid Suspension (URS) on an ongoing basis. In addition to these newly mandated ICANN protections, we will implement two other trademark protections that were developed specifically for the new TLD program. These additional protections are: (i) a Domain Protected Marks List (DPML) for the blocking of trademarked strings across multiple TLDs; and (ii) a Claims Plus product to alert registrars to registrations that potentially infringe existing marks.

Below we detail how we will fulfill these requirements and further meet or exceed ICANN's requirements. We also describe how we will provide additional measures specific to rights protection above ICANN's minimum, including abusive use policies, takedown procedures, and other covenants.

Our RPM approach leverages staff with extensive experience in a large number of gTLD and ccTLD rollouts, including the Sunrises for .CO, .MOBI, .ASIA, .EU, .BIZ, .US., .TRAVEL, TEL, .ME, and .XXX. This staff will utilize their first-hand, practical experience and will effectively manage all aspects of Sunrise, including domain application and domain dispute processes.

The legal regime for our gTLD will include all of the ICANN-mandated protections, as well as some independently developed RPMs proactively included in our Registry-Registrar Agreement. Our RPMs exceed the ICANN-required baseline. They are:

- Reserved names: to protect names specified by ICANN, including the necessary geographic names.
- A Sunrise Period: adhering to ICANN requirements, and featuring trademark validation via the Trademark Clearinghouse.
- A Trademark Claims Service: offered as per ICANN requirements, and active after the Sunrise period and for the required time during wider availability of the TLD.
- Universal Rapid Suspension (URS)
- Uniform Dispute Resolution Process (UDRP)
- Domain Protected Marks List (DPML)
- Claims Plus
- Abusive Use and Takedown Policies

## 2.0. NARRATIVE FOR Q29 FIGURE 1 OF 1

Attachment A, Figure 1, shows Rollout Phases and the RPMs that will be used in each. As per gTLD Registry Agreement Specification 7, we will offer a Sunrise Period and a Trademark Claims service during the required time periods. In addition, we will use the Trademark Clearinghouse to implement URS on an ongoing basis.

## 3.0. PRE-SUNRISE: RESERVED AND PREMIUM NAMES

Our Pre-sunrise phase will include a number of key practices and procedures. First, we will reserve the names noted in the gTLD Registry Agreement Specification 5. These domains will not be available in Sunrise or subsequent registration periods. As per Specification 5, Section 5, we will provide national governments the opportunity to request the release of their country and territory names for their use. Please also see our response to Question 22, "Protection of Geographic Names."

We also will designate certain domains as "premium" domains. These will include domains based on generic words and one-character domains. These domains will not be available in Sunrise, and the registry may offer them via special means such as auctions and RFPs.

As an additional measure, if a trademark owner objects to a name on the premium name list, the trademark owner may petition to have the name removed from the list and made available during Sunrise. The trademark must meet the Sunrise eligibility rules (see below), and be an exact match for the domain in question. Determinations of whether such domains will be moved to Sunrise will be at the registry's sole discretion.

## 4.0. SUNRISE

### 4.1. SUNRISE OVERVIEW

Sunrise registration services will be offered for a minimum of 30 days during the pre-launch phase. We will notify all relevant trademark holders in the Trademark Clearinghouse if any party is seeking a Sunrise registration that is an identical match to the name to be registered during Sunrise.

As per the Sunrise terms, affirmed via the Registry-Registrar Agreement and the Registrar-Registrant Agreement, the domain applicant will assert that it is qualified to hold the domain applied for as per the Sunrise Policy and Rules.

We will use the Trademark Clearinghouse to validate trademarks in the Sunrise.

If there are multiple valid Sunrise applications for the same domain name string, that string will be subject to auction between only the validated applicants. After receipt of payment from the auction winning bidder, that party will become the registrant of the domain name. (note: in the event one of the identical, contending marks is in a trademark classification reflective of the TLD precedence to that mark may be given during Sunrise).

Sunrise applicants may not use proxy services during the application process.

#### 4.2. SUNRISE: ELIGIBLE RIGHTS

Our Sunrise Eligibility Requirements (SERs) are:

##### 1. Ownership of a qualifying mark.

a. We will honor the criteria in ICANN's Trademark Clearinghouse document section 7.2, number (i): The registry will recognize and honor all word marks that are nationally or regionally [see Endnote 1] registered and for which proof of use – which can be a declaration and a single specimen of current use – was submitted to, and validated by, the Trademark Clearinghouse.

b. In addition, we may accept marks that are not found in the Trademark Clearinghouse, but meet other criteria, such as national trademark registrations or common law rights.

##### 2. Representation by the applicant that all provided information is true and correct; and

3. Provision of data sufficient to document rights in the trademark. (See information about required Sunrise fields, below).

#### 4.3. SUNRISE TRADEMARK VALIDATION

Our goal is to award Sunrise names only to applicants who are fully qualified to have them. An applicant will be deemed to be qualified if that applicant has a trademark that meets the Sunrise criteria, and is seeking a domain name that matches that trademark, as per the Sunrise rules.

Accordingly, we will validate applications via the Trademark Clearinghouse. We will compare applications to the Trademark Clearinghouse database, and those that match (as per the Sunrise rules) will be considered valid applications.

An application validated according to Sunrise rules will be marked as “validated,” and will proceed. (See “Contending Applications,” below.) If an application does not qualify, it will be rejected and will not proceed.

To defray the costs of trademark validation and the Trademark Claims Service, we will charge an application and/or validation fee for every application.

In January 2012, the ICANN board was briefed that “An ICANN cross-functional team is continuing work on implementation of the Trademark Clearinghouse according to a project plan providing for a launch of clearinghouse operations in October 2012. This will allow approximately three months for rights holders to begin recording trademark data in the Clearinghouse before any new gTLDs begin accepting registrations (estimated in January 2013).” (<http://www.icann.org/en/minutes/board-briefing-materials-4-05jan12-en.pdf>) The Clearinghouse Implementation Assistance Group (IAG) is working through a large number of process and technical issues as of this writing. We will follow the progress of this work, and plan our implementation details based on the final specifications.

Compliant with ICANN policy, our registry software is designed to properly check domains and compare them to marks in the Clearinghouse that contain punctuation, spaces, and special symbols.

#### 4.5. CONTENDING APPLICATIONS, SUNRISE AUCTIONS

After conclusion of the Sunrise Period, the registry will finish the validation process. If there is only one valid application for a domain string, the domain will be awarded to that applicant. If there are two or more valid applications for a domain string, only those applicants will be invited to participate in a closed auction for the domain name. The domain will be awarded to the auction winner after payment is received.

After a Sunrise name is awarded to an applicant, it will then remain under a "Sunrise lock" status for a minimum of 60 days in order to allow parties to file Sunrise Challenges (see below). Locked domains cannot be updated, transferred, or deleted.

When a domain is awarded and granted to an applicant, that domain will be available for lookup in the public Whois. Any party may then see what domains have been awarded, and to which registrants. Parties will therefore have the necessary information to consider Sunrise Challenges.

Auctions will be conducted by very specific rules and ethics guidelines. All employees, partners, and contractors of the registry are prohibited from participating in Sunrise auctions.

#### 4.6. SUNRISE DISPUTE RESOLUTION PROCESS (SUNRISE CHALLENGES)

We will retain the services of a well-known dispute resolution provider (such as WIPO) to help formulate the language of our Sunrise Dispute Resolution Process (SDRP, or "Sunrise Challenge") and hear the challenges filed under it. All applicants and registrars will be contractually obligated to follow the decisions handed down by the dispute resolution provider.

Our SDRP will allow challenges based on the following grounds, as required by ICANN. These will be part of the Sunrise eligibility criteria that all registrants (applicants) will be bound to contractually:

(i) at the time the challenged domain name was registered, the registrant did not hold a trademark registration of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty;

(ii) the domain name is not identical to the mark on which the registrant based its Sunrise registration;

(iii) the trademark registration on which the registrant based its Sunrise registration is not of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; or

(iv) the trademark registration on which the domain name registrant based its Sunrise registration did not issue on or before the effective date of the Registry Agreement and was not applied for on or before ICANN announced the applications received.

Our SDRP will be based generally on some SDRPs that have been used successfully in past TLD launches. The Sunrise Challenge Policies and Rules used in the .ASIA and .MOBI TLDs (minus their unique eligibility criteria) are examples.

We expect that that there will be three possible outcomes to a Sunrise Challenge:

1. Original registrant proves his/her right to the domain. In this case the registrant keeps the domain and it is unlocked for his/her use.
2. Original registrant is not eligible or did not respond, and the challenger proved his/her right to the domain. In this case the domains is awarded to the complainant.
3. Neither the original registrant nor the complainant proves rights to the domain. In this case the domain is cancelled and becomes available at a later date via a mechanism to be determined by the registry operator.

After any Sunrise name is awarded to an applicant, it will remain under a "Sunrise Lock" status for at least 60 days so that parties can file Sunrise Challenges. During this Sunrise Lock period, the domain will not resolve and cannot be modified, transferred, or deleted by the sponsoring registrar. A domain name will be unlocked at the end of that lock period only if it is not subject to a Sunrise Challenge. Challenged domains will remain locked until the dispute resolution provider has issued a

decision, which the registry will promptly execute.

#### 5.0. TRADEMARK CLAIMS SERVICES

The Trademark Claims Service requirements are well-defined in the Applicant Guidebook, in Section 6 of the "Trademark Clearinghouse" attachment. We will comply with the details therein. We will provide Trademark Claims services for marks in the Trademark Clearinghouse post-Sunrise and then for at least the first 60 days that the registry is open for general registration (i.e. during the first 60 days in the registration period(s) after Sunrise). The Trademark Claims service will provide clear notice to a prospective registrant that another party has a trademark in the Clearinghouse that matches the applied-for domain name—this is a notice to the prospective registrant that it might be infringing upon another party's rights.

The Trademark Clearinghouse database will be structured to report to registries when registrants are attempting to register a domain name that is considered an "Identical Match" with the mark in the Clearinghouse. We will build, test, and implement an interface to the Trademark Clearinghouse before opening our Sunrise period. As domain name applications come into the registry, those strings will be compared to the contents of the Clearinghouse.

If the domain name is registered in the Clearinghouse, the registry will promptly notify the applicant. We will use the notice form specified in ICANN's Module 4, "Trademark Clearinghouse" document. The specific statement by the prospective registrant will warrant that: (i) the prospective registrant has received notification that the mark(s) is included in the Clearinghouse; (ii) the prospective registrant has received and understood the notice; and (iii) to the best of the prospective registrant's knowledge, the registration and use of the requested domain name will not infringe on the rights that are the subject of the notice.

The Trademark Claims Notice will provide the prospective registrant access to the Trademark Clearinghouse Database information referenced in the Trademark Claims Notice. The notice will be provided in real time (or as soon as possible) without cost to the prospective registrant or to those notified.

"Identical Match" is defined in ICANN's Module 4, "Trademark Clearinghouse" document, paragraph 6.1.5. We will examine the Clearinghouse specifications and protocol carefully when they are published. To comply with ICANN policy, the software for our registry will properly check domains and compare them to marks in the Clearinghouse that contain punctuation, spaces, and special symbols.

#### 6.0. GENERAL REGISTRATION

This is the general registration period open to all registrants. No trademark or other qualification will be necessary in order to apply for a domain in this period.

Domain names awarded via the Sunrise process, and domain strings still being contended via the Sunrise process cannot be registered in this period. This will protect the interests of all Sunrise applicants.

#### 7.0. UNIFORM RAPID SUSPENSION (URS)

We will implement decisions rendered under the URS on an ongoing basis. (URS will not apply to Sunrise names while they are in Sunrise Lock period; during that time those domains are subject to Sunrise policy and Sunrise Challenge instead.)

As per URS policy, the registry will receive notice of URS actions from ICANN-approved URS providers. As per ICANN's URS requirements, we will lock the domain within 24 hours of receipt of the Notice of Complaint from the URS Provider. Locking means that the registry restricts all changes to the registration data, including transfer and deletion of domain names, though names will continue to resolve.

Our registry's compliance team will oversee URS procedures. URS e-mails from URS providers will be directed immediately to the registry's Support staff, which is on duty 24/7/365. Support staff will be responsible for executing the directives from the URS provider, and all support staff will receive training in the proper procedures.

Support staff will notify the URS Provider immediately upon locking the domain name, via e-mail.



Support staff for the registry will retain all copies of e-mails from the URS providers. Each case or order will be assigned a tracking or ticket number. This number will be used to track the status of each opened URS case through to resolution via a database.

Registry staff will then execute further operations upon notice from the URS providers. Each URS provider is required to specify the remedy and required actions of the registry, with notification to the registrant, the complainant, and the sponsoring registrar.

The guidelines provide that if the complainant prevails, the registry "shall suspend the domain name, which shall remain suspended for the balance of the registration period and would not resolve to the original web site. The nameservers shall be redirected to an informational web page provided by the URS Provider about the URS. The WHOIS for the domain name shall continue to display all of the information of the original Registrant except for the redirection of the nameservers. In addition, the WHOIS shall reflect that the domain name will not be able to be transferred, deleted or modified for the life of the registration." We will execute the DNS re-pointing required by the URS guidelines, and the domain and its WHOIS data will remain unaltered until the domain expires, as per the ICANN requirements.

#### 8.0. ONGOING RIGHTS PROTECTION MECHANISMS - UDRP

As per ICANN policy, all domains in the TLD will be subject to a Uniform Dispute Resolution Process (UDRP). (Sunrise domains will first be subject to the ICANN-mandated Sunrise SDRP until the Sunrise Challenge period is over, after which those domains will then be subject to UDRP.)

#### 9.0 ADDITIONAL RIGHTS PROTECTION MECHANISMS NOT REQUIRED BY ICANN

All Namecheap's TLDs have two new trademark protection mechanisms developed specifically for the new TLD program. These mechanisms exceed the extensive protections mandated by ICANN. These new protections are:

9.1 Claims Plus: This service will become available at the conclusion of the Trademark Claims service, and will remain available for at least the first five years of registry operations. Trademark owners who are fully registered in the Trademark Clearinghouse may obtain Claims Plus for their marks. We expect the service will be at low or no cost to trademark owners (contingent on Trademark Clearinghouse costs to registries). Claims Plus operates much like Trademark Claims with the exception that notices of potential trademark infringement are sent by the registry to any registrar whose customer performs a check-command or Whois query for a string subject to Claims Plus. Registrars may then take further implementation steps to advise their customers, or use this data to better improve the customer experience. In addition, the Whois at the registry website will output a full Trademark Claims notice for any query of an unregistered name that is subject to Claims Plus. (Note: The ongoing availability of Claims Plus will be contingent on continued access to a Trademark Clearinghouse. The technical viability of some Claims Plus features will be affected by eventual Trademark Clearinghouse rules on database caching).

9.2 Domain Protected Marks List: The DPML is a rights protection mechanism to assist trademark holders in protecting their intellectual property against undesired registrations of strings containing their marks. The DPML prevents (blocks) registration of second level domains that contain a trademarked term (note: the standard for DPML is "contains"—the protected string must contain the trademarked term). DPML requests will be validated against the Trademark Clearinghouse and the process will be similar to registering a domain name so the process will not be onerous to trademark holders. An SLD subject to DPML will be protected at the second level across all Namecheap's TLDs (i.e. all TLDs for which this SLD is available for registration). Namecheap may cooperate with other registries to extend DPML to TLDs that are not operated by Namecheap. The cost of DPML to trademark owners is expected to be significantly less than the cost of actually registering a name.

#### 10.0 ABUSIVE USE POLICIES AND TAKEDOWN PROCEDURES

In our response to Question #28, we describe our anti-abuse program, which is designed to address malware, phishing, spam, and other forms of abuse that may harm Internet users. This program is designed to actively discover, verify, and mitigate problems without infringing upon the rights of legitimate registrants. This program is designed for use in the open registration period. These procedures include the reporting of compromised websites/domains to registrars for cleanup by the registrants and their hosting providers. It also describes takedown procedures, and the timeframes and circumstances that apply for suspending domain names used improperly. Please see the response to Question #28 for full details.

We will institute a contractual obligation that proxy protection be stripped away if a domain is proven to be used for malicious purposes. For details, please see "Proxy/Privacy Service Policy to Curb Abuse" in the response to Question 28.

#### 11.0. REGISTRY-REGISTRAR CODE OF CONDUCT AS RELATED TO RIGHTS PROTECTION

We will comply fully with the Registry Code of Conduct specified in the New TLD Registry Agreement, Specification 9. In rights protection matters, we will comply by establishing an adequate "firewall" between the operations of any existing or future registrar operations and the operations of the registry. As the Code requires, we will not "directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services". Here is a non-exhaustive list of specific steps we will take to accomplish this:

- We will evaluate and execute upon all rights protection tasks impartially, using the same criteria and procedures, regardless of a domain's sponsoring registrar.
- Any registrar we establish or have established at the time of registry launch will not receive preferential access to any premium names, any auctions, etc. Registry personnel and any registrar personnel that we may employ in the future will be prohibited from participating as bidders in any auctions for Landrush names.
- Any registrar staff we may employ in the future will have access to data and records relating only to the applications and registrations made by any registrar we establish, and will not have special access to data related to the applications and registrations made by other registrars.
- If a compliance function is involved, the compliance staffer will be responsible to the registry only, and not to a registrar we own or are "affiliated" with. For example, if a compliance staff member is assigned to conduct audits of WHOIS data, that staffer will not have duties with the registrar business. The staffer will be free of conflicts of interest, and will be enabled to discharge his or her duties to the registry effectively and impartially, regardless of the consequences to the registrar.

#### 12.0. RESOURCING PLAN

Overall management of RPMs is the responsibility of Namecheap. Our back-end registry operator DMEL will perform the majority of operational work associated with RPMs, as required by our agreement with them. Namecheap employees will supervise the activity of this vendor.

Resources applied to RPMs include:

##### 1. Legal team

- a. We will have at least one legal counsel who will be dedicated to the registry with previous experience in domain disputes and Sunrise periods and will oversee the compliance and support teams with regard to the legal issues related to Sunrise and RPM's
  - b. We have outside counsel with domain and rights protection experience that is available to us as necessary
2. Dispute Resolution Provider (DRP): The DRP will help formulate Sunrise Rules and Policy, Sunrise Dispute Resolution Policy. The DRP will also examine challenges, but the challenger will be required to pay DRP fees directly to the DRP.
  3. Compliance Department and Tech Support: There will be three dedicated personnel assigned to these areas. This staff will oversee URS requests and abuse reports on an ongoing basis.
  4. Programming and technical operations. There are four dedicated personnel assigned to these functions.
  5. Project Manager: There will be one person to coordinate the technical needs of this group with the registry IT department.

#### 13.0. ENDNOTES

1 "Regional" is understood to be a trans-national trademark registry, such as the European Union registry or the Benelux Office for Intellectual Property.

## 30(a). Security Policy: Summary of the security policy for the proposed registry

Our Information Security (IS) Program and associated IS Policy, Standards and Procedures apply to all Company entities, employees, contractors, temps, systems, data, and processes. The Security Program is managed and maintained by the IS Team, supported by Executive Management and the Board of Directors.

Data and systems vary in sensitivity and criticality and do not unilaterally require the same control requirements. Our security policy classifies data and systems types and their applicable control requirements. All registry systems have the same data classification and are all managed to common security control framework. The data classification applied to all registry systems is our highest classification for confidentiality, availability and integrity, and the supporting control framework is consistent with the technical and operational requirements of a registry, and any supporting gTLD string, regardless of its nature or size. We have the experienced staff, robust system architecture and managed security controls to operate a registry and TLD of any size while providing reasonable assurance over the security, availability, and confidentiality of the systems supporting critical registry functions (i.e., registration services, registry databases, zone administration, and provision of domain name resolution services).

This document describes the governance of our IS Program and the control frameworks our security program aligns to (section 1.0), Security Policy requirements (section 2.0); security assessments conducted (see section 3.0), our process for executive oversight and visibility of risks to ensure continuous improvement (section 4.0), and security commitments to registrants (section 5). Details regarding how these control requirements are implemented, security roles and responsibilities and resources supporting these efforts are included in Security Policy B response.

## 2.0. INFORMATION SECURITY PROGRAM

The IS Program for our registry is governed by an IS Policy aligned to the general clauses of ISO 27001 requirements for an Information Security Management System (ISMS) and follows the control objectives where appropriate, given the data type and resulting security requirements. (ISO 27001 certification for the registry is not planned, however, our DNS/DNSSEC solution is 27001 certified). The IS Program follows a Plan-Do-Check-Act (PDCA) model of continuous improvement to ensure that the security program grows in maturity and that we provide reasonable assurance to our shareholders and Board of Directors that our systems and data are secure.

The High Security Top Level Domain (HSTLD) control framework incorporates ISO 27002, the code of practice for implementing an ISO 27001 ISMS. Therefore, our security program is already closely aligned HSTLD control framework. Furthermore, we agree to abide by the HSTLD Principle 1 and criteria 1.1 - 1.3. (See specifics in Security Policy B response):

Registry systems will be in-scope for Sarbanes-Oxley (SOX) compliance and will follow the SOX control framework governing access control, account management, change management, software development life cycle (SDLC), and job monitoring of all systems. Registry systems will be tested frequently by the IS team for compliance and audited by our internal audit firm, Protiviti, and external audit firm, Price Waterhouse Coopers (PWC), for compliance.

### 2.1. SECURITY PROGRAM GOVERNANCE

Our Information Security Program is governed by IS Policy, supported by standards, and guided by procedures to ensure uniformed compliance to the program. Standards and associated procedures in support of the policy are shown in Attachment A, Figure 1. Security Program documents are updated annually or upon any system or environment change, new legal or regulatory requirements, and/or findings from risk assessments. Any updates to security program are reviewed and approved by the Executive Vice President (EVP) of Information Technology (IT), EVP of Legal & General Counsel, and the EVP of People Operations before dissemination to all employees.

All employees are required to sign the IS Policy upon hire, upon any major changes, and/or annually. By signing the IS Policy, employees agree to abide by the supporting Standards and Procedures applicable to their job roles. To enable signing of the IS Policy, employees must pass a test to ensure competent understanding of the IS Policy and its key requirements.

## 3.0. INFORMATION SECURITY POLICY

### 3.1. INFORMATION ASSET CLASSIFICATION

The following data classification is applied to registry systems: High Business Impact (HBI):

Business Confidential in accordance with the integrity, availability and confidentiality requirements of registry operations. All registry systems will follow Security Policy requirements for HBI systems regardless of the nature of the TLD string, financial materiality or size. HBI data if not properly secured, poses a high degree of risk to the Company and includes data pertaining to the Company's adherence to legal, regulatory and compliance requirements, mergers and acquisitions (M&A), and confidential data inclusive of, but is not limited to: Personally Identifiable Information (PII) (credit card data, Social Security Numbers (SSN) and account numbers); materially important financial information (before public disclosure), and information which the Board of Directors/Executive team deems to be a trade secret, which, if compromised, would cause grave harm to the execution of our business model.

HBI safeguards are designed, implemented and measured in alignment with confidentiality, integrity, availability and privacy requirements characterized by legal, regulatory and compliance obligations, or through directives issued by the Board of Directors (BOD) and Executive team. Where guidance is provided, such as the Payment Card Industry (PCI) Data Security Standard (DSS) Internal Audit Risk Control Matrices (RCMs), local, state and federal laws, and other applicable regulations, we put forth the appropriate level of effort and resources to meet those obligations. Where there is a lack of guidance or recommended safeguards, Risk Treatment Plans (RTP's) are designed in alignment with our standard risk management practices.

Other data classifications for Medium Business Impact (MBI): Business Sensitive and Low Business Impact (LBI): Public do not apply to registry systems.

### 3.2. INFORMATION ASSET MANAGEMENT

All registry systems have a designated owner and/or custodian who ensures appropriate security classifications are implemented and maintained throughout the lifecycle of the asset and that a periodic review of that classification is conducted. The system owner is also responsible for approving access and the type of access granted. The IS team, in conjunction with Legal, is responsible for defining the legal, regulatory and compliance requirements for registry system and data.

### 3.3. INFORMATION ASSET HANDLING, STORAGE & DISPOSAL

Media and documents containing HBI data must adhere to their respective legal, regulatory and compliance requirements and follow the HBI Handling Standard and the retention requirements within the Document Retention Policy.

### 3.4. ACCESS CONTROL

User authentication is required to access our network and system resources. We follow a least-privileged role based access model. Users are only provided access to the systems, services or information they have specifically been authorized to use by the system owner based on their job role. Each user is uniquely identified by an ID associated only with that user. User IDs must be disabled promptly upon a user's termination, or job role change.

Visitors must sign-in at the front desk of any company office upon arrival and escorted by an employee at all times. Visitors must wear a badge while on-site and return the badge when signing out at the front desk. Dates and times of all visitors as well as the name of the employee escorting them must be tracked for audit purposes.

Individuals permitted to access registry systems and HBI information must follow the HBI Identity & Access Management Standard. Details of our access controls are described in Part B of Question 30 response including; technical specifications of access management through Active Directory, our ticketing system, physical access controls to systems and environmental conditions at the datacenter.

### 3.5. COMMUNICATIONS & OPERATIONAL SECURITY

#### 3.5.1. MALICIOUS CODE

Controls shall be implemented to protect against malicious code including but not limited to:

- Identification of vulnerabilities and applicable remediation activities, such as patching, operating system & software upgrades and/or remediation of web application code vulnerabilities.
- File-integrity monitoring shall be used, maintained and updated appropriately.
- An Intrusion Detection Solution (IDS) must be implemented on all HBI systems, maintained & updated

continuously.

- Anti-virus (AV) software must be installed on HBI classified web & application systems and systems that provide access to HBI systems. AV software and virus definitions are updated on a regular basis and logs are retained for no less than one year.

### 3.5.2. THREAT ANALYSIS & VULNERABILITY MANAGEMENT

On a regular basis, IS personnel must review newly identified vulnerability advisories from trusted organizations such as the Center for Internet Security, Microsoft, SANS Institute, SecurityFocus, and the CERT at Carnegie-Mellon University. Exposure to such vulnerabilities must be evaluated in a timely manner and appropriate measures taken to communicate vulnerabilities to the system owners, and remediate as required by the Vulnerability Management Standard. Internal and external network vulnerability scans, application & network layer penetration testing must be performed by qualified internal resource or an external third party at least quarterly or upon any significant network change. Web application vulnerability scanning is to be performed on a continual basis for our primary web properties applicable to their release cycles.

### 3.5.3. CHANGE CONTROL

Changes to HBI systems including operating system upgrades, computing hardware, networks and applications must follow the Change Control Standard and procedures described in Security Policy question 30b.

### 3.5.4. BACKUP & RESTORATION

Data critical to our operations shall be backed up according to our Backup and Restoration Standard. Specifics regarding Backup and Restoration requirements for registry systems are included in questions 37 & 38.

### 3.6. NETWORK CONTROLS

- Appropriate controls must be established for ensuring the network is operated consistently and as planned over its entire lifecycle.

- Network systems must be synchronized with an agreed upon time source to ensure that all logs correctly reflect the same accurate time.

- Networked services will be managed in a manner that ensures connected users or services do not compromise the security of the other applications or services as required in the HBI Network Configuration Standard. Additional details are included in Question 32: Architecture response.

### 3.7. DISASTER RECOVERY & BUSINESS CONTINUITY

The SVP of IT has responsibility for the management of disaster recovery and business continuity. Redundancy and fault-tolerance shall be built into systems whenever possible to minimize outages caused by hardware failures. Risk assessments shall be completed to identify events that may cause an interruption and the probability that an event may occur. Details regarding our registry continuity plan are included in our Question 39 response.

### 3.8 SOFTWARE DEVELOPMENT LIFECYCLE

Advance planning and preparation is required to ensure new or modified systems have adequate security, capacity and resources to meet present and future requirements. Criteria for new information systems or upgrades must be established and acceptance testing carried out to ensure that the system performs as expected. Registry systems must follow the HBI Software Development Lifecycle (SDLC) Standard.

### 3.9. SECURITY MONITORING

Audit logs that record user activities, system errors or faults, exceptions and security events shall be produced and retained according to legal, regulatory, and compliance requirements. Log files must be protected from unauthorized access or manipulation. IS is responsible for monitoring activity and access to HBI systems through regular log reviews.

### 3.10. INVESTIGATION & INCIDENT MANAGEMENT RESPONSE

Potential security incidents must be immediately reported to the IS Team, EVP of IT, the Legal

Department and/or the Incident Response. The Incident Response Team (IRT) is required to investigate: any real or suspected event that could impact the security of our network or computer systems; impose significant legal liabilities or financial loss, loss of proprietary data/trade secret, and/or harm to our goodwill. The Director of IS is responsible for the organization and maintenance of the IRT that provides accelerated problem notification, damage control, investigation and incident response services in the event of security incidents. Investigation and response processes follow the requirements of the Investigation and Incident Management Standard and supporting Incident Response Procedure (see Question 30b for details).

### 3.11. LEGAL & REGULATORY COMPLIANCE

All relevant legal, regulatory and contractual requirements are defined, documented and maintained within the IS Policy. Critical records are protected from loss, destruction and falsification, in accordance with legal, contractual and business requirements as described in our Document Retention Policy. Compliance programs implemented that are applicable to Registry Services include:

- Sarbanes Oxley (SOX): All employees managing and accessing SOX systems and/or data are required to follow SOX compliance controls.
- Data Privacy and Disclosure of Personally Identifiable Information (PII): data protection and privacy shall be ensured as required by legal and regulatory requirements, which may include state breach and disclosure laws, US and EU Safe Harbor compliance directives.

Other compliance programs implemented but not applicable to Registry systems include the Payment Card Industry (PCI) Data Security Standard (DSS), Office of Foreign Assets Control (OFAC) requirements, Copyright Infringement & DMCA.

### 4.0. SECURITY ASSESSMENTS

Our IS team conducts frequent security assessments to analyze threats, vulnerabilities and risks associated with our systems and data. Additionally, we contract with several third parties to conduct independent security posture assessments as described below. Details of these assessments are provided in our Security Policy B response.

#### 4.1. THIRD PARTY SECURITY ASSESSMENTS

We outsource the following third party security assessments (scope, vendor, frequency and remediation requirements of any issues found are detailed in our Security Policy B response); Web Application Security Vulnerability testing, quarterly PCI ASV scans, Sarbanes-Oxley (SOX) control design and operating effectiveness testing and Network and System Security Analysis.

#### 4.2. INTERNAL SECURITY ASSESSMENTS

The IS team conducts routine and continual internal testing (scope, frequency, and remediation requirements of any issues found are detailed in our Security Policy B response) including; web application security vulnerability testing, external and internal vulnerability scanning, system and network infrastructure penetration testing, access control appropriateness reviews, wireless access point discovery, network security device configuration analysis and an annual comprehensive enterprise risk analysis.

### 5.0. EXECUTIVE OVERSIGHT & CONTINUOUS IMPROVEMENT

In addition to the responsibility for Information Security residing within the IS team and SVP of IT, risk treatment decisions are also the responsibility of the executive of the business unit responsible for the risk. Any risk with potential to impact the business financially or legally in a material way is overseen by the Incident Response Management team and/or the Audit Committee. See Figure 2 in Attachment A. The Incident Response Management Team or Audit Committee will provide assistance with management action plans and remediation.

#### 5.1. GOVERNANCE RISK & COMPLIANCE

We have deployed RSA's Archer Enterprise Governance Risk and Compliance (eGRC) Tool to provide an independent benchmarking of risk, compliance and security metrics, assist with executive risk reporting and reduce risk treatment decision making time, enforcing continuous improvement. The eGRC provides automated reporting of registry systems compliance with the security program as a whole, SOX Compliance, and our Vulnerability Management Standard. The eGRC dashboard continuously monitors risks

and threats (through automated feeds from our vulnerability testing tools and third party data feeds such as Microsoft, CERT, WhiteHat, etc.) that are actionable. See Attachment A for more details on the GRC solutions deployed.

#### 6.0. SECURITY COMMITMENTS TO REGISTRANTS

We operate all registry systems in a highly secured environment with appropriate controls for protecting HBI data and ensuring all systems remain confidential, have integrity, and are highly available. Registrants can assume that:

1. We safeguard the confidentiality, integrity and availability of registrant data through access control and change management:
  - Access to data is restricted to personnel based on job role and requires 2 factors of authentication.
  - All system changes follow SOX-compliant controls and adequate testing is performed to ensure production pushes are stable and secure.
2. The network and systems are deployed in high availability with a redundant hot datacenter to ensure maximum availability.
3. Systems are continually assessed for threats and vulnerabilities and remediated as required by the Vulnerability Management Standard to ensure protection from external malicious acts.
  - We conduct continual testing for web code security vulnerabilities (cross-site scripting, SQL Injection, etc.) during the development cycle and in production.
4. All potential security incidents are investigated and remediated as required by our Incident Investigation & Response Standard, any resulting problems are managed to prevent any recurrence throughout the registry.

We believe the security measures detailed in this application are commensurate with the nature of the TLD string being applied for. In addition to the system/ infrastructure security policies and measures described in our response to this Q30, we also provide additional safety and security measures for this string.

These additional measures, which are not required by the applicant guidebook are:

- 1.Periodic audit of Whois data for accuracy;
- 2.Remediation of inaccurate Whois data, including takedown, if warranted;
- 3.A new Domain Protected Marks List (DPML) product for trademark protection;
- 4.A new Claims Plus product for trademark protection;
- 5.Terms of use that prohibit illegal or abusive activity;
- 6.Limitations on domain proxy and privacy service;
- 7.Published policies and procedures that define abusive activity; and
- 8.Proper resourcing for all of the functions above.

#### 7.0 RESPONSIBILITY OF INFORMATION SECURITY

See Question B Response Section 10.

**© Internet Corporation For Assigned Names and Numbers.**

# **EXHIBIT AC-21**





## New gTLD Application Submitted to ICANN by: Interlink Co., Ltd.

String: site

Originally Posted: 13 June 2012

Application ID: 1-901-58689

### Applicant Information

#### 1. Full legal name

Interlink Co., Ltd.

#### 2. Address of the principal place of business

Contact Information Redacted

#### 3. Phone number

Contact Information Redacted

#### 4. Fax number

Contact Information Redacted

## 5. If applicable, website or URL

<http://www.interlink.or.jp/>

## Primary Contact

### 6(a). Name

Mr. Jacob Williams

### 6(b). Title

Senior Consultant, UrbanBrain Company

### 6(c). Address

### 6(d). Phone Number

Contact Information Redacted

### 6(e). Fax Number

Contact Information Redacted

### 6(f). Email Address

Contact Information Redacted

## Secondary Contact

### 7(a). Name

Mr. Kosaku Saimon

## 7(b). Title

UrbanBrain Company President

## 7(c). Address

## 7(d). Phone Number

Contact information Redacted

## 7(e). Fax Number

Contact information Redacted

## 7(f). Email Address

Contact information Redacted

# Proof of Legal Establishment

## 8(a). Legal form of the Applicant

Incorporated (Corporation)

## 8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).

Japan

## 8(c). Attach evidence of the applicant's establishment.

Attachments are not displayed on this form.

## 9(a). If applying company is publicly traded, provide the exchange and symbol.

**9(b). If the applying entity is a subsidiary, provide the parent company.**

**9(c). If the applying entity is a joint venture, list all joint venture partners.**

## Applicant Background

**11(a). Name(s) and position(s) of all directors**

Satoshi Yamashita	Director
Tadashi Yokoyama	President
Takayuki Tao	Director
Yasuo Noda	Director

**11(b). Name(s) and position(s) of all officers and partners**

Hiroshi Nakajima	Chief Technology Officer
Masahiro Kubo	Chief Financial Officer
Tadashi Yokoyama	President

**11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares**

Satoshi Yamashita	Director
Tadashi Yokoyama	President

**11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility**

## Applied-for gTLD string

**13. Provide the applied-for gTLD string. If an IDN, provide the U-label.**

site

**14(a). If an IDN, provide the A-label (beginning with "xn--").**

**14(b). If an IDN, provide the meaning or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.**

**14(c). If an IDN, provide the language of the label (in English).**

**14(c). If an IDN, provide the language of the label (as referenced by ISO-639-1).**

**14(d). If an IDN, provide the script of the label (in English).**

**14(d). If an IDN, provide the script of the label (as referenced by ISO 15924).**

**14(e). If an IDN, list all code points contained in the U-label according to Unicode form.**

**15(a). If an IDN, Attach IDN Tables for the proposed registry.**

Attachments are not displayed on this form.

**15(b). Describe the process used for development of the IDN tables submitted, including consultations and sources used.**

**15(c). List any variant strings to the applied-for gTLD string according to the relevant IDN tables.**

**16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are**

## known, describe steps that will be taken to mitigate these issues in software and other applications.

Interlink Co., Ltd. (Interlink) foresees no known rendering issues in connection with the applied-for string, “.site”. This answer is based upon consultation with Interlink’s backend technical provider, Neustar, which has successfully launched a number of new gTLDs over the last decade. In reaching this determination, the following data points were analyzed:

- ICANN’s Security Stability Advisory Committee (SSAC) entitled Alternative TLD Name Systems and Roots:
  - Conflict, Control and Consequences (SAC009);
  - IAB - RFC3696 “Application Techniques for Checking and Transformation of Names”
  - Known software issues which Neustar has encountered during the last decade launching new gTLDs;
  - Character type and length;
  - ICANN supplemental notes to Question 16; and
  - ICANN’s presentation during its Costa Rica regional meeting held in March 2012 on TLD Universal Acceptance;

## 17. (OPTIONAL) Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).

## Mission/Purpose

### 18(a). Describe the mission/purpose of your proposed gTLD.

The growing use of the Internet in terms of users as well as the growing landscape and importance of the domain name system shows that individuals want a personal online identity. Businesses continue to expand their online presence to better reach their customers with whom they process daily business transactions. The new gTLD program instituted by ICANN represents a major milestone in the evolution of Internet history and a new way forward in the way users interact and navigate the web.

SiTE’s mission and purpose can be broken down into the following three areas, which are further described below:

1. Ushering in a New Era of Competition on the Internet
2. Provide an Intuitive Namespace
3. Operate a Safe, Stable, and Secure TLD

Interlink has been involved in providing Internet related services since its inception in 1995 when its entry into the market as an Internet Service Provider was met with over 2,500 competitors within its market at the height of the Internet boom. Interlink’s internal philosophy and drive has resulted in a strong foundation for providing personal, customized, customer-focused services which has led it to achieving consistency to outlast nearly 90 percent of its competitors.

#### 1. Ushering in a New Era of Competition on the Internet

ICANN has determined that the opening of the new gTLD program is unified with its mission to increase competition and innovation in the namespace. As domain registrations continue to grow at a healthy rate, the introduction of new gTLDs will offer registrants new and exciting choices to innovate with. We are confident that .SiTE is a very logical choice for individual and business consumers worldwide.

The New gTLD program is a tremendous opportunity to usher in a new era of competition on the Internet, and Interlink is confident that SiTE will allow for the creation of new markets and

communities on the Internet by allowing users an opportunity to secure a more appropriate, more desirable choice of domain names than are currently offered today. Interlink proposes that the .SITE top-level domain exist as an unrestricted (generic) and unsponsored TLD. SiTE is for everyone.

## 2. Provide an Intuitive Namespace

As the New gTLD expansion takes place, SiTE's mission and purpose will be to provide an intuitive new namespace for individuals, hobbyists, and business owners alike. The word "site" is intrinsically connected to the Internet, and is recognized to mean "a space on the Internet." The introduction of the SiTE top-level domain will allow Internet users to extend their reach under an easily identifiable Internet extension.

Registrants of .SiTE will include:

- Individual consumers (majority)
- Small business consumers
- Mid-sized and large corporate consumers

Interlink anticipates that SiTE will be quite attractive to individual consumers due to its personal connotation. Individual consumers, and a whole new base of Internet-savvy users will finally have access to a domain space that they can use to create and maintain websites as a hobby or to proactively participate in a variety of blogging and personal content creation.

Small businesses and start-ups register domain names in order to communicate their endeavors to world. The current market has caused startups to often go build a business based on a second or third choice domain name because their first choice has already been registered. Likewise, Interlink anticipates that mid-sized companies and big brands will register SiTE domain names as part of a larger web marketing strategy.

## 3. Operate a Safe, Stable, and Secure TLD

Interlink recognizes the general nature of the string it has selected to apply for, and therefore, has made it a priority to make SiTE a safe, stable and secure TLD to gain the trust of registrants and users. Interlink is fully aware of the firm financial commitments needed to ensure that the TLD is properly managed from a technical perspective to ensure there are no negative effects on the stability and security of the Internet. Interlink's proposal meets all of ICANN's technical criteria as well as the financial criteria, including having already secured a Letter of Credit from its bank to ensure continuing operations for over three years.

Interlink understands that down time due to poorly managed registry systems will have lasting commercial consequences. To minimize this risk, Interlink has contracted Neustar Inc., for backend registry services. Interlink selected Neustar for this project nearly two years ago due to Neustar's industry knowledge and its stable, robust, and scalable system. Neustar has significant experience running existing gTLDs and ccTLDs.

## **18(b). How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?**

The current gTLD domain space is dominated by a handful of gTLDs, and Interlink anticipates that several great alternatives to the current domain space will be approved through the New gTLD Program. Internet users will be given the opportunity to easily register a domain name that better suits their needs. Through educational marketing more and more users will become aware of these alternatives. Interlink believes that .SITE is a viable alternative to other generic word gTLDs currently in existence today as well as those that will be applied for in this round of New gTLD applications.

Interlink has been an active member of the ICANN community for over 6 years and has gained a deep appreciation for the transparency of the multi-stakeholder model. With the delegation of .SiTE, Interlink commits to fully comply with ICANN's requirement to cooperate with economic studies regarding the launch of New gTLDs. We believe that providing such data is key to enhancing the DNS and ensuring the success of future TLD implementations.

i. What is the goal of your proposed gTLD in terms of areas of specialty, service levels, or reputation?

A TLD registry must establish consumer confidence and build trust among users. To do so, the registry must have adequate understanding of technical requirements, policy implications on business, and the needs of the registrar communities as well as the end users. Interlink believes that .SiTE's reputation will be largely driven by the registrants (communities, individuals, businesses, organizations, and government bodies). Legitimate registrations with legitimate content will play a vital role in the sustainability of the TLD. Interlink plans to implement policies that will allow it to effectively manage a safe, secure namespace for registrants and Internet users.

Interlink has teamed up with Neustar, a world-class registry services provider and Iron Mountain, the industry's most trusted Registry Data Escrow provider to ensure that service levels meet or exceed SLA requirements. By teaming up with the best in the business, Interlink can focus on recruiting and working with the industry's top registrars to offer first rate services to end users.

ii. What do you anticipate your proposed gTLD will add to the current space, in terms of competition, differentiation, or innovation?

Currently there are 22 gTLDs in use on the Internet today. However, most novice Internet users are only accustomed to seeing, .com, .net, and .org. .biz and .info on the right-most side of domain names. gTLDs that have been introduced since ICANN's inception have been able to build up a steady number of registration volumes. Some have drastically reduced pricing to do so, and therefore have an abundance of non-useful names, parking web pages, spam sites, and phishing sites. According to a report compiled by McAfee, Mapping the Mal Web in 2010, Internet criminals choose to register domain names in a TLD based on the prices, regulations, and the ease of registration. This makes generic top-level domains and non-regulated, inexpensive ccTLDs prime targets for cyber criminals. (The full report can be located at the following URL: <http://www.mcafee.com/cf/about/news/2010/q4/20101026-02.aspx>)

Interlink envisions .SiTE not as a competitor to the TLDs mentioned above, but as a new platform that will allow users to build an online presence that meets their needs. An increase in the number of gTLDs increases the number of alternatives available to consumers and Interlink believes that this is key for increasing competition, reducing prices and growing the overall domain name industry.

Interlink plans to focus a substantial amount of effort in communicating the availability of .SiTE in developing countries. These countries have experienced tremendous economic growth in the past decade as well as rapid growth in communications and Internet infrastructure. This has increased the Internet penetration rate substantially. For example, according to InternetWorldStats.com, the population of Indian Internet users grew from 5 million in the year 2000 to 121 million in 2011. Likewise, Internet users in China increased from 22.5 million in year 2000 to 513.1 million in year 2011. A majority of these new users were not able to participate in the launch of any true generic TLDs. SiTE expects to be able to serve these users' needs by creating and launching the .SiTE space.

.SiTE is a perfect fit among today's top TLDs and is a viable alternative to current generic TLDs. .SiTE has meaning to the entire online population, and Interlink believes that it will be a natural selection for new domain holders as they venture out to secure an online identity. Additionally, SiTE will be a popular choice among many consumers looking to secure names that more closely match what they stand for.

iii. What goals does your proposed gTLD have in terms of user experience?

Interlink believes that creating a high quality namespace is about attracting legitimate registrations, and reducing speculative registrations. Successfully achieving both will allow for a better user experience because when consumers navigate to a page under a .SiTE domain name they can have the assurance that the content will be useful.

In order to encourage implementation of the new gTLD, competition among registrars, and broad sales channels for the TLD, there will be no restrictions on which ICANN accredited registrars may connect to the SRS for the provision of .SiTE domain names. All ICANN accredited registrars will have the ability to test their connectivity with the systems and sign an agreement with the Registry after passing operational and testing phases.



Interlink will use a proven system with industry-standard connect-ability, we can ensure that all current ICANN accredited registrars have immediate access to the SRS to upon execution of the Registry-Registrar agreement and testing. In many cases, the SRS has already been connected to and integrated into the systems of many of the industry's top ICANN Accredited Registrars, which will allow for rapid implementation and immediate sales channels.

Interlink has carefully considered various factors that will likely play a role in creating a successfully TLD and a great user experience for users of .SiTE. Among the factors analyzed were;

- defining its market
- marketing techniques used in today's TLDs;
- analysis of how various price points impact the number, quality, and type of registrations and associated content.

Interlink has worked closely with its backend provider, Neustar to come up with a viable plan to launch a successful registry that user benefits. These factors were taken into account and have been implemented in Interlink's business approach as described in Questions 45-50.

As described above in relation to point II, a registry's choice of policies and price points at which to sell domain names has an impact on the safety for other Internet users. Generic, TLDs and non-regulated, inexpensive ccTLDs are targets for cybercriminals. Interlink will implement a Acceptable Use Policy (AUP), which is further described in response to Question 28. The strict enforcement of this policy will allow for a cleaner namespace compared with existing gTLDs.

Interlink will use a proven system with industry-standard connect-ability, and can ensure that all current ICANN accredited registrars have immediate access to the registry system upon execution of the Registry-Registrar agreement and passing all requisite operational testing. The utilization of a proven registry system, which already maintains over 300 registrar connections globally will positively affect the integration pace of .SiTE among registrars who wish to sell the TLD, thereby rapidly growing sales channels.

iv. Provide a complete description of the applicant's intended registration policies in support of the goals listed above.

Maintaining a safe, stable and reliable environment for registrars and registrants is central to Interlink's mission for the .SiTE top-level domain. Interlink proposes that .SiTE shall be an open, unrestricted top-level domain for all consumers. The objective of the registry is to achieve seamless implementation by participating ICANN accredited registrars in order to easily allow legitimate registrations by all consumers.

Interlink has developed the following policies to facilitate in reaching our goals:

1. SiTE Domain Name Eligibility Requirements
2. Acceptable Use Policy
3. Reserved Names
4. Founders Program
5. Sunrise Launch Policies
6. Landrush Launch Policies
7. ICANN Consensus Policies and Proposed Rights Protection Mechanisms

#### 1. SiTE Domain Name Eligibility Requirements

SiTE Domain Name Eligibility Requirements defines who or what entities can register a domain name, the types of names that maybe registered, as well as the technical criteria for allowable labels within the .SiTE top-level domain. A brief description of each criterion is briefly outlined below:

##### 1a Registrant Restrictions

No restrictions on who or what entities can register a domain name. All registrants will be required to apply for registration, renewal and transfer of domain names through ICANN accredited registrars which have signed an agreement with the registry operator, Interlink Co., Ltd. Furthermore, Interlink will make an list of registrars available on its website.

## 1b Domain Name Restrictions

A domain names that will be accepted as valid for registration is a domain name that;

- has not been blocked or reserved by the registry (see Reserved Names policy below)
- meets the technical requirements (defined below)
- has not already been registered (registrants will be encouraged to use the WHOIS database provided by the registry to ensure the availability of a domain)

Internationalized Domain Names (IDN) registrations will be permitted in the .SiTE TLD. Interlink believes that IDNs provide a means of creating a more global namespace. Interlink's philosophy regarding the implementation of IDNs is to take a very cautious approach to ensure that conflicts with naming do not occur. Additional information regarding Interlink's IDN implementation can be found in response to Question 44.

## Technical Requirements

- Labels containing letters "a" to "z" or "A" to "Z" in standard US ASCII character set, the digits "0" to "9" and the hyphen ("-"); (the registry plans to initially reserve all one and two letter domain names as briefly described below under "2. Reserved Names" below. The release of one and two character strings will be implemented at the registry's discretion.)
- Labels may contain a maximum of 63 characters. (This does not include the ".SiTE" suffix)
- Labels may not begin or end with a hyphen ("-") and may not include a hyphen ("-") in the third and fourth positions unless they represent valid internationalized domain names in their ASCII encoding).

## 2. Acceptable Use Policy

The Acceptable Use Policy (AUP) is one of central policies of the SiTE registry and will be implemented to ensure that the registry maintains the rights to protect the integrity of its registry and achieve its goal of maintaining a safe and stable operation. The policy further describes the process for applying for and registering, renewing, and transferring a .SiTE domain name as well as any restrictions, and how Interlink, the registry can enforce its policies. Additional details can be found in response to Question 28.

## 3. Reserved Names

This Reserved Names Policy satisfies ICANN contractual requirements and protects the interests of governmental organizations. Certain names on the Reserved Names List will also be utilized for the general promotion of the registry.

Interlink will reserve all names according to Specification 5 of the New gTLD Registry agreement as described below. Additionally, Interlink will, at it's own discretion, reserve other names it sees fit.

The term "example" will be reserved at the second level. No other levels will be available for registration.

### b. Two-Character Labels:

All two-character labels will be initially reserved, however may be released in the event that the registry reaches an agreement with the relevant government or country code manager or so long as the implementation of the two-character labels does not cause confusion with existing country codes.

### c. Tagged Domain Names:

These are names with hyphens in the third and fourth position that do not represent valid IDN (Internationalized Domain Names) in ASCII encoding.

### d. Second-Level Reservations for Registry Operations:

The following names will be reserved or registry operations: NIC, WWW, IRIS, and WHOIS.

#### e. Country and Territory Names:

All country and territory names indicated in Specification 5 of the New gTLD Agreement will be initially reserved. A process for the release of these names as well as names listed above in "b. Two Character Labels" is further described in Question 22.

#### 4. Founders Program

The SiTE registry may elect to introduce an early domain adoption program, or founders program. The SiTE founders program is an initiative recruit Internet users who are enthusiastic about .SiTE to come forward with their idea and plan to launch a name or names that will help relay the message about .SiTE to worldwide audiences.

It is anticipated that communications regarding this program will be launched as soon as the Registry Agreement with ICANN is signed. The registry will publish a proposal format and evaluate applications against predetermined criteria. Approved applicants will be required to agree to some basic terms and conditions and have their name launched before the official public launch of the registry.

Specific timelines and criteria are currently under development and depend on the progress of this application for the .SiTE TLD.

#### 5. Sunrise Launch Policies

The sunrise period is a pre-launch mechanism that will allow Trademark holders to the first right to register their trademarks as .SiTE domain names. The overall purpose of the .SiTE sunrise launch is to ensure that trademark holders have the ability to secure domain names in a straightforward manner as well as ensure that their brand names are not victimized by cybersquatting. The sunrise period will run for at least a minimum of 30 days and a maximum of 60 days in total. Eligible participants in the sunrise phase will be constrained to those entities that a valid mark registered in the Trademark Clearinghouse.

In processing Sunrise applications, Interlink will collect all the applications submitted through ICANN accredited registrars throughout the duration of the sunrise period. All applications will be considered as having been received at the same time. The registry will verify that each application matches the data in the Trademark Clearinghouse. Duplicate applications having met the criteria specified by the registry will auctioned off at a later date. Interlink will fully publish details and policy related information regarding the auction on its website well in advance of the launch.

To ensure the protection of trademark holders, Interlink will implement the trademark claims services for the life of the registry. As of the submission date of this application, the Trademark Clearinghouse is still in the early stages of development and the actual protocol for connecting to the clearinghouse is not yet known. Further details regarding the sunrise launch can be found in answer to question 29.

#### 6. Landrush Launch Policies

The registry will offer a landrush period in which any interested party will be permitted to submit one or more applications to purchase high value domains at reasonable costs. Only domain names that have not been reserved, restricted, or registered will be available during this launch period. Applications in the landrush period will be accepted throughout the period and will be considered as accepted at the same time. At the end of the landrush period domain names for applications that do not have any competing applications will be approved and the domain name will be allocated to the registrant.

Applications for domain names having one or more competing applications will be auctioned at prescribed date and time.

#### 7. ICANN Consensus Policies and Proposed Rights Protection Mechanisms

Interlink is aware of, and understands, all current ICANN consensus policies listed at <http://www.icann.org/en/general/consensus-policies.htm>. As the registry operator for .SiTE, Interlink will ensure continuing compliance with all existing and future consensus policies.

Interlink believes that SiTE will grow to be an important public resource and has committed to ensuring that all rights holders have adequate protections for their intellectual property assets. The SiTE registry will implement the fall mandated rights protection mechanisms as described in Part C below.

v. Will your proposed gTLD impose any measures for protecting the privacy or confidential information of registrants or users? If so, please describe any such measures.

Interlink takes the privacy of its users very seriously and will not market information obtained from registrars pertaining to registrants in any way. All data obtained with regards to a registration of a domain name will only be used for the purposes of running the .SiTE Registry. No personal data will be shared with unrelated third parties and such data will only be accessed in cases where the registry needs it to be necessary for the operation of .SiTE.

All registrant data as required by the WHOIS policy and ICANN standards will be publicly available where the registrant does not use privacy registration services at their registrar of choice. Registrars will be responsible for ensuring the safety and security of the payment information used in conjunction with a domain name registration. A detailed discussion of the WHOIS database can be found in response to Question 26.

Interlink will notify each ICANN-accredited registrar of their requirement to adhere to specific consensus policies. Additionally Interlink is aware of the current work being done to analyze the current WHOIS model as well as the movement to improve it. Along with ourselves, our partners are involved deeply in the ICANN community and we commit to implementing any and all new procedures as approved by ICANN.

vi. Describe whether and in what ways outreach and communications will help to achieve your projected benefits.

Interlink believes that an effective and wide-spread marketing plan coupled with an effective distribution network will play a vital role in building consumer confidence in .SiTE. The registry plans to launch the TLD on a global scale with an emphasis on the growth of Internet, the ability to register a memorable name under a new domain space.

Interlink will use a unified strategy for creating a strong brand, consumer awareness, sales, and use of the TLD by influential companies and people. The actual timing of the marketing and communications campaign may prove challenging due to several anticipated issues with timelines in the New gTLD evaluation process, however, Interlink has set aside sufficient marketing funds and will use appropriate judgment on when to implement and subsequently ramp up marketing communication and outreach programs.

## **18(c). What operating rules will you adopt to eliminate or minimize social costs?**

Numerous parties have expressed concerns over the introduction of the new gTLD program stating that new TLDs could harm consumer welfare due to consumer confusion. Trademark holders have also brought up the issue of new TLDs imposing additional costs due to the necessity of participating in “defensive” registrations.

Interlink believes that these concerns are valid and is confident that costs associated with these issues may be avoided by working together with the ICANN community to address the issues. The ICANN community has worked hard to implement new Rights Protection Mechanisms and rules for new TLDs that would minimize these costs. Interlink will fully comply with all consensus policies, including all ICANN required Rights Mechanisms, including:

1. Trademark Clearinghouse
2. Sunrise and Trademark Claims Process
3. Uniform Dispute Resolution Policy (UDRP)
4. Uniform Rapid Suspension URS
5. Trademark Post-Delegation Dispute Resolution Procedure (PDDRP)

## 6. Registration Restriction Dispute Resolution Procedure (RRDRP)

### 1. Trademark Clearinghouse

The trademark clearinghouse is a mandatory RPM that has been developed in order to serve as a central repository for information to facilitate other RPMs such as the Sunrise Period and Trademark Claims process. Though this RPM is still under development, Interlink has joined the Implementation Assistance Group (IAG) to monitor the progress and provide feedback on solidifying the policy for its implementation. In addition, the back-end registry services provider for .SiTE, Neustar, is actively playing a key role on the IAG to ensure that protections afforded by the clearinghouse and associated RPMs are feasible and implementable. Further information regarding the implementation of this mechanism can be found in reference to Question 29: Rights Protection Mechanisms.

### 2. Sunrise and Trademark Claims Process

The Sunrise Period is a mandatory launch phase that a registry is required to implement for a minimum of 30 days. As described above, the .SiTE Sunrise Period serves pre-launch phase in which eligible trademark owners have an opportunity to register second-level domains under the .SiTE TLD. Interlink has participated as a registrar, and a registrant in several sunrise periods, and its back-end registry service provider, Neustar has extensive experience in implementing sunrise registration periods, most recently under the .CO TLD. Interlink will build upon its own experience and the expertise of Neustar to ensure that a simple, seamless process is implemented.

The Trademark Claims process is tied into both the Trademark Clearinghouse and the Sunrise Period. The trademark claims process is also a mandatory RPM which is intended as means to provide "clear notice" to a potential registrant if he/she attempts to secure a domain name that matches a trademark which is currently registered in the Trademark Clearinghouse. Though only required by ICANN to implement for 60 days during open registrations, Interlink believes that implementing the service over the life of the registry will greatly reduce the number of cybersquatted domain names and other cases of abuse in its zone. Interlink's back-end provider, Neustar became the first TLD with a Trademark Claims service with the launch of the .BIZ TLD in 2001 and Interlink plans to work closely with Neustar to ensure the service is run smoothly.

The sunrise implementation process is described in more detail above, and in response to Question 29: Rights Protection Mechanisms. More information about Interlink's implementation of the Trademark Claims process can be found in answer to Question 29: Rights Protection Mechanisms.

### 3. Uniform Dispute Resolution Policy (UDRP)

The UDRP is an ICANN Consensus Policy which was instituted in 1998. The UDRP provides trademark holders an alternative method to resolve domain name disputes. Interlink will monitor UDRP decisions regarding domains in the .SiTE zone and take the necessary steps to ensure that the decisions are implemented by its registrars. In the event that the registry is notified by a trademark owner that a registrar failed to implement a decision Interlink will investigate the claim and take action by either notifying the registrar of its obligations or by proactively implementing the decision itself.

### 4. Uniform Rapid Suspension (URS)

During the planning and policy discussion that took place in the past few years regarding the New gTLD Program, trademark owners identified that the UDRP may not be the most cost effective means to protecting trademark owners marks when there are hundreds of new TLDs in operation. Furthermore, the majority of UDRP cases were clearly cases of cybersquatting, however, the UDRP did not produce immediate results. The URS is the result of many discussions with rights holders and offers a more cost effective and speedy mechanism for trademark owners to enforce their rights.

The URS requires a greater deal of participation from the registry than the UDRP. Interlink is fully aware of the requirements involved in the URS and has been actively monitoring the discussions and the development of the RPM. In the event that a .SiTE domain name is part of a URS proceeding, Interlink will follow the procedures outlined in the final policy.

According to the current draft procedures, Interlink will lock the name within 24 hours of receipt of the complaint from the URS provider in order to ensure the name is not transferred or deleted and to restrict all changes to the registration data. The name will continue to resolve as normal at this

point.

Once a determination has been made, and the URS provider has received notification of such a decision, Interlink will act accordingly to implement the determination. Therefore, in the event of a decision for the complainant (trademark owner), Interlink will immediately suspend the name in accordance with the policy, currently for the balance of the registration period. Additionally, the name will no longer be allowed to resolve to the original website, thus the registry will change the nameservers to redirect to an informational page provided by the URS provider.

Finally, Interlink will take steps to ensure that the WHOIS information appropriately reflects the current status of the domain name. In doing so, Interlink will leave all the original registration data, except for the nameservers, in place, and clearly reflect that the domain name cannot be transferred, deleted, or modified for the remainder of the registration period.

The current draft policy states that there shall be an option for a successful complainant to the extent the registration period for one additional year at commercial rates.

Additional details regarding the implementation of the URS can be found in response to Question 29: Rights Protection Mechanisms

#### 5. Other Rights Protection Mechanisms

Interlink will fully comply with the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP) adopted by ICANN as described in the new gTLD Applicant Guidebook and Specification 7 of the Registry Agreement and other rights mechanisms approved and implemented by ICANN.

#### AUP and WHOIS Accuracy

In addition to the implementation and compliance with proposed and existing rights protection mechanisms, Interlink will implement an Acceptable Use Policy (AUP) (described above in answer to "iv") that will effectively secure the registry's rights to swiftly takedown abusive domain registrations.

According to Dennis Carlton's study "Impact of New gTLD on Consumer Welfare," new gTLDs introduced as a result of the application round in 2000, such as .info and .biz, indicates that the need for defensive registrations in new gTLDs is limited. Interlink is confident that proposed rights mechanisms listed above and enforcement of the AUP will be sufficient to minimize social costs resulting from abusive domain registrations.

#### i. How will multiple applications for a particular domain name be resolved?

The goal of the registry is to maximize the total utility which results from the creation of .SiTE. Multiple applications for names under the Founders Program will be handled by objectively reviewing the application against the criteria set forth in the RFP. At which time, the Registry shall make a final selection based on how well each applicant fulfilled the evaluation criteria.

Multiple applications for the same domain name in both the Sunrise and Landrush will respectively be resolved by an auction as described in section (iv) related to domain registration policies. The use of an auction to allocate names with multiple legitimate applications will benefit sunrise applicants because they will not have to rush in order to be the first to submit such an application. This also reduces the load to the systems as in past first-come, first-served launches, applicants have been known to place registration requests with several other registrars in order to optimize their chances of being the first in line.

Settling competing applications through an auction mechanism is more desirable than a first-come, first-served method. This is due to a number of factors; for example, sunrise applicants (trademark holders) should not have to rush to submit an application for a domain name. If an applicant is forced to try to be first in line, the applicant is likely to submit a registration request through multiple registrars. This causes a sub-optimal use of energy on behalf of the applicant, and causes unnecessary work on behalf of the registrars and registry. Another important factor in Interlink's decision to settle competing applications through an auction mechanism is due to the assumption that the highest bidder has more desire for the name, therefore, the winning applicant is likely provide more utility to Internet users.

Below is a brief description of the auction policy:

During the Sunrise and Landrush policies described above, there is a possibility that multiple, legitimate applications will be submitted by interested parties. These applications are considered "competing applications" and will result in an auction as a means to identify which applicant the domain name is allocated to.

Interlink is still evaluating potential partners to handle web-based auctions for competing domain requests. All potential partners have several years of experience in the domain name industry and have processed Sunrise and Landrush launches for several TLDs in the past.)

The general rules of the policy are standard to auctions that have existed for recent TLD launches. Each participant of the auction will receive a notification a certain time prior to the start of the auction and a subsequent email on the day of the auction that announces the commencement of the bidding. The Auction management system will notify participants of any bid changes as well as any extensions to the length of the auction. The winner will be announced at the close of the auction period and the domain name will be allocated accordingly.

ii. Explain any cost benefits for registrants you intend to implement.

The Registry will clearly communicate its registry policies and launch plans to potential registrants directly as well as through partner registrars. The registry will give special rights to governments to register their geographic names (names and two letter codes on the ISO 3166-1 list) at the second-level. The registry will offer the first rights to these names for a period of no less than a year. This special provision for governments will ensure that they have first rights to register their names for a minimal cost from an ICANN accredited registrar rather than have to dabble in the speculative markets.

Interlink will also hold a Sunrise and Landrush period as described in part "iv" above. Interlink anticipates that the several competing applications may be submitted in both periods, and, therefore, proposes to implement an auction mechanism as a fair way to solve the issue of competing applications. A traditional first come first served mechanism will create more load for registrars as one prospective registrant may choose to place the same application for a domain name through several registrars. Then there is the issue of which connection hits the registry first for a certain name.

An auction at the early stages of a registry will benefit registrants by allowing them to purchase the domain name for much less than the cost that they would incur in the domain aftermarket. Furthermore, an auction will allow the users to place a value on the domain name. It can be assumed that the bidder who places the higher bid places a higher value on the domain name, and therefore will be more likely to develop the domain name to be beneficial for Internet users.

iii. Do you intend to make contractual commitments to registrants regarding the magnitude of price escalation?

As stated in draft registry agreement in the New gTLD Applicant guidebook, the ".Site" registry will commit to only adjusting prices based on market conditions and staying consistent with the current inflation rate. The issue of price increases will be adequately reviewed on a biannual basis.

## Community-based Designation

### 19. Is the application for a community-based TLD?

No

**20(a). Provide the name and full description of the community that the applicant is committing to serve.**

**20(b). Explain the applicant's relationship to the community identified in 20(a).**

**20(c). Provide a description of the community-based purpose of the applied-for gTLD.**

**20(d). Explain the relationship between the applied-for gTLD string and the community identified in 20(a).**

**20(e). Provide a description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD.**

**20(f). Attach any written endorsements from institutions/groups representative of the community identified in 20(a).**

Attachments are not displayed on this form.

## Geographic Names

**21(a). Is the application for a geographic name?**

No

## Protection of Geographic Names

**22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD.**

Interlink Co., Ltd, (Interlink) will implement strict policy restrictions concerning the registration and use of geographic names under the ".site" top-level domain and will work closely with the



Governmental Advisory Committee (GAC) and ccTLD managers to ensure that geographic names are adequately protected.

#### Two-Letter Domain Names

Country Code Top-Level Domains (ccTLDs) are two letter strings on the right side of the dot that correspond to the two-letter country codes for each country listed on the ISO 3166-1 list. Interlink will, at no cost of governments or public authorities, initially reserve all two-letter characters strings, inclusive of the country code names as defined on ISO 3166-1 and mandated by the New gTLD Registry Agreement (see Specification 5).

Use of two-letter strings as second level registrations in the “.site” TLD may be permitted after Interlink reaches an agreement with relevant government or country-code TLD managers.

At its discretion, Interlink will propose usage of a limited number of two-letter strings for domain names that include, but are not limited to; company names, brand names, meaningful words, partial phrases, or local abbreviations. Interlink will inform each ccTLD manager and/or applicable government of proposals to use such names and reach an agreement with the ccTLD manager and/or applicable government before such a name is registered for use.

#### Country and Territory Domain Names

In addition to the initial reservation of two-letter country codes pursuant to the ISO-3166-1 list, Interlink will initially reserve country and territory names contained on the following internationally recognized lists:

- ISO 3166-1 lists (including country, territory name, and its short form name in English)
- The United Nations Group of Experts on Geographical Names Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World
- The List United Nations member states in 6 official United Nations member states in 6 official United Nations languages prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names

Interlink will cooperate with ICANN and the Governmental Advisory Committee (GAC) to expand such a list of reserved/protected geographic names at the second level should this be required. Additionally, the list will expand according to updates in any of the lists listed above.

The release of two-character domains will not occur until after a minimum of one full year of operations.

#### Procedure for Registration of Geographic Names by Relevant Authorities

During the reservation period, the Registry will allow the relevant government authorities to register their country name, or short form English name under the “.site” TLD as a second level registration. The opportunity for such registrations will not be shorter than one year and will be available for governments until Interlink reaches an agreement with the GAC, relevant governments and/or ccTLD managers for the release of such names from the reserved names list. Upon reaching such an agreement, Interlink will notify governments of the registration deadline at least 3 months prior to the release of geographic names.

The process for registering a country name or its English short form equivalent as a second level domain name in the “.site” TLD for a relevant government authority is as follows:

1. The Government or relevant authority contacts the GAC Secretariat with the requested domain name and relevant WHOIS information.
2. The GAC Secretariat will ensure the authenticity of the request and then send the request to the registry (Interlink).
3. Interlink will verify the availability of the requested domain name; notify ICANN of the registration request.

4. Once confirmed by ICANN, the registrant government or beneficiary will then be able to register the through an ICANN-Accredited Registrar that has executed the Registry-Registrar Agreement with Interlink.

#### Abuse of Geographic Names

After the release of geographic names governments will be able to submit a complaint directly to Interlink for a domain name that is not in compliance with the registration policies. Interlink will ensure that the ".site" registry site has an easily identifiable point of contact for abuse related inquires.

## Registry Services

### 23. Provide name and full description of all the Registry Services to be provided.

#### 23.1 Introduction

Interlink Co., Ltd. (Interlink) has elected to partner with Neustar, Inc to provide back-end services for the ".site" registry. In making this decision, Interlink recognized that Neustar already possesses a production-proven registry system that can be quickly deployed and smoothly operated over its robust, flexible, and scalable world-class infrastructure. The existing registry services will be leveraged for the ".site" registry. The following section describes the registry services to be provided.

#### 23.2 Standard Technical and Business Components

Neustar will provide the highest level of service while delivering a secure, stable and comprehensive registry platform. Interlink will use Neustar's Registry Services platform to deploy the ".site" registry, by providing the following Registry Services (none of these services are offered in a manner that is unique to ".site"):

- Registry-Registrar Shared Registration Service (SRS)
- Extensible Provisioning Protocol (EPP)
- Domain Name System (DNS)
- WHOIS
- DNSSEC
- Data Escrow
- Dissemination of Zone Files using Dynamic Updates
- Access to Bulk Zone Files
- Dynamic WHOIS Updates
- IPv6 Support
- Rights Protection Mechanisms
- Internationalized Domain Names (IDN) (in Japanese)

The following is a description of each of the services.

#### SRS

Neustar's secure and stable SRS is a production-proven, standards-based, highly reliable, and high-performance domain name registration and management system. The SRS includes an EPP interface for receiving data from registrars for the purpose of provisioning and managing domain names and name servers. The response to Question 24 provides specific SRS information.

#### EPP

The registry will use the Extensible Provisioning Protocol (EPP) for the provisioning of domain names. The EPP implementation will be fully compliant with all RFCs. Registrars are provided with access via an EPP API and an EPP based Web GUI. With more than 10 gTLD, ccTLD, and private TLDs implementations, Neustar has extensive experience building EPP-based registries. Additional discussion on the EPP approach is presented in the response to Question 25.

DNS

Interlink will leverage Neustar's world-class DNS network of geographically distributed nameserver sites to provide the highest level of DNS service. The service utilizes "Anycast" routing technology, and supports both IPv4 and IPv6. The DNS network is highly proven, and currently provides service to over 20 TLDs and thousands of enterprise companies. Additional information on the DNS solution is presented in the response to Questions 35.

WHOIS

Neustar's existing standard WHOIS solution will be used for ".site". The service provides supports for near real-time dynamic updates. The design and construction is agnostic with regard to data display policy is flexible enough to accommodate any data model. In addition, a searchable WHOIS service that complies with all ICANN requirements will be provided. The following WHOIS options will be provided:

- Standard WHOIS (Port 43)
- Standard WHOIS (Web)
- Searchable WHOIS (Web)

DNSSEC

An RFC compliant DNSSEC implementation will be provided using existing DNSSEC capabilities. Neustar is an experienced provider of DNSSEC services, and currently manages signed zones for three large top level domains: .biz, .us, and .co. Registrars are provided with the ability to submit and manage DS records using EPP, or through a web GUI. Additional information on DNSSEC, including the management of security extensions is found in the response to Question 43.

Data Escrow

Data escrow will be performed in compliance with all ICANN requirements in conjunction with Iron Mountain. Iron Mountain was the first company ever selected to protect domain name registry data via escrow agreements and currently provides Registry Data Escrow for the majority of gTLDs in operation today.

The data escrow service will:

- Protect against data loss
- Follow industry best practices
- Ensure easy, accurate, and timely retrieval and restore capability in the event of a hardware failure
- Minimizes the impact of software or business failure.

Additional information on the Data Escrow service is provided in the response to Question 38.

Dissemination of Zone Files using Dynamic Updates

Dissemination of zone files will be provided through a dynamic, near real-time process. Updates will be performed within the specified performance levels. The proven technology ensures that updates pushed to all nodes within a few minutes of the changes being received by the SRS. Additional information on the DNS updates may be found in the response to Question 35.

Access to Bulk Zone Files

Interlink will provide third party access to the bulk zone file in accordance with specification 4, Section 2 of the Registry Agreement. Credentialing and dissemination of the zone files will be facilitated through the Central Zone Data Access Provider.

Dynamic WHOIS Updates

Updates to records in the WHOIS database will be provided via dynamic, near real-time updates.

Guaranteed delivery message oriented middleware is used to ensure each individual WHOIS server is refreshed with dynamic updates. This component ensures that all WHOIS servers are kept current as changes occur in the SRS, while also decoupling WHOIS from the SRS. Additional information on WHOIS updates is presented in response to Question 26.

#### IPv6 Support

The ".site" registry will provide IPv6 support in the following registry services: SRS, WHOIS, and DNS/DNSSEC. In addition, the registry supports the provisioning of IPv6 AAAA records. A detailed description on IPv6 is presented in the response to Question 36.

#### Required Rights Protection Mechanisms

Interlink, will provide all ICANN required Rights Mechanisms, including:

- Trademark Claims Service
- Trademark Post-Delegation Dispute Resolution Procedure (PDDRP)
- Registration Restriction Dispute Resolution Procedure (RRDRP)
- UDRP
- URS
- Sunrise service.

More information is presented in the response to Question 29.

#### Internationalized Domain Names (IDN)

IDN registrations are provided in full compliance with the IDNA protocol. Neustar possesses extensive experience offering IDN registrations in numerous TLDs, and its IDN implementation uses advanced technology to accommodate the unique bundling needs of certain languages. Character mappings are easily constructed to block out characters that may be deemed as confusing to users. A detailed description of the IDN implementation is presented in response to Question 44.

#### 23.3 Unique Services

Interlink will not be offering services that are unique to ".site".

#### 23.4 Security or Stability Concerns

All services offered are standard registry services that have no known security or stability concerns. Neustar has demonstrated a strong track record of security and stability within the industry.

## Demonstration of Technical & Operational Capability

### 24. Shared Registration System (SRS) Performance

#### 24.1 Introduction

Interlink Co., Ltd. (Interlink), has partnered with Neustar, Inc, an experienced TLD registry operator, for the operation of the ".site" Registry. Interlink is confident that the plan in place for the operation of a robust and reliable Shared Registration System (SRS) as currently provided by Neustar will satisfy the criterion established by ICANN.

Neustar built its SRS from the ground up as an EPP based platform and has been operating it reliably and at scale since 2001. The software currently provides registry services to five TLDs (.BIZ, .US, TEL, .CO and .TRAVEL) and is used to provide gateway services to the .CN and .TW registries.

Neustar's state of the art registry has a proven track record of being secure, stable, and robust. It manages more than 6 million domains, and has over 300 registrars connected today.

The following describes a detailed plan for a robust and reliable SRS that meets all ICANN requirements including compliance with Specifications 6 and 10.

## 24.2 The Plan for Operation of a Robust and Reliable SRS

### High-level SRS System Description

The SRS to be used for ".site" will leverage a production-proven, standards-based, highly reliable and high-performance domain name registration and management system that fully meets or exceeds the requirements as identified in the new gTLD Application Guidebook.

The SRS is the central component of any registry implementation and its quality, reliability and capabilities are essential to the overall stability of the TLD. Neustar has a documented history of deploying SRS implementations with proven and verifiable performance, reliability and availability. The SRS adheres to all industry standards and protocols. By leveraging an existing SRS platform, Interlink is mitigating the significant risks and costs associated with the development of a new system. Highlights of the SRS include:

- State-of-the-art, production proven multi-layer design
- Ability to rapidly and easily scale from low to high volume as a TLD grows
- Fully redundant architecture at two sites
- Support for IDN registrations in compliance with all standards
- Use by over 300 Registrars
- EPP connectivity over IPv6
- Performance being measured using 100% of all production transactions (not sampling).

### SRS Systems, Software, Hardware, and Interoperability

The systems and software that the registry operates on are a critical element to providing a high quality of service. If the systems are of poor quality, if they are difficult to maintain and operate, or if the registry personnel are unfamiliar with them, the registry will be prone to outages. Neustar has a decade of experience operating registry infrastructure to extremely high service level requirements. The infrastructure is designed using best of breed systems and software. Much of the application software that performs registry-specific operations was developed by the current engineering team and a result the team is intimately familiar with its operations.

The architecture is highly scalable and provides the same high level of availability and performance as volumes increase. It combines load balancing technology with scalable server technology to provide a cost effective and efficient method for scaling.

The Registry is able to limit the ability of any one registrar from adversely impacting other registrars by consuming too many resources due to excessive EPP transactions. The system uses network layer 2 level packet shaping to limit the number of simultaneous connections registrars can open to the protocol layer.

All interaction with the Registry is recorded in log files. Log files are generated at each layer of the system. These log files record at a minimum:

- The IP address of the client
- Timestamp
- Transaction Details
- Processing Time.

In addition to logging of each and every transaction with the SRS Neustar maintains audit records, in the database, of all transformational transactions. These audit records allow the Registry, in support of the applicant, to produce a complete history of changes for any domain name.

### SRS Design

The SRS incorporates a multi-layer architecture that is designed to mitigate risks and easily scale as volumes increase. The three layers of the SRS are:

- Protocol Layer
- Business Policy Layer
- Database.

Each of the layers is described below.

#### Protocol Layer

The first layer is the protocol layer, which includes the EPP interface to registrars. It consists of a high availability farm of load-balanced EPP servers. The servers are designed to be fast processors of transactions. The servers perform basic validations and then feed information to the business policy engines as described below. The protocol layer is horizontally scalable as dictated by volume.

The EPP servers authenticate against a series of security controls before granting service, as follows:

- The registrar's host exchanges keys to initiate a TLS handshake session with the EPP server.
- The registrar's host must provide credentials to determine proper access levels.
- The registrar's IP address must be preregistered in the network firewalls and traffic-shapers.

#### Business Policy Layer

The Business Policy Layer is the "brain" of the registry system. Within this layer, the policy engine servers perform rules-based processing as defined through configurable attributes. This process takes individual transactions, applies various validation and policy rules, persists data and dispatches notification through the central database in order to publish to various external systems. External systems fed by the Business Policy Layer include backend processes such as dynamic update of DNS, WHOIS and Billing.

Similar to the EPP protocol farm, the SRS consists of a farm of application servers within this layer. This design ensures that there is sufficient capacity to process every transaction in a manner that meets or exceeds all service level requirements. Some registries couple the business logic layer directly in the protocol layer or within the database. This architecture limits the ability to scale the registry. Using a decoupled architecture enables the load to be distributed among farms of inexpensive servers that can be scaled up or down as demand changes.

The SRS today processes over 30 million EPP transactions daily.

#### Database

The database is the third core components of the SRS. The primary function of the SRS database is to provide highly reliable, persistent storage for all registry information required for domain registration services. The database is highly secure, with access limited to transactions from authenticated registrars, trusted application-server processes, and highly restricted access by the registry database administrators. A full description of the database can be found in response to Question 33.

Figure 24-1 depicts the overall SRS architecture including network components.

Figure 24-1. This multi-layer architecture is EPP compliant, meets all applicable RFCs, and its development follows industry best practices.

#### Number of Servers

As depicted in the SRS architecture diagram above Neustar operates a high availability architecture where at each level of the stack there are no single points of failures. Each of the network level devices run with dual pairs as do the databases. For the ".site" registry, the SRS will operate with 8 protocol servers and 6 policy engine servers. These expand horizontally as volume increases due to additional TLDs, increased load, and through organic growth. In addition to the SRS servers described above, there are multiple backend servers for services such as DNS and WHOIS. These are discussed in detail within those respective response sections.

#### Description of Interconnectivity with Other Registry Systems

The core SRS service interfaces with other external systems via Neustar's external systems layer.

The services that the SRS interfaces with include:

- WHOIS
- DNS
- Billing
- Data Warehouse (Reporting and Data Escrow).

Other external interfaces may be deployed to meet the unique needs of a TLD. At this time there are no additional interfaces planned for ".site".

The SRS includes an "external notifier" concept in its business policy engine as a message dispatcher. This design allows time-consuming backend processing to be decoupled from critical online registrar transactions. Using an external notifier solution, the registry can utilize "control levers" that allow it to tune or to disable processes to ensure optimal performance at all times. For example, during the early minutes of a TLD launch, when unusually high volumes of transactions are expected, the registry can elect to suspend processing of one or more back end systems in order to ensure that greater processing power is available to handle the increased load requirements. This proven architecture has been used with numerous TLD launches, some of which have involved the processing of over tens of millions of transactions in the opening hours. The following are the standard three external notifiers used the SRS:

#### WHOIS External Notifier

The WHOIS external notifier dispatches a work item for any EPP transaction that may potentially have an impact on WHOIS. It is important to note that, while the WHOIS external notifier feeds the WHOIS system, it intentionally does not have visibility into the actual contents of the WHOIS system. The WHOIS external notifier serves just as a tool to send a signal to the WHOIS system that a change is ready to occur. The WHOIS system possesses the intelligence and data visibility to know exactly what needs to change in WHOIS. See response to Question 26 for greater detail.

#### DNS External Notifier

The DNS external notifier dispatches a work item for any EPP transaction that may potentially have an impact on DNS. Like the WHOIS external notifier, the DNS external notifier does not have visibility into the actual contents of the DNS zones. The work items that are generated by the notifier indicate to the dynamic DNS update sub-system that a change occurred that may impact DNS. That DNS system has the ability to decide what actual changes must be propagated out to the DNS constellation. See response to Question 35 for greater detail.

#### Billing External Notifier

The billing external notifier is responsible for sending all billable transactions to the downstream financial systems for billing and collection. This external notifier contains the necessary logic to determine what types of transactions are billable. The financial systems use this information to apply appropriate debits and credits based on registrar.

#### Data Warehouse

The data warehouse is responsible for managing reporting services, including registrar reports, business intelligence dashboards, and the processing of data escrow files. The Reporting Database is used to create both internal and external reports, primarily to support registrar billing and contractual reporting requirement. The data warehouse databases are updated on a daily basis with full copies of the production SRS data.

#### Frequency of Synchronization between Servers

The external notifiers discussed above perform updates in near real-time, well within the prescribed service level requirements. As transactions from registrars update the core SRS, update notifications are pushed to the external systems such as DNS and WHOIS. These updates are typically live in the external system within 2-3 minutes.

#### Synchronization Scheme (e.g., hot standby, cold standby)

Neustar operates two hot databases within the data center that is operating in primary mode. These two databases are kept in sync via synchronous replication. Additionally, there are two databases

in the secondary data center. These databases are updated real time through asynchronous replication. This model allows for high performance while also ensuring protection of data. See response to Question 33 for greater detail.

#### Compliance with Specification 6 Section 1.2

The SRS implementation for ".site" is fully compliant with Specification 6, including section 1.2. EPP Standards are described and embodied in a number of IETF RFCs, ICANN contracts and practices, and registry-registrar agreements. Extensible Provisioning Protocol or EPP is defined by a core set of RFCs that standardize the interface that make up the registry-registrar model. The SRS interface supports EPP 1.0 as defined in the following RFCs shown in Table 24-1.

Additional information on the EPP implementation and compliance with RFCs can be found in the response to Question 25.

#### Compliance with Specification 10

Specification 10 of the New TLD Agreement defines the performance specifications of the TLD, including service level requirements related to DNS, RDDS (WHOIS), and EPP. The requirements include both availability and transaction response time measurements. As an experienced registry operator, Neustar has a long and verifiable track record of providing registry services that consistently exceed the performance specifications stipulated in ICANN agreements. This same high level of service will be provided for the ".site" Registry. The following section describes Neustar's experience and its capabilities to meet the requirements in the new agreement.

To properly measure the technical performance and progress of TLDs, Neustar collects data on key essential operating metrics. These measurements are key indicators of the performance and health of the registry. Neustar's current .biz SLA commitments are among the most stringent in the industry today, and exceed the requirements for new TLDs. Table 24-2 compares the current SRS performance levels compared to the requirements for new TLDs, and clearly demonstrates the ability of the SRS to exceed those requirements.

Their ability to commit and meet such high performance standards is a direct result of their philosophy towards operational excellence. See response to Question 31 for a full description of their philosophy for building and managing for performance.

#### 24.3 Resourcing Plans

The development, customization, and on-going support of the SRS are the responsibility of a combination of technical and operational teams, including:

- Development/Engineering
- Database Administration
- Systems Administration
- Network Engineering.

Additionally, if customization or modifications are required, the Product Management and Quality Assurance teams will be involved in the design and testing. Finally, the Network Operations and Information Security play an important role in ensuring the systems involved are operating securely and reliably.

The necessary resources will be pulled from the pool of operational resources described in detail in the response to Question 31. Neustar's SRS implementation is very mature, and has been in production for over 10 years. As such, very little new development related to the SRS will be required for the implementation of the ".site" registry. The following resources are available from those teams:

- Development/Engineering - 19 employees
- Database Administration- 10 employees
- Systems Administration - 24 employees
- Network Engineering - 5 employees

The resources are more than adequate to support the SRS needs of all the TLDs operated by Neustar, including the ".site" registry.



## 25. Extensible Provisioning Protocol (EPP)

### 25.1 Introduction

Interlink Co, Ltd. (Interlink), has selected Neustar as its back-end registry operator. Neustar, has over 10 years of experience operating EPP based registries and have deployed one of the first EPP registries in 2001 with the launch of .biz. In 2004, they were the first gTLD to implement EPP 1.0. Over the last ten years Neustar has implemented numerous extensions to meet various unique TLD requirements. Neustar will leverage its extensive experience to ensure Interlink is provided with an unparalleled EPP based registry. The following discussion explains the EPP interface which will be used for the ".site" registry. This interface exists within the protocol farm layer as described in Question 24 and is depicted in Figure 25-1.

### 25.2 EPP Interface

Registrars are provided with two different interfaces for interacting with the registry. Both are EPP based, and both contain all the functionality necessary to provision and manage domain names. The primary mechanism is an EPP interface to connect directly with the registry. This is the interface registrars will use for most of their interactions with the registry.

However, an alternative web GUI (Registry Administration Tool) that can also be used to perform EPP transactions will be provided. The primary use of the Registry Administration Tool is for performing administrative or customer support tasks.

The main features of the EPP implementation are:

- **Standards Compliance:** The EPP XML interface is compliant to the EPP RFCs. As future EPP RFCs are published or existing RFCs are updated, Neustar makes changes to the implementation keeping in mind of any backward compatibility issues.
- **Scalability:** The system is deployed keeping in mind that it may be required to grow and shrink the footprint of the Registry system for a particular TLD.
- **Fault-tolerance:** The EPP servers are deployed in two geographically separate data centers to provide for quick failover capability in case of a major outage in a particular data center. The EPP servers adhere to strict availability requirements defined in the SLAs.
- **Configurability:** The EPP extensions are built in a way that they can be easily configured to turn on or off for a particular TLD.
- **Extensibility:** The software is built ground up using object oriented design. This allows for easy extensibility of the software without risking the possibility of the change rippling through the whole application.
- **Auditable:** The system stores detailed information about EPP transactions from provisioning to DNS and WHOIS publishing. In case of a dispute regarding a name registration, the Registry can provide comprehensive audit information on EPP transactions.
- **Security:** The system provides IP address based access control, client credential-based authorization test, digital certificate exchange, and connection limiting to the protocol layer.

### 25.3 Compliance with RFCs and Specifications

The registry-registrar model is described and embodied in a number of IETF RFCs, ICANN contracts and practices, and registry-registrar agreements. As shown in Table 25-1, EPP is defined by the core set of RFCs that standardize the interface that registrars use to provision domains with the SRS. As a core component of the SRS architecture, the implementation is fully compliant with all EPP RFCs.

Neustar ensures compliance with all RFCs through a variety of processes and procedures. Members from the engineering and standards teams actively monitor and participate in the development of RFCs that impact the registry services, including those related to EPP. When new RFCs are introduced or existing ones are updated, the team performs a full compliance review of each system impacted by the

change. Furthermore, all code releases include a full regression test that includes specific test cases to verify RFC compliance.

Neustar has a long history of providing exceptional service that exceeds all performance specifications. The SRS and EPP interface have been designed to exceed the EPP specifications defined in Specification 10 of the Registry Agreement and profiled in Table 25-2. Evidence of Neustar's ability to perform at these levels can be found in the .biz monthly progress reports found on the ICANN website.

## EPP Toolkits

Toolkits, under open source licensing, are freely provided to registrars for interfacing with the SRS. Both Java and C++ toolkits will be provided, along with the accompanying documentation. The Registrar Tool Kit (RTK) is a software development kit (SDK) that supports the development of a registrar software system for registering domain names in the registry using EPP. The SDK consists of software and documentation as described below.

The software consists of working Java and C++ EPP common APIs and samples that implement the EPP core functions and EPP extensions used to communicate between the registry and registrar. The RTK illustrates how XML requests (registration events) can be assembled and forwarded to the registry for processing. The software provides the registrar with the basis for a reference implementation that conforms to the EPP registry-registrar protocol. The software component of the SDK also includes XML schema definition files for all Registry EPP objects and EPP object extensions. The RTK also includes a "dummy" server to aid in the testing of EPP clients.

The accompanying documentation describes the EPP software package hierarchy, the object data model, and the defined objects and methods (including calling parameter lists and expected response behavior). New versions of the RTK are made available from time to time to provide support for additional features as they become available and support for other platforms and languages.

### 25.4 Proprietary EPP Extensions

The ".site" registry will not include proprietary EPP extensions. Neustar has implemented various EPP extensions for both internal and external use in other TLD registries. These extensions use the standard EPP extension framework described in RFC 5730. Table 25-3 provides a list of extensions developed for other TLDs. Should the ".site" registry require an EPP extension at some point in the future, the extension will be implemented in compliance with all RFC specifications including RFC 3735.

### 25.5 Resourcing Plans

The development and support of EPP is largely the responsibility of the Development/Engineering and Quality Assurance teams. As an experience registry operator with a fully developed EPP solution, on-going support is largely limited to periodic updates to the standard and the implementation of TLD specific extensions.

The necessary resources will be pulled from the pool of available resources described in detail in the response to Question 31. The following resources are available from those teams:

- Development/Engineering - 19 employees
- Quality Assurance - 7 employees.

These resources are more than adequate to support any EPP modification needs of the ".site" registry.

## 26. Whois

### 26.1 Introduction

Interlink Co., Ltd. (Interlink), recognizes the importance of an accurate, reliable, and up-to-date

WHOIS database to governments, law enforcement, intellectual property holders and the public as a whole and is firmly committed to complying with all of the applicable WHOIS specifications for data objects, bulk access, and lookups as defined in Specifications 4 and 10 to the Registry Agreement. Interlink's back-end registry services provider, Neustar, has extensive experience providing ICANN and RFC-compliant WHOIS services for each of the TLDs that it operates both as a Registry Operator for gTLDs, ccTLDs and back-end registry services provider. As one of the first "thick" registry operators in the gTLD space, Neustar's WHOIS service has been designed from the ground up to display as much information as required by a TLD and respond to a very stringent availability and performance requirement.

Some of the key features of Interlink's solution include:

- Fully compliant with all relevant RFCs including 3912
- Production proven, highly flexible, and scalable with a track record of 100% availability over the past 10 years
- Exceeds current and proposed performance specifications
- Supports dynamic updates with the capability of doing bulk updates
- Geographically distributed sites to provide greater stability and performance
- In addition, the thick-WHOIS solution for ".site" also provides for additional search capabilities and mechanisms to mitigate potential forms of abuse as discussed below. (e.g., IDN, registrant data).

## 26.2 Software Components

The WHOIS architecture comprises the following components:

- An in-memory database local to each WHOIS node: To provide for the performance needs, the WHOIS data is served from an in-memory database indexed by searchable keys.
- Redundant servers: To provide for redundancy, the WHOIS updates are propagated to a cluster of WHOIS servers that maintain an independent copy of the database.
- Attack resistant: To ensure that the WHOIS system cannot be abused using malicious queries or DOS attacks, the WHOIS server is only allowed to query the local database and rate limits on queries based on IPs and IP ranges can be readily applied.
- Accuracy auditor: To ensure the accuracy of the information served by the WHOIS servers, a daily audit is done between the SRS information and the WHOIS responses for the domain names which are updated during the last 24-hour period. Any discrepancies are resolved proactively.
- Modular design: The WHOIS system allows for filtering and translation of data elements between the SRS and the WHOIS database to allow for customizations.
- Scalable architecture: The WHOIS system is scalable and has a very small footprint. Depending on the query volume, the deployment size can grow and shrink quickly.
- Flexible: It is flexible enough to accommodate thin, thick, or modified thick models and can accommodate any future ICANN policy, such as different information display levels based on user categorization.
- SRS master database: The SRS database is the main persistent store of the Registry information. The Update Agent computes what WHOIS updates need to be pushed out. A publish-subscribe mechanism then takes these incremental updates and pushes to all the WHOIS slaves that answer queries.

## 26.3 Compliance with RFC and Specifications 4 and 10

Neustar has been running thick-WHOIS Services for over 10+ years in full compliance with RFC 3912 and with Specifications 4 and 10 of the Registry Agreement. RFC 3912 is a simple text based protocol over TCP that describes the interaction between the server and client on port 43. Neustar built a home-grown solution for this service. It processes millions of WHOIS queries per day. Table 26-1 describes Neustar's compliance with Specifications 4 and 10.

Neustar ensures compliance with all RFCs through a variety of processes and procedures. Members from

the engineering and standards teams actively monitor and participate in the development of RFCs that impact the registry services, including those related to WHOIS. When new RFCs are introduced or existing ones are updated, the team performs a full compliance review of each system impacted by the change. Furthermore, all code releases include a full regression test that includes specific test cases to verify RFC compliance.

## 26.4 High-level WHOIS System Description

### 26.4.1 WHOIS Service (port 43)

The WHOIS service is responsible for handling port 43 queries. Our WHOIS is optimized for speed using an in-memory database and a master-slave architecture between the SRS and WHOIS slaves. The WHOIS service also has built-in support for IDN. If the domain name being queried is an IDN, the returned results include the language of the domain name, the domain name's UTF-8 encoded representation along with the Unicode code page.

### 26.4.2 Web Page for WHOIS queries

In addition to the WHOIS Service on port 43, Neustar provides a web based WHOIS application ([www.whois.site](http://www.whois.site)). It is an intuitive and easy to use application for the general public to use. WHOIS web application provides all of the features available in the port 43 WHOIS. This includes full and partial search on:

- Domain names
- Nameservers
- Registrant, Technical and Administrative Contacts
- Registrars

It also provides features not available on the port 43 service. These include:

1. Redemption Grace Period calculation: Based on the registry's policy, domains in pendingDelete can be restorable or scheduled for release depending on the date/time the domain went into pendingDelete. For these domains, the web based WHOIS displays "Restorable" or "Scheduled for Release" to clearly show this additional status to the user.
2. Extensive support for international domain names (IDN)
3. Ability to perform WHOIS lookups on the actual Unicode IDN
4. Display of the actual Unicode IDN in addition to the ACE-encoded name
5. A Unicode to Punycode and Punycode to Unicode translator
6. An extensive FAQ
7. A list of upcoming domain deletions

## 26.5 IT and Infrastructure Resources

As described above the WHOIS architecture uses a workflow that decouples the update process from the SRS. This ensures SRS performance is not adversely affected by the load requirements of dynamic updates. It is also decoupled from the WHOIS lookup agent to ensure the WHOIS service is always available and performing well for users. Each of Neustar's geographically diverse WHOIS sites use:

- Firewalls, to protect this sensitive data
- Dedicated servers for MQ Series, to ensure guaranteed delivery of WHOIS updates
- Packetshaper for source IP address-based bandwidth limiting
- Load balancers to distribute query load
- Multiple WHOIS servers for maximizing the performance of WHOIS service.

Additional hardware details can be found in the response to Question 32.

Figure 26-1 depicts the different components of the WHOIS architecture. The WHOIS is decoupled from the architecture to protect production databases and increased overall systems security.

## 26.6 Interconnectivity with Other Registry System

As described in Question 24 about the SRS and further in response to Question 31, "Technical Overview", when an update is made by a registrar that impacts WHOIS data, a trigger is sent to the WHOIS system by the external notifier layer. The update agent processes these updates, transforms the data if necessary and then uses messaging oriented middleware to publish all updates to each WHOIS slave. The local update agent accepts the update and applies it to the local in-memory database. A separate auditor compares the data in WHOIS and the SRS daily and monthly to ensure accuracy of the published data.

## 26.7 Frequency of Synchronization between Servers

Updates from the SRS, through the external notifiers, to the constellation of independent WHOIS slaves happens in real-time via an asynchronous publish/subscribe messaging architecture. The updates are guaranteed to be updated in each slave within the required SLA of  $95\% \leq 60$  minutes. Please note that Neustar's current architecture is built towards the stricter SLAs ( $95\% \leq 15$  minutes) of .BIZ. The vast majority of updates tend to happen within 2-3 minutes.

## 26.8 Provision for Searchable WHOIS Capabilities

Neustar will create a new web-based service to address the new search features based on requirements specified in Specification 4 Section 1.8. The application will enable users to search the WHOIS directory using any one or more of the following fields:

- Domain name
- Contacts and registrant's name
- Contact and registrant's postal address, including all the sub-fields described in EPP (e.g., street, city, state or province, etc.)
- Name server name and server IP address
- The system will also allow search using non-Latin character sets which are compliant with IDNA specification.

The user will choose one or more search criteria, combine them by Boolean operators (AND, OR, NOT) and provide partial or exact match regular expressions for each of the criterion name-value pairs. The domain names matching the search criteria will be returned to the user.

Figure 26-2 shows an architectural depiction of the new service. Neustar's web-based service provides new search features based on requirements specified in Specification 4 Section 1.8.

To mitigate the risk of this powerful search service being abused by unscrupulous data miners, a layer of security will be built around the query engine which will allow the registry to identify rogue activities and then take appropriate measures. Potential abuses include, but are not limited to:

- Data Mining
- Unauthorized Access
- Excessive Querying
- Denial of Service Attacks

To mitigate the abuses noted above, Neustar will implement any or all of these mechanisms as appropriate:

- Username-password based authentication
- Certificate based authentication
- Data encryption
- CAPTCHA mechanism to prevent robo invocation of Web query
- Fee-based advanced query capabilities for premium customers.

The searchable WHOIS application will adhere to all privacy laws and policies of the ".site" registry.

## 26.9 Resourcing Plans

As with the SRS, the development, customization, and on-going support of the WHOIS service is the responsibility of a combination of technical and operational teams. The primary groups responsible for managing the service include:

- Development/Engineering - 19 employees
- Database Administration - 10 employees
- Systems Administration - 24 employees
- Network Engineering - 5 employees

Additionally, if customization or modifications are required, the Product Management and Quality Assurance teams will also be involved. Finally, the Network Operations and Information Security play an important role in ensuring the systems involved are operating securely and reliably. The necessary resources will be pulled from the pool of available resources described in detail in the response to Question 31. Neustar's WHOIS implementation is very mature, and has been in production for over 10 years. As such, very little new development will be required to support the implementation of the ".site" registry. The resources are more than adequate to support the WHOIS needs of all the TLDs operated by Neustar, including the ".site" registry.

## 27. Registration Life Cycle

### Introduction

Interlink Co., Ltd. (Interlink) will follow the lifecycle and business rules found in the majority of gTLDs today. Our back-end operator, Neustar, has over ten years of experience managing numerous TLDs that utilize standard and unique business rules and lifecycles. This section describes the business rules, registration states, and the overall domain lifecycle that will be use for "site".

### Domain Lifecycle - Description

The registry will use the EPP 1.0 standard for provisioning domain names, contacts and hosts. Each domain record is comprised of three registry object types: domain, contacts, and hosts. Domains, contacts and hosts may be assigned various EPP defined statuses indicating either a particular state or restriction placed on the object. Some statuses may be applied by the Registrar; other statuses may only be applied by the Registry. Statuses are an integral part of the domain lifecycle and serve the dual purpose of indicating the particular state of the domain and indicating any restrictions placed on the domain. The EPP standard defines 17 statuses, however only 14 of these statuses will be used in the ".site" registry per the defined ".site" business rules.

The following is a brief description of each of the statuses. Server statuses may only be applied by the Registry, and client statuses may be applied by the Registrar.

- OK - Default status applied by the Registry.
- Inactive - Default status applied by the Registry if the domain has less than 2 nameservers.
- PendingCreate - Status applied by the Registry upon processing a successful Create command, and indicates further action is pending. This status will not be used in the ".site" registry.
- PendingTransfer - Status applied by the Registry upon processing a successful Transfer request command, and indicates further action is pending.
- PendingDelete - Status applied by the Registry upon processing a successful Delete command that does not result in the immediate deletion of the domain, and indicates further action is pending.
- PendingRenew - Status applied by the Registry upon processing a successful Renew command that does not result in the immediate renewal of the domain, and indicates further action is pending. his status will not be used in the ".site" registry.
- PendingUpdate - Status applied by the Registry if an additional action is expected to complete the update, and indicates further action is pending. This status will not be used in the ".site" registry.

- Hold – Removes the domain from the DNS zone.
- UpdateProhibited – Prevents the object from being modified by an Update command.
- TransferProhibited – Prevents the object from being transferred to another Registrar by the Transfer command.
- RenewProhibited – Prevents a domain from being renewed by a Renew command.
- DeleteProhibited – Prevents the object from being deleted by a Delete command.

The lifecycle of a domain begins with the registration of the domain. All registrations must follow the EPP standard, as well as the specific business rules described in the response to Question 18 above. Upon registration a domain will either be in an active or inactive state. Domains in an active state are delegated and have their delegation information published to the zone. Inactive domains either have no delegation information or their delegation information is not published in the zone. Following the initial registration of a domain, one of five actions may occur during its lifecycle:

- Domain may be updated
- Domain may be deleted, either within or after the add-grace period
- Domain may be renewed at anytime during the term
- Domain may be auto-renewed by the Registry
- Domain may be transferred to another registrar.

Each of these actions may result in a change in domain state. This is described in more detail in the following section. Every domain must eventually be renewed, auto-renewed, transferred, or deleted. A registrar may apply EPP statuses described above to prevent specific actions such as updates, renewals, transfers, or deletions

### 27.1.1 Registration States

#### Domain Lifecycle – Registration States

As described above the “.site” registry will implement a standard domain lifecycle found in most gTLD registries today. There are five possible domain states:

- Active
- Inactive
- Locked
- Pending Transfer
- Pending Delete.

All domains are always in either an Active or Inactive state, and throughout the course of the lifecycle may also be in a Locked, Pending Transfer, and Pending Delete state. Specific conditions such as applied EPP policies and registry business rules will determine whether a domain can be transitioned between states. Additionally, within each state, domains may be subject to various timed events such as grace periods, and notification periods.

#### Active State

The active state is the normal state of a domain and indicates that delegation data has been provided and the delegation information is published in the zone. A domain in an Active state may also be in the Locked or Pending Transfer states.

#### Inactive State

The Inactive state indicates that a domain has not been delegated or that the delegation data has not been published to the zone. A domain in an Inactive state may also be in the Locked or Pending Transfer states. By default all domain in the Pending Delete state are also in the Inactive state.

#### Locked State

The Locked state indicates that certain specified EPP transactions may not be performed to the domain. A domain is considered to be in a Locked state if at least one restriction has been placed on the domain; however up to eight restrictions may be applied simultaneously. Domains in the Locked state will also be in the Active or Inactive, and under certain conditions may also be in the Pending Transfer or Pending Delete states.

## Pending Transfer State

The Pending Transfer state indicates a condition in which there has been a request to transfer the domain from one registrar to another. The domain is placed in the Pending Transfer state for a period of time to allow the current (losing) registrar to approve (ack) or reject (nack) the transfer request. Registrars may only nack requests for reasons specified in the Inter-Registrar Transfer Policy.

## Pending Delete State

The Pending Delete State occurs when a Delete command has been sent to the Registry after the first 5 days (120 hours) of registration. The Pending Delete period is 35-days during which the first 30-days the name enters the Redemption Grace Period (RGP) and the last 5-days guarantee that the domain will be purged from the Registry Database and available to public pool for registration on a first come, first serve basis.

## 27.1.2 Typical Registration Lifecycle Activities

### Domain Creation Process

The creation (registration) of domain names is the fundamental registry operation. All other operations are designed to support or compliment a domain creation. The following steps occur when a domain is created.

1. Contact objects are created in the SRS database. The same contact object may be used for each contact type, or they may all be different. If the contacts already exist in the database this step may be skipped.
2. Nameservers are created in the SRS database. Nameservers are not required to complete the registration process; however any domain with less than 2 name servers will not be resolvable.
3. The domain is created using the each of the objects created in the previous steps. In addition, the term and any client statuses may be assigned at the time of creation.

The actual number of EPP transactions needed to complete the registration of a domain name can be as few as one and as many as 40. The latter assumes seven distinct contacts and 13 nameservers, with Check and Create commands submitted for each object.

### Update Process

Registry objects may be updated (modified) using the EPP Modify operation. The Update transaction updates the attributes of the object.

For example, the Update operation on a domain name will only allow the following attributes to be updated:

- Domain statuses
- Registrant ID
- Administrative Contact ID
- Billing Contact ID
- Technical Contact ID
- Nameservers
- AuthInfo
- Additional Registrar provided fields.

The Update operation will not modify the details of the contacts. Rather it may be used to associate a different contact object (using the Contact ID) to the domain name. To update the details of the contact object the Update transaction must be applied to the contact itself. For example, if an existing registrant wished to update the postal address, the Registrar would use the Update command to modify the contact object, and not the domain object.

### Renew Process

The term of a domain may be extended using the EPP Renew operation. ICANN policy general establishes



the maximum term of a domain name to be 10 years, and Neustar recommends not deviating from this policy. A domain may be renewed/extended at any point time, even immediately following the initial registration. The only stipulation is that the overall term of the domain name may not exceed 10 years. If a Renew operation is performed with a term value will extend the domain beyond the 10 year limit, the Registry will reject the transaction entirely.

### Transfer Process

The EPP Transfer command is used for several domain transfer related operations:

- Initiate a domain transfer
- Cancel a domain transfer
- Approve a domain transfer
- Reject a domain transfer.

To transfer a domain from one Registrar to another the following process is followed:

1. The gaining (new) Registrar submits a Transfer command, which includes the AuthInfo code of the domain name.
2. If the AuthInfo code is valid and the domain is not in a status that does not allow transfers the domain is placed into pendingTransfer status
3. A poll message notifying the losing Registrar of the pending transfer is sent to the Registrar's message queue
4. The domain remains in pendingTransfer status for up to 120 hours, or until the losing (current) Registrar Acks (approves) or Nack (rejects) the transfer request
5. If the losing Registrar has not Acked or Nacked the transfer request within the 120 hour timeframe, the Registry auto-approves the transfer
6. The requesting Registrar may cancel the original request up until the transfer has been completed.

A transfer adds an additional year to the term of the domain. In the event that a transfer will cause the domain to exceed the 10 year maximum term, the Registry will add a partial term up to the 10 year limit. Unlike with the Renew operation, the Registry will not reject a transfer operation.

### Deletion Process

A domain may be deleted from the SRS using the EPP Delete operation. The Delete operation will result in either the domain being immediately removed from the database or the domain being placed in pendingDelete status. The outcome is dependent on when the domain is deleted. If the domain is deleted within the first five days (120 hours) of registration, the domain is immediately removed from the database. A deletion at any other time will result in the domain being placed in pendingDelete status and entering the Redemption Grace Period (RGP). Additionally, domains that are deleted within five days (120) hours of any billable (add, renew, transfer) transaction may be deleted for credit.

#### 27.1.3 Applicable Time Elements

The following section explains the time elements that are involved.

#### Grace Periods

There are six grace periods:

- Add-Delete Grace Period (AGP)
- Renew-Delete Grace Period
- Transfer-Delete Grace Period
- Auto-Renew-Delete Grace Period
- Auto-Renew Grace Period
- Redemption Grace Period (RGP).

The first four grace periods listed above are designed to provide the Registrar with the ability to

cancel a revenue transaction (add, renew, or transfer) within a certain period of time and receive a credit for the original transaction.

The following describes each of these grace periods in detail.

#### Add-Delete Grace Period

The APG is associated with the date the Domain was registered. Domains may be deleted for credit during the initial 120 hours of a registration, and the Registrar will receive a billing credit for the original registration. If the domain is deleted during the Add Grace Period, the domain is dropped from the database immediately and a credit is applied to the Registrar's billing account.

#### Renew-Delete Grace Period

The Renew-Delete Grace Period is associated with the date the Domain was renewed. Domains may be deleted for credit during the 120 hours after a renewal. The grace period is intended to allow Registrars to correct domains that were mistakenly renewed. It should be noted that domains that are deleted during the renew grace period will be placed into pendingDelete and will enter the RGP (see below).

#### Transfer-Delete Grace Period

The Transfer-Delete Grace Period is associated with the date the Domain was transferred to another Registrar. Domains may be deleted for credit during the 120 hours after a transfer. It should be noted that domains that are deleted during the renew grace period will be placed into pendingDelete and will enter the RGP. A deletion of domain after a transfer is not the method used to correct a transfer mistake. Domains that have been erroneously transferred or hijacked by another party can be transferred back to the original registrar through various means including contacting the Registry.

#### Auto-Renew-Delete Grace Period

The Auto-Renew-Delete Grace Period is associated with the date the Domain was auto-renewed. Domains may be deleted for credit during the 120 hours after an auto-renewal. The grace period is intended to allow Registrars to correct domains that were mistakenly auto-renewed. It should be noted that domains that are deleted during the auto-renew delete grace period will be placed into pendingDelete and will enter the RGP.

#### Auto-Renew Grace Period

The Auto-Renew Grace Period is a special grace period intended to provide registrants with an extra amount of time, beyond the expiration date, to renew their domain name. The grace period lasts for 45 days from the expiration date of the domain name. Registrars are not required to provide registrants with the full 45 days of the period.

#### Redemption Grace Period

The RGP is a special grace period that enables Registrars to restore domains that have been inadvertently deleted but are still in pendingDelete status within the Redemption Grace Period. All domains enter the RGP except those deleted during the AGP.

The RGP period is 30 days, during which time the domain may be restored using the EPP RenewDomain command as described below. Following the 30day RGP period the domain will remain in pendingDelete status for an additional five days, during which time the domain may NOT be restored. The domain is released from the SRS, at the end of the 5 day non-restore period. A restore fee applies and is detailed in the Billing Section. A renewal fee will be automatically applied for any domain past expiration.

Neustar has created a unique restoration process that uses the EPP Renew transaction to restore the domain and fulfill all the reporting obligations required under ICANN policy. The following describes the restoration process.

## 27.2 State Diagram

Figure 27-1 provides a description of the registration lifecycle.

The different states of the lifecycle are active, inactive, locked, pending transfer, and pending delete. Please refer to section 27.1.1 for detail description of each of these states. The lines between the states represent triggers that transition a domain from one state to another.

The details of each trigger are described below:

- Create: Registry receives a create domain EPP command.
- WithNS: The domain has met the minimum number of nameservers required by registry policy in order to be published in the DNS zone.
- WithoutNS: The domain has not met the minimum number of nameservers required by registry policy. The domain will not be in the DNS zone.
- Remove Nameservers: Domain's nameserver(s) is removed as part of an update domain EPP command. The total nameserver is below the minimum number of nameservers required by registry policy in order to be published in the DNS zone.
- Add Nameservers: Nameserver(s) has been added to domain as part of an update domain EPP command. The total number of nameservers has met the minimum number of nameservers required by registry policy in order to be published in the DNS zone.
- Delete: Registry receives a delete domain EPP command.
- DeleteAfterGrace: Domain deletion does not fall within the add grace period.
- DeleteWithinAddGrace: Domain deletion falls within add grace period.
- Restore: Domain is restored. Domain goes back to its original state prior to the delete command.
- Transfer: Transfer request EPP command is received.
- Transfer Approve/Cancel/Reject: Transfer requested is approved or cancel or rejected.
- TransferProhibited: The domain is in clientTransferProhibited and/or serverTransferProhibited status. This will cause the transfer request to fail. The domain goes back to its original state.
- DeleteProhibited: The domain is in clientDeleteProhibited and/or serverDeleteProhibited status. This will cause the delete command to fail. The domain goes back to its original state.

Note: the locked state is not represented as a distinct state on the diagram as a domain may be in a locked state in combination with any of the other states: inactive, active, pending transfer, or pending delete.

### 27.2.1 EPP RFC Consistency

As described above, the domain lifecycle is determined by ICANN policy and the EPP RFCs. Neustar has been operating ICANN TLDs for the past 10 years consistent and compliant with all the ICANN policies and related EPP RFCs.

### 27.3 Resources

The registration lifecycle and associated business rules are largely determined by policy and business requirements; as such the Neustar Product Management and Policy teams, as well as Interlink's consultants will play a critical role in working with Interlink to determine the precise rules that meet the requirements of ".site". Implementation of the lifecycle rules will be the responsibility of Development / Engineering team, with testing performed by the Quality Assurance team. Neustar's SRS implementation is very flexible and configurable, and in many case development is not required to support business rule changes.

The ".site" registry will be using standard lifecycle rules, and as such no customization is anticipated. However should modifications be required in the future, the necessary resources will be pulled from the pool of available resources described in detail in the response to Question 31. The following resources are available from those teams:

- Development/Engineering - 19 employees
- Registry Product Management - 4 employees

These resources are more than adequate to support the development needs of all the TLDs operated by Neustar, including the ".site" registry.

## 28. Abuse Prevention and Mitigation

### 28.1 Abuse Prevention and Mitigation

Strong abuse prevention of a new gTLD is an important benefit to the Internet community. As such, Interlink Co., Ltd. (Interlink), and back-end registry services provider, Neustar, agree that a registry must not only aim for the highest standards of technical and operational competence, but also needs to act as a steward of the space on behalf of the Internet community and ICANN in promoting the public interest. Neustar brings extensive experience establishing and implementing registration policies. This experience will be leveraged to help Interlink combat abusive and malicious domain activity within the new gTLD space.

One of those public interest functions for a responsible domain name registry includes working towards the eradication of abusive domain name registrations, including, but not limited to, those resulting from:

- Illegal or fraudulent actions
- Spam
- Phishing
- Pharming
- Distribution of malware
- Fast flux hosting
- Botnets
- Distribution of child pornography
- Online sale or distribution of illegal pharmaceuticals.

More specifically, although traditionally botnets have used Internet Relay Chat (IRC) servers to control registry and the compromised PCs, or bots, for DDoS attacks and the theft of personal information, an increasingly popular technique, known as fast-flux DNS, allows botnets to use a multitude of servers to hide a key host or to create a highly-available control network. This ability to shift the attacker's infrastructure over a multitude of servers in various countries creates an obstacle for law enforcement and security researchers to mitigate the effects of these botnets. But a point of weakness in this scheme is its dependence on DNS for its translation services. By taking an active role in researching and monitoring these sorts of botnets, Interlink's partner, Neustar, has developed the ability to efficiently work with various law enforcement and security communities to begin a new phase of mitigation of these types of threats.

#### Policies and Procedures to Minimize Abusive Registrations

A Registry must have the policies, resources, personnel, and expertise in place to combat such abusive DNS practices. As the registry provider, Neustar is at the forefront of the prevention of such abusive practices and is one of the few registry operators to have actually developed and implemented an active "domain takedown" policy. We also believe that a strong program is essential given that registrants have a reasonable expectation that they are in control of the data associated with their domains, especially its presence in the DNS zone. Because domain names are sometimes used as a mechanism to enable various illegitimate activities on the Internet often the best preventative measure to thwart these attacks is to remove the names completely from the DNS before they can impart harm, not only to the domain name registrant, but also to millions of unsuspecting Internet users.

Removing the domain name from the zone has the effect of shutting down all activity associated with the domain name, including the use of all websites and e-mail. The use of this technique should not be entered into lightly. Interlink, in conjunction with Neustar, has an extensive, defined, and documented process for taking the necessary action of removing a domain from the zone when its presence in the zone poses a threat to the security and stability of the infrastructure of the Internet or the registry.

#### Abuse Point of Contact

As required by the Registry Agreement, Interlink will establish and publish on its website a single abuse point of contact responsible for addressing inquiries from law enforcement and the public related to malicious and abusive conduct. Interlink will also provide such information to ICANN prior to the delegation of any domain names in the TLD. This information shall consist of, at a

minimum, a valid e-mail address dedicated solely to the handling of malicious conduct complaints, and a telephone number and mailing address for the primary contact. We will ensure that this information will be kept accurate and up to date and will be provided to ICANN if and when changes are made. In addition, with respect to inquiries from ICANN-Accredited registrars, our registry services provider, Neustar, shall have an additional point of contact, as it does today, handling requests by registrars related to abusive domain name practices.

## 28.2 Policies Regarding Abuse Complaints

One of the key policies each new gTLD registry will need to have is an Acceptable Use Policy that clearly delineates the types of activities that constitute "abuse" and the repercussions associated with an abusive domain name registration. In addition, the policy will be incorporated into the applicable Registry-Registrar Agreement and reserve the right for the registry to take the appropriate actions based on the type of abuse. This will include locking down the domain name preventing any changes to the contact and nameserver information associated with the domain name, placing the domain name "on hold" rendering the domain name non-resolvable, transferring to the domain name to another registrar, and/or in cases in which the domain name is associated with an existing law enforcement investigation, substituting name servers to collect information about the DNS queries to assist the investigation.

Interlink will adopt an Acceptable Use Policy that clearly defines the types of activities that will not be permitted in the TLD and reserves the right to lock, cancel, transfer or otherwise suspend or take down domain names violating the Acceptable Use Policy and allow the Registry where and when appropriate to share information with law enforcement. Each ICANN-Accredited Registrar must agree to pass through the Acceptable Use Policy to its Resellers (if applicable) and ultimately to the TLD registrants. Below is the Registry's initial Acceptable Use Policy that we will use in connection with ".site".

### ".site" Acceptable Use Policy Draft Language

This Acceptable Use Policy gives the Registry the ability to quickly lock, cancel, transfer or take ownership of any ".site" domain name, either temporarily or permanently, if the domain name is being used in a manner that appears to threaten the stability, integrity or security of the Registry, or any of its registrar partners - and/or that may put the safety and security of any registrant or user at risk. The process also allows the Registry to take preventive measures to avoid any such criminal or security threats.

The Acceptable Use Policy may be triggered through a variety of channels, including, among other things, private complaint, public alert, government or enforcement agency outreach, and the on-going monitoring by the Registry or its partners. In all cases, the Registry or its designees will alert Registry's registrar partners about any identified threats, and will work closely with them to bring offending sites into compliance.

The following are some (but not all) activities that may be subject to rapid domain compliance:

- Phishing: the attempt to acquire personally identifiable information by masquerading as a website other than its own.
- Pharming: the redirection of Internet users to websites other than those the user intends to visit, usually through unauthorized changes to the Hosts file on a victim's computer or DNS records in DNS servers.
- Dissemination of Malware: the intentional creation and distribution of "malicious" software designed to infiltrate a computer system without the owner's consent, including, without limitation, computer viruses, worms, key loggers, and Trojans.
- Fast Flux Hosting: a technique used to shelter Phishing, Pharming and Malware sites and networks from detection and to frustrate methods employed to defend against such practices, whereby the IP address associated with fraudulent websites are changed rapidly so as to make the true location of the sites difficult to find.
- Botnetting: the development and use of a command, agent, motor, service, or software which is implemented: (1) to remotely control the computer or computer system of an Internet user without their knowledge or consent, (2) to generate direct denial of service (DDOS) attacks.

- **Malicious Hacking:** the attempt to gain unauthorized access (or exceed the level of authorized access) to a computer, information system, user account or profile, database, or security system.
- **Child Pornography:** the storage, publication, display and/or dissemination of pornographic materials depicting individuals under the age of majority in the relevant jurisdiction.

The Registry reserves the right, in its sole discretion, to take any administrative and operational actions necessary, including the use of computer forensics and information security technological services, among other things, in order to implement the Acceptable Use Policy. In addition, the Registry reserves the right to deny, cancel or transfer any registration or transaction, or place any domain name(s) on registry lock, hold or similar status, that it deems necessary, in its discretion; (1) to protect the integrity and stability of the registry; (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process; (3) to avoid any liability, civil or criminal, on the part of Registry as well as its affiliates, subsidiaries, officers, directors, and employees; (4) per the terms of the registration agreement or (5) to correct mistakes made by the Registry or any Registrar in connection with a domain name registration. Registry also reserves the right to place upon registry lock, hold or similar status a domain name during resolution of a dispute.

#### Taking Action Against Abusive and/or Malicious Activity

The Registry is committed to ensuring that those domain names associated with abuse or malicious conduct in violation of the Acceptable Use Policy are dealt with in a timely and decisive manner. These include taking action against those domain names that are being used to threaten the stability and security of the TLD, or is part of a real-time investigation by law enforcement.

Once a complaint is received from a trusted source, third-party, or detected by the Registry, the Registry will use commercially reasonable efforts to verify the information in the complaint. If that information can be verified to the best of the ability of the Registry, the sponsoring registrar will be notified and be given a predetermined amount of time defined in the Registry-Registrar Agreement to investigate the activity and either take down the domain name by placing the domain name on hold or by deleting the domain name in its entirety or providing a compelling argument to the Registry to keep the name in the zone. If the registrar has not taken the requested action after the timeframe expires (i.e., is unresponsive to the request or refuses to take action), the Registry will place the domain on "ServerHold". Although this action removes the domain name from the TLD zone, the domain name record still appears in the TLD WHOIS database so that the name and entities can be investigated by law enforcement should they desire to get involved.

#### Coordination with Law Enforcement

With the assistance of Neustar as its back-end registry services provider, the Registry can meet its obligations under Section 2.8 of the Registry Agreement where required to take reasonable steps to investigate and respond to reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of its TLD. The Registry will respond to legitimate law enforcement inquiries within one business day from receiving the request. Such response shall include, at a minimum, an acknowledgement of receipt of the request, questions or comments concerning the request, and an outline of the next steps to be taken by the Registry for rapid resolution of the request.

In the event such request involves any of the activities which can be validated by the Registry and involves the type of activity set forth in the Acceptable Use Policy, the sponsoring registrar is then given a predetermined amount of time defined in the Registry-Registrar Agreement to investigate the activity further and either take down the domain name by placing the domain name on hold or by deleting the domain name in its entirety or providing a compelling argument to the registry to keep the name in the zone. If the registrar has not taken the requested action after the timeframe expires (i.e., is unresponsive to the request or refuses to take action), the Registry will place the domain on "serverHold".

#### 28.3 Measures for Removal of Orphan Glue Records

As the Security and Stability Advisory Committee of ICANN (SSAC) rightly acknowledges, although orphaned glue records may be used for abusive or malicious purposes, the "dominant use of orphaned glue supports the correct and ordinary operation of the DNS." See

<http://www.icann.org/en/committees/security/sac048.pdf>.

While orphan glue often support correct and ordinary operation of the DNS, we understand that such glue records can be used maliciously to point to name servers that host domains used in illegal phishing, bot-nets, malware, and other abusive behaviors. Problems occur when the parent domain of the glue record is deleted but its children glue records still remain in DNS. Therefore, when the Registry has written evidence of actual abuse of orphaned glue, the Registry will take action to remove those records from the zone to mitigate such malicious conduct.

Neustar run a daily audit of entries in its DNS systems and compares those with its provisioning system. This serves as an umbrella protection to make sure that items in the DNS zone are valid. Any DNS record that shows up in the DNS zone but not in the provisioning system will be flagged for investigation and removed if necessary. This daily DNS audit serves to not only prevent orphaned hosts but also other records that should not be in the zone.

In addition, if either Interlink or Neustar become aware of actual abuse on orphaned glue after receiving written notification by a third party through its Abuse Contact or through its customer support, such glue records will be removed from the zone.

#### 28.4 Measures to Promote WHOIS Accuracy

Interlink acknowledges that ICANN has developed a number of mechanisms over the past decade that are intended to address the issue of inaccurate WHOIS information. Such measures alone have not proven to be sufficient and Interlink will offer a mechanism whereby third parties can submit complaints directly to the registry (as opposed to ICANN or the sponsoring Registrar) about inaccurate or incomplete WHOIS data. Such information shall be forwarded to the sponsoring Registrar, who shall be required to address those complaints with their registrants. Thirty days after forwarding the complaint to the registrar, Interlink will examine the current WHOIS data for names that were alleged to be inaccurate to determine if the information was corrected, the domain name was deleted, or there was some other disposition. If the Registrar has failed to take any action, or it is clear that the Registrant was either unwilling or unable to correct the inaccuracies, Interlink reserves the right to suspend the applicable domain name(s) until such time as the Registrant is able to cure the deficiencies.

In addition, Interlink shall on its own initiative, no less than twice per year, perform a manual review of a random sampling of ".site" domain names to test the accuracy of the WHOIS information. Although this will not include verifying the actual information in the WHOIS record, Interlink will be examining the WHOIS data for prima facie evidence of inaccuracies. In the event that such evidence exists, it shall be forwarded to the sponsoring Registrar, who shall be required to address those complaints with their registrants. Thirty days after forwarding the complaint to the registrar, the registry will examine the current WHOIS data for names that were alleged to be inaccurate to determine if the information was corrected, the domain name was deleted, or there was some other disposition. If the Registrar has failed to take any action, or it is clear that the Registrant was either unwilling or unable to correct the inaccuracies, Interlink reserves the right to suspend the applicable domain name(s) until such time as the Registrant is able to cure the deficiencies.

##### 28.4.1 Authentication of Registrant Information (Option)

Authentication of registrant information as complete and accurate at time of registration. Measures to accomplish this could include performing background checks, verifying all contact information of principals mentioned in registration data, reviewing proof of establishment documentation, and other means.

##### 28.4.2 Monitoring of Registration Data (Option)

Regular monitoring of registration data for accuracy and completeness, employing authentication methods, and establishing policies and procedures to address domain names with inaccurate or incomplete WHOIS data.

##### 28.4.3 Policies and Procedures Ensuring Compliance (Option)

If relying on registrars to enforce measures, establishing policies and procedures to ensure compliance, which may include audits, financial incentives, penalties, or other means. Note that the requirements of the RAA will continue to apply to all ICANN-accredited registrars.

## 28.5 Resourcing Plans

Responsibility for abuse mitigation rests with a variety of functional groups. The Abuse Monitoring team is primarily responsible for providing analysis and conducting investigations of reports of abuse. The customer service team also plays an important role in assisting with the investigations, responded to customers, and notifying registrars of abusive domains. Finally, the Policy/Legal team is responsible for developing the relevant policies and procedures.

The necessary resources will be pulled from the pool of available resources described in detail in the response to Question 31. The following resources are available from those teams:

- Customer Support - 12 employees
- Policy/Legal - 2 employees

The resources are more than adequate to support the abuse mitigation procedures of the ".site" registry.

## 29. Rights Protection Mechanisms

### 29.1. Rights Protection Mechanisms

Interlink Co., Ltd. (Interlink), is firmly committed to the protection of Intellectual Property rights and to implementing the mandatory rights protection mechanisms contained in the Applicant Guidebook and detailed in Specification 7 of the Registry Agreement. Interlink recognizes that although the New gTLD program includes significant protections beyond those that were mandatory for a number of the current TLDs, a key motivator for Interlink's selection of Neustar as its registry services provider is Neustar's experience in successfully launching a number of TLDs with diverse rights protection mechanisms, including many the ones required in the Applicant Guidebook. More specifically, Interlink will implement the following rights protection mechanisms in accordance with the Applicant Guidebook as further described below:

- Trademark Clearinghouse: a one-stop shop so that trademark holders can protect their trademarks with a single registration.
- Sunrise and Trademark Claims processes for the TLD.
- Implementation of the Uniform Dispute Resolution Policy to address domain names that have been registered and used in bad faith in the TLD.
- Uniform Rapid Suspension: A quicker, more efficient and cheaper alternative to the Uniform Dispute Resolution Policy to deal with clear cut cases of cybersquatting.
- Implementation of a Thick WHOIS making it easier for rights holders to identify and locate infringing parties

#### A. Trademark Clearinghouse Including Sunrise and Trademark Claims

The first mandatory rights protection mechanism ("RPM") required to be implemented by each new gTLD Registry is support for, and interaction with, the trademark clearinghouse. The trademark clearinghouse is intended to serve as a central repository for information to be authenticated, stored and disseminated pertaining to the rights of trademark holders. The data maintained in the clearinghouse will support and facilitate other RPMs, including the mandatory Sunrise Period and Trademark Claims service. Although many of the details of how the trademark clearinghouse will interact with each registry operator and registrars, Interlink is actively monitoring the developments of the Implementation Assistance Group ("IAG") designed to assist ICANN staff in firming up the rules and procedures associated with the policies and technical requirements for the trademark clearinghouse. In addition, Interlink's back-end registry services provider is actively



participating in the IAG to ensure that the protections afforded by the clearinghouse and associated RPMs are feasible and implementable.

Utilizing the trademark clearinghouse, all operators of new gTLDs must offer: (i) a sunrise registration service for at least 30 days during the pre-launch phase giving eligible trademark owners an early opportunity to register second-level domains in new gTLDs; and (ii) a trademark claims service for at least the first 60 days that second-level registrations are open. The trademark claim service is intended to provide clear notice to a potential registrant of the rights of a trademark owner whose trademark is registered in the clearinghouse.

Interlink's registry service provider for ".site", Neustar, has already implemented Sunrise and/or Trademark Claims programs for numerous TLDs including .biz, .us, .travel, .tel and .co and will implement the both of these services for ".site".

#### Neustar's Experience in Implementing Sunrise and Trademark Claims Processes

In early 2002, Neustar became the first registry operator to launch a successful authenticated Sunrise process. This process permitted qualified trademark owners to pre-register their trademarks as domain names in the .us TLD space prior to the opening of the space to the general public. Unlike any other "Sunrise" plans implemented (or proposed before that time), Neustar validated the authenticity of Trademark applications and registrations with the United States Patent and Trademark Office (USPTO).

Subsequently, as the back-end registry operator for the .tel gTLD and the .co ccTLD, Neustar launched validated Sunrise programs employing processes. These programs are very similar to those that are to be employed by the Trademark Clearinghouse for new gTLDs.

Below is a high level overview of the implementation of the .co Sunrise period that demonstrates Neustar's experience and ability to provide a Sunrise service and an overview of Neustar's experience in implementing a Trademark Claims program to trademark owners for the launch of .BIZ. Neustar's experience in each of these rights protection mechanisms will enable it to seamlessly provide these services for ".site" on behalf of Interlink as required by ICANN.

#### a) Sunrise and .co

The Sunrise process for .co was divided into two sub-phases:

- Local Sunrise giving holders of eligible trademarks that have obtained registered status from the Colombian trademark office the opportunity apply for the .CO domain names corresponding with their marks
- Global Sunrise program giving holders of eligible registered trademarks of national effect, that have obtained a registered status in any country of the world the opportunity apply for the .CO domain names corresponding with their marks for a period of time before registration is open to the public at large.

Like the new gTLD process set forth in the Applicant Guidebook, trademark owners had to have their rights validated by a Clearinghouse provider prior to the registration being accepted by the Registry. The Clearinghouse used a defined process for checking the eligibility of the legal rights claimed as the basis of each Sunrise application using official national trademark databases and submitted documentary evidence.

Applicants and/or their designated agents had the option of interacting directly with the Clearinghouse to ensure their applications were accurate and complete prior to submitting them to the Registry pursuant to an optional "Pre-validation Process". Whether or not an applicant was "pre-validated", the applicant had to submit its corresponding domain name application through an accredited registrar. When the Applicant was pre-validated through the Clearinghouse, each was given an associated approval number that it had to supply the registry. If they were not pre-validated, applicants were required to submit the required trademark information through their registrar to the Registry.

As the registry level, Neustar, subsequently either delivered the:

- Approval number and domain name registration information to the Clearinghouse
- When there was no approval number, trademark information and the domain name registration

information was provided to the Clearinghouse through EPP (as is currently required under the Applicant Guidebook).

Information was then used by the Clearinghouse as either further validation of those pre-validated applications, or initial validation of those that did not go through pre-validation. If the applicant was validated and their trademark matched the domain name applied-for, the Clearinghouse communicated that fact to the Registry via EPP.

When there was only one validated sunrise application, the application proceeded to registration when the .co launched. If there were multiple validated applications (recognizing that there could be multiple trademark owners sharing the same trademark), those were included in the .co Sunrise auction process. Neustar tracked all of the information it received and the status of each application and posted that status on a secure Website to enable trademark owners to view the status of its Sunrise application.

Although the exact process for the Sunrise program and its interaction between the trademark owner, Registry, Registrar, and IP Clearinghouse is not completely defined in the Applicant Guidebook and is dependent on the current RFI issued by ICANN in its selection of a Trademark Clearinghouse provider, Neustar's expertise in launching multiple Sunrise processes and its established software will implement a smooth and compliant Sunrise process for the new gTLDs.

#### b) Trademark Claims Service Experience

With Neustar's biz TLD launched in 2001, Neustar became the first TLD with a Trademark Claims service. Neustar developed the Trademark Claim Service by enabling companies to stake claims to domain names prior to the commencement of live .biz domain registrations.

During the Trademark Claim process, Neustar received over 80,000 Trademark Claims from entities around the world. Recognizing that multiple intellectual property owners could have trademark rights in a particular mark, multiple Trademark Claims for the same string were accepted. All applications were logged into a Trademark Claims database managed by Neustar.

The Trademark Claimant was required to provide various information about their trademark rights, including the:

- Particular trademark or service mark relied on for the trademark Claim
- Date a trademark application on the mark was filed, if any, on the string of the domain name
- Country where the mark was filed, if applicable
- Registration date, if applicable
- Class or classes of goods and services for which the trademark or service mark was registered
- Name of a contact person with whom to discuss the claimed trademark rights.

Once all Trademark Claims and domain name applications were collected, Neustar then compared the claims contained within the Trademark Claims database with its database of collected domain name applications (DNAs). In the event of a match between a Trademark Claim and a domain name application, an e-mail message was sent to the domain name applicant notifying the applicant of the existing Trademark Claim. The e-mail also stressed that if the applicant chose to continue the application process and was ultimately selected as the registrant, the applicant would be subject to Neustar's dispute proceedings if challenged by the Trademark Claimant for that particular domain name.

The domain name applicant had the option to proceed with the application or cancel the application. Proceeding on an application meant that the applicant wanted to go forward and have the application proceed to registration despite having been notified of an existing Trademark Claim. By choosing to "cancel," the applicant made a decision in light of an existing Trademark Claim notification to not proceed.

If the applicant did not respond to the e-mail notification from Neustar, or elected to cancel the application, the application was not processed. This resulted in making the applicant ineligible to register the actual domain name. If the applicant affirmatively elected to continue the application process after being notified of the claimant's (or claimants') alleged trademark rights to the desired domain name, Neustar processed the application.

This process is very similar to the one ultimately adopted by ICANN and incorporated in the latest

version of the Applicant Guidebook. Although the collection of Trademark Claims for new gTLDs will be by the Trademark Clearinghouse, many of the aspects of Neustar's Trademark Claims process in 2001 are similar to those in the Applicant Guidebook. This makes Neustar uniquely qualified to implement the new gTLD Trademark Claims process.

## B. Uniform Dispute Resolution Policy (UDRP) and Uniform Rapid Suspension (URS)

### UDRP

Prior to joining Neustar, Mr. Neuman was a key contributor to the development of the Uniform Dispute Resolution Policy ("UDRP") in 1998. This became the first "Consensus Policy" of ICANN and has been required to be implemented by all domain name registries since that time. The UDRP is intended as an alternative dispute resolution process to transfer domain names from those that have registered and used domain names in bad faith. Although there is not much of an active role that the domain name registry plays in the implementation of the UDRP, Neustar has closely monitored UDRP decisions that have involved the TLDs for which it supports and ensures that the decisions are implemented by the registrars supporting its TLDs. When alerted by trademark owners of failures to implement UDRP decisions by its registrars, Neustar either proactively implements the decisions itself or reminds the offending registrar of its obligations to implement the decision.

### URS

In response to complaints by trademark owners that the UDRP was too cost prohibitive and slow, and the fact that more than 70 percent of UDRP cases were "clear cut" cases of cybersquatting, ICANN adopted the IRT's recommendation that all new gTLD registries be required, pursuant to their contracts with ICANN, to take part in a Uniform Rapid Suspension System ("URS"). The purpose of the URS is to provide a more cost effective and timely mechanism for brand owners than the UDRP to protect their trademarks and to promote consumer protection on the Internet.

The URS is not meant to address Questionable cases of alleged infringement (e.g., use of terms in a generic sense) or for anti-competitive purposes or denial of free speech, but rather for those cases in which there is no genuine contestable issue as to the infringement and abuse that is taking place.

Unlike the UDRP which requires little involvement of gTLD registries, the URS envisages much more of an active role at the registry-level. For example, rather than requiring the registrar to lock down a domain name subject to a UDRP dispute, it is the registry under the URS that must lock the domain within 24 hours of receipt of the complaint from the URS Provider to restrict all changes to the registration data, including transfer and deletion of the domain names.

In addition, in the event of a determination in favor of the complainant, the registry is required to suspend the domain name. This suspension remains for the balance of the registration period and would not resolve the original website. Rather, the nameservers would be redirected to an informational web page provided by the URS Provider about the URS.

Additionally, the WHOIS reflects that the domain name will not be able to be transferred, deleted, or modified for the life of the registration. Finally, there is an option for a successful complainant to extend the registration period for one additional year at commercial rates.

Interlink is fully aware of each of these requirements and will have the capability to implement these requirements for new gTLDs. In fact, during the IRT's development of the URS, Neustar began examining the implications of the URS on its registry operations and provided the IRT with feedback on whether the recommendations from the IRT would be feasible for registries to implement.

Although there have been a few changes to the URS since the IRT recommendations, Neustar continued to participate in the development of the URS by providing comments to ICANN, many of which were adopted. As a result, Neustar is committed to supporting the URS for all of the registries that it provides back-end registry services.

## C. Implementation of Thick WHOIS

The ".site" registry will include a thick WHOIS database as required in Specification 4 of the Registry agreement. A thick WHOIS provides numerous advantages including a centralized location of registrant information, the ability to more easily manage and control the accuracy of data, and a

consistent user experience.

#### D. Policies Handling Complaints Regarding Abuse

In addition the Rights Protection mechanisms addressed above, Interlink will implement a number of measures to handle complaints regarding the abusive registration of domain names in its TLD as described in response to Question 28.

##### Registry Acceptable Use Policy

One of the key policies each new gTLD registry is the need to have is an Acceptable Use Policy that clearly delineates the types of activities that constitute "abuse" and the repercussions associated with an abusive domain name registration. The policy must be incorporated into the applicable Registry-Registrar Agreement and reserve the right for the registry to take the appropriate actions based on the type of abuse. This may include locking down the domain name preventing any changes to the contact and nameserver information associated with the domain name, placing the domain name "on hold" rendering the domain name non-resolvable, transferring to the domain name to another registrar, and/or in cases in which the domain name is associated with an existing law enforcement investigation, substituting name servers to collect information about the DNS queries to assist the investigation. Interlink's Acceptable Use Policy, set forth in our response to Question 28, will include prohibitions on phishing, pharming, dissemination of malware, fast flux hosting, hacking, and child pornography. In addition, the policy will include the right of the registry to take action necessary to deny, cancel, suspend, lock, or transfer any registration in violation of the policy.

##### Monitoring for Malicious Activity

Interlink is committed to ensuring that those domain names associated with abuse or malicious conduct in violation of the Acceptable Use Policy are dealt with in a timely and decisive manner. These include taking action against those domain names that are being used to threaten the stability and security of the TLD, or is part of a real-time investigation by law enforcement.

Once a complaint is received from a trusted source, third-party, or detected by the Registry, the Registry will use commercially reasonable efforts to verify the information in the complaint. If that information can be verified to the best of the ability of the Registry, the sponsoring registrar will be notified and be given 12 hours to investigate the activity and either take down the domain name by placing the domain name on hold or by deleting the domain name in its entirety or providing a compelling argument to the Registry to keep the name in the zone. If the registrar has not taken the requested action after the 12-hour period (i.e., is unresponsive to the request or refuses to take action), the Registry will place the domain on "ServerHold". Although this action removes the domain name from the TLD zone, the domain name record still appears in the TLD WHOIS database so that the name and entities can be investigated by law enforcement should they desire to get involved.

#### 29.2 Safeguards against Unqualified Registrations

Interlink has developed a Nexus policy with regards to registrations for ".site" domain names. A draft of the Nexus policy can be found as an attachment to this application. In order to safeguard against unqualified registrations, the registry will engage in periodic scanning of registrations to ensure compliance. Additionally, the registry will conduct random checks on domain registration information to and review compliance with the Nexus policy. In the event of non-compliance the registry will take the appropriate action as outlined in the Nexus policy.

#### 29.3 Resourcing Plans

The rights protection mechanisms described in the response above involve a wide range of tasks, procedures, and systems. The responsibility for each mechanism varies based on the specific requirements. In general the development of applications such as sunrise and IP claims is the responsibility of the Engineering team, with guidance from the Product Management team. Customer Support and Legal play a critical role in enforcing certain policies such as the rapid suspension process. These teams have years of experience implementing these or similar processes.

The necessary resources will be pulled from the pool of available resources described in detail in the response to Question 31. The following resources are available from those teams:

- Development/Engineering - 19 employees
- Product Management- 4 employees
- Customer Support - 12 employees

The resources are more than adequate to support the rights protection mechanisms of the ".site" registry.

### 30(a). Security Policy: Summary of the security policy for the proposed registry

Interlink Co., Ltd. (Interlink), and its back-end operator, Neustar, recognize the vital need to secure the systems and the integrity of the data in commercial solutions. The ".site" registry solution will leverage industry-best security practices including the consideration of physical, network, server, and application elements.

Neustar's approach to information security starts with comprehensive information security policies. These are based on the industry best practices for security including SANS (SysAdmin, Audit, Network, Security) Institute, NIST (National Institute of Standards and Technology), and Center for Internet Security (CIS). Policies are reviewed annually by Neustar's information security team.

The following is a summary of the security policies that will be used in the ".site" registry, including:

1. Description of independent security assessments
2. Description of security features that are appropriate for ".site"
3. List of commitments made to registrants regarding security levels
4. Summary of the security policies used in the registry operations

All of the security policies and levels described in this section are appropriate for ".site".

#### 30.(a).1 Summary of Security Policies

Neustar, Inc. has developed a comprehensive Information Security Program in order to create effective administrative, technical, and physical safeguards for the protection of its information assets, and to comply with Neustar's obligations under applicable law, regulations, and contracts. This Program establishes Neustar's policies for accessing, collecting, storing, using, transmitting, and protecting electronic, paper, and other records containing sensitive information.

The Program defines:

- The policies for internal users and our clients to ensure the safe, organized and fair use of information resources.
- The rights that can be expected with that use.
- The standards that must be met to effectively comply with policy.
- The responsibilities of the owners, maintainers, and users of Neustar's information resources.
- Rules and principles used at Neustar to approach information security issues

A full copy of Neustar's Information Security Charter and Policy has been attached to Question 30b.

The following policies are included in the Program:

#### 1. Acceptable Use Policy

The Acceptable Use Policy provides the "rules of behavior" covering all Neustar Associates for using Neustar resources or accessing sensitive information.

#### 2. Information Risk Management Policy

The Information Risk Management Policy describes the requirements for the on-going information security risk management program, including defining roles and responsibilities for conducting and

evaluating risk assessments, assessments of technologies used to provide information security and monitoring procedures used to measure policy compliance.

### 3. Data Protection Policy

The Data Protection Policy provides the requirements for creating, storing, transmitting, disclosing, and disposing of sensitive information, including data classification and labeling requirements, the requirements for data retention. Encryption and related technologies such as digital certificates are also covered under this policy.

### 4. Third Party Policy

The Third Party Policy provides the requirements for handling service provider contracts, including specifically the vetting process, required contract reviews, and on-going monitoring of service providers for policy compliance.

### 5. Security Awareness and Training Policy

The Security Awareness and Training Policy provide the requirements for managing the on-going awareness and training program at Neustar. This includes awareness and training activities provided to all Neustar Associates.

### 6. Incident Response Policy

The Incident Response Policy provides the requirements for reacting to reports of potential security policy violations. This policy defines the necessary steps for identifying and reporting security incidents, remediation of problems, and conducting "lessons learned" post-mortem reviews in order to provide feedback on the effectiveness of this Program. Additionally, this policy contains the requirement for reporting data security breaches to the appropriate authorities and to the public, as required by law, contractual requirements, or regulatory bodies.

### 7. Physical and Environmental Controls Policy

The Physical and Environment Controls Policy provides the requirements for securely storing sensitive information and the supporting information technology equipment and infrastructure. This policy includes details on the storage of paper records as well as access to computer systems and equipment locations by authorized personnel and visitors.

### 8. Privacy Policy

Neustar supports the right to privacy, including the rights of individuals to control the dissemination and use of personal data that describes them, their personal choices, or life experiences. Neustar supports domestic and international laws and regulations that seek to protect the privacy rights of such individuals.

### 9. Identity and Access Management Policy

The Identity and Access Management Policy covers user accounts (login ID naming convention, assignment, authoritative source) as well as ID lifecycle (request, approval, creation, use, suspension, deletion, review), including provisions for system/application accounts, shared/group accounts, guest/public accounts, temporary/emergency accounts, administrative access, and remote access. This policy also includes the user password policy requirements.

### 10. Network Security Policy

The Network Security Policy covers aspects of Neustar network infrastructure and the technical controls in place to prevent and detect security policy violations.

## 11. Platform Security Policy

The Platform Security Policy covers the requirements for configuration management of servers, shared systems, applications, databases, middle-ware, and desktops and laptops owned or operated by Neustar Associates.

## 12. Mobile Device Security Policy

The Mobile Device Policy covers the requirements specific to mobile devices with information storage or processing capabilities. This policy includes laptop standards, as well as requirements for PDAs, mobile phones, digital cameras and music players, and any other removable device capable of transmitting, processing or storing information.

## 13. Vulnerability and Threat Management Policy

The Vulnerability and Threat Management Policy provides the requirements for patch management, vulnerability scanning, penetration testing, threat management (modeling and monitoring) and the appropriate ties to the Risk Management Policy.

## 14. Monitoring and Audit Policy

The Monitoring and Audit Policy covers the details regarding which types of computer events to record, how to maintain the logs, and the roles and responsibilities for how to review, monitor, and respond to log information. This policy also includes the requirements for backup, archival, reporting, forensics use, and retention of audit logs.

## 15. Project and System Development and Maintenance Policy

The System Development and Maintenance Policy covers the minimum security requirements for all software, application, and system development performed by or on behalf of Neustar and the minimum security requirements for maintaining information systems.

## 30. (a).2 Independent Assessment Reports

Neustar IT Operations is subject to yearly Sarbanes-Oxley (SOX), Statement on Auditing Standards #70 (SAS70) and ISO audits. Testing of controls implemented by Neustar management in the areas of access to programs and data, change management and IT Operations are subject to testing by both internal and external SOX and SAS70 audit groups. Audit Findings are communicated to process owners, Quality Management Group and Executive Management. Actions are taken to make process adjustments where required and remediation of issues is monitored by internal audit and QM groups. External Penetration Test is conducted by a third party on a yearly basis. As authorized by Neustar, the third party performs an external Penetration Test to review potential security weaknesses of network devices and hosts and demonstrate the impact to the environment. The assessment is conducted remotely from the Internet with testing divided into four phases:

- A network survey is performed in order to gain a better knowledge of the network that was being tested
- Vulnerability scanning is initiated with all the hosts that are discovered in the previous phase
- Identification of key systems for further exploitation is conducted
- Exploitation of the identified systems is attempted.

Each phase of the audit is supported by detailed documentation of audit procedures and results. Identified vulnerabilities are classified as high, medium and low risk to facilitate management's prioritization of remediation efforts. Tactical and strategic recommendations are provided to management supported by reference to industry best practices.

Please reference the confidential individual assessment reports attached to Question 30b.

### 30.(a).3 Augmented Security Levels and Capabilities

There are no increased security levels specific for ".site". However, Neustar will provide the same high level of security provided across all of the registries it manages.

A key to Neustar's Operational success is Neustar's highly structured operations practices. The standards and governance of these processes:

- Include annual independent review of information security practices
- Include annual external penetration tests by a third party
- Conform to the ISO 9001 standard (Part of Neustar's ISO-based Quality Management System)
- Are aligned to Information Technology Infrastructure Library (ITIL) and CoBIT best practices
- Are aligned with all aspects of ISO IEC 17799
- Are in compliance with Sarbanes-Oxley (SOX) requirements (audited annually)
- Are focused on continuous process improvement (metrics driven with product scorecards reviewed monthly).

A summary view to Neustar's security policy in alignment with ISO 17799 can be found in section 30.(a).4 below.

### 30.(a).4 Commitments and Security Levels

Interlink commits to high security levels that are consistent with the needs of the TLD. These commitments include:

#### Compliance with High Security Standards

- Security procedures and practices that are in alignment with ISO 17799
- Annual SOC 2 Audits on all critical registry systems
- Annual 3rd Party Penetration Tests
- Annual Sarbanes Oxley Audits

#### Highly Developed and Document Security Policies

- Compliance with all provisions described in section 30.(a).4 below and in the attached security policy document.
- Resources necessary for providing information security
- Fully documented security policies
- Annual security training for all operations personnel

#### High Levels of Registry Security

- Multiple redundant data centers
- High Availability Design
- Architecture that includes multiple layers of security
- Diversified firewall and networking hardware vendors
- Multi-factor authentication for accessing registry systems
- Physical security access controls
- A 24x7 manned Network Operations Center that monitors all systems and applications
- A 24x7 manned Security Operations Center that monitors and mitigates DDoS attacks
- DDoS mitigation using traffic scrubbing technologies

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# **EXHIBIT AC-22**



## New gTLD Application Submitted to ICANN by: Ruby Glen, LLC

Application Downloaded On: 12 Jul 2019

String web

Application ID: 1-1527-54849

### Applicant Information

1. Full legal name

**Ruby Glen, LLC**

2. Address of the principal place of business

Contact Information Redacted

3. Phone number

Contact Information Redacted

4. Fax number

Contact Information Redacted

5. If applicable, website or URL

### Primary Contact

6(a). Name

**Alvaro Alvarez**

6(b). Title

**EVP, Donuts Inc.**

6(c). Address

6(d). Phone Number

Contact Information Redacted

6(e). Fax Number

6(f). Email Address

Contact Information Redacted

## Secondary Contact

7(a). Name

Dessa Dal Porto

7(b). Title

Director, Donuts Inc.

7(c). Address

7(d). Phone Number

Contact Information Redacted

7(e). Fax Number

Contact Information Redacted

7(f). Email Address

Contact Information Redacted

## Proof of Legal Establishment

8(a). Legal form of the Applicant

Limited Liability Company

8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).

Delaware. <http://delcode.delaware.gov/title6/c018/sc01/index.shtml>

8(c). Attach evidence of the applicant's establishment.

Attachments are not displayed on this form.

9(a). If applying company is publicly traded, provide the exchange and symbol

9(b). If the applying entity is a subsidiary, provide the parent company.

9(c). If the applying entity is a joint venture, list all joint venture partners

## Applicant Background

11(a). Name(s) and position(s) of all directors

11(b) Name(s) and position(s) of all officers and partners

11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares

Name	Position
Covered TLD, LLC	N/A

11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility

Name	Position
Akram Atallah	CEO, Donuts Inc.
Paul Stahura	Executive Chair of the Board, Donuts Inc.

## Applied-for gTLD string

13. Provide the applied-for gTLD string. If an IDN, provide the U-label.

web

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14A. If applying for an IDN, provide the A-label (beginning with "xn--").

---

14B. If an IDN, provide the meaning, or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant

---

14C1. If an IDN, provide the language of the label (in English).

---

14C2. If an IDN, provide the language of the label (as referenced by ISO-639-1).

---

14D1. If an IDN, provide the script of the label (in English).

---

14D2 If an IDN, provide the script of the label (as referenced by ISO 15924)

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14E. If an IDN, list all code points contained in the U-label according to Unicode form.

---

15A. If an IDN, upload IDN tables for the proposed registry. An IDN table must include:

- the applied-for gTLD string relevant to the tables,
  - 2 the script or language designator (as defined in BCP 47),
  - 3 table version number,
  - 4 effective date (DD Month YYYY), and
  - 5 contact name, email address, and phone number.
- Submission of IDN tables in a standards-based format is encouraged.
- 

15B Describe the process used for development of the IDN tables submitted, including consultations and sources used.

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15C. List any variants to the applied-for gTLD string according to the relevant IDN tables.

---

16 Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications

Donuts has conducted technical analysis on the applied-for string, and concluded that there are no known potential operational or rendering issues associated with the string.

The following sections discuss the potential operational or rendering problems that can arise, and how Donuts mitigates them.

#### ## Compliance and Interoperability

The applied-for string conforms to all relevant RFCs, as well as the string requirements set forth in Section 2.2.1.3.2 of the Applicant Guidebook.

#### ## Mixing Scripts

If a domain name label contains characters from different scripts, it has a higher likelihood of encountering rendering issues. If the mixing of scripts occurs within the top level label, any rendering issue would affect all domain names registered under it. If occurring within second level labels, its ill-effects are confined to the domain names with such labels.

All characters in the applied for gTLD string are taken from a single script. In addition, Donuts's IDN policies are deliberately conservative and compliant with the ICANN Guidelines for the Implementation of IDN Version 3.0. Specifically, Donuts does not allow mixed-script labels to be registered at the second level, except for languages with established orthographies and conventions that require the commingled use of multiple scripts, e.g. Japanese.

#### ## Interaction Between Labels

Even with the above issue appropriately restricted, it is possible that a domain name composed of labels with different properties such as script and directionality may introduce unintended rendering behaviour.

Donuts adopts a conservative strategy when offering IDN registrations. In particular, it ensures that any IDN language tables used for offering IDN second level registrations involve only scripts and characters that would not pose a risk when combined with the top level label.

## ## Immature Scripts

Scripts or characters added in Unicode versions newer than 3.2 (on which IDNA2003 was based) may encounter interoperability issues due to the lack of software support.

Donuts does not currently plan to offer registration of labels containing such scripts or characters.

## ## Other Issues

To further contain the risks of operation or rendering problems, Donuts currently does not offer registration of labels containing combining characters or characters that require IDNA contextual rules handling. It may reconsider this decision in cases where a language has a clear need for such characters.

Donuts understands that the following may be construed as operational or rendering issues, but considers them out of the scope of this question. Nevertheless, it will take reasonable steps to protect registrants and Internet users by working with vendors and relevant language communities to mitigate such issues.

- missing fonts causing string to fail to render correctly; and
  - universal acceptance of the TLD;
- 

## 17. OPTIONAL.

Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).

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## 18A. Describe the mission/purpose of your proposed gTLD.

Q18A CHAR: 7985

### ABOUT DONUTS

Donuts Inc. is the parent applicant for this and multiple other TLDs. The company intends to increase competition and consumer choice at the top level. It will operate these carefully selected TLDs safely and securely in a shared resources business model. To achieve its objectives, Donuts has recruited seasoned executive management with proven track records of excellence in the industry. In addition to this business and operational experience, the Donuts team also has contributed broadly to industry policymaking and regulation, successfully launched TLDs, built industry leading companies from the ground up, and brought innovation, value and choice to the domain name marketplace.

### DONUTS' PLACE WITHIN ICANN'S MISSION

ICANN and the new TLD program share the following purposes:

1. to make sure that the Internet remains as safe, stable and secure as possible, while
2. helping to ensure there is a vibrant competitive marketplace to efficiently bring the benefits of the namespace to registrants and users alike.

ICANN harnesses the power of private enterprise to bring forth these public benefits. While pursuing its interests, Donuts helps ICANN accomplish its objectives by:

1. Significantly widening competition and choice in Internet identities with hundreds of new top-level domain choices;
2. Providing innovative, robust, and easy-to-use new services, names and tools for users,

- registrants, registrars, and registries while at the same time safeguarding the rights of others;
3. Designing, launching, and securely operating carefully selected TLDs in multiple languages and character sets; and
  4. Providing a financially robust corporate umbrella under which its new TLDs will be protected and can thrive.

#### ABOUT DONUTS' RESOURCES

Donuts' financial resources are extensive. The company has raised more than US\$100 million from a number of capital sources including multiple multi-billion dollar venture capital and private equity funds, a top-tier bank, and other well-capitalized investors. Should circumstances warrant, Donuts is prepared to raise additional funding from current or new investors. Donuts also has in place pre-funded, Continued Operations Instruments to protect future registrants. These resource commitments mean Donuts has the capability and intent to launch, expand and operate its TLDs in a secure manner, and to properly protect Internet users and rights-holders from potential abuse.

Donuts firmly believes a capable and skilled organization will operate multiple TLDs and benefit Internet users by:

1. Providing the operational and financial stability necessary for TLDs of all sizes, but particularly for those with smaller volume (which are more likely to succeed within a shared resources and shared services model);
2. Competing more powerfully against incumbent gTLDs; and
3. More thoroughly and uniformly executing consumer and rights holder protections.

#### THIS TLD

This TLD is attractive and useful to end users as it better facilitates search, self expression, information sharing and the provision of legitimate goods and services. Along with the other TLDs in the Donuts family, this TLD will provide Internet users with opportunities for online identities and expression that do not currently exist. In doing so, the TLD will introduce significant consumer choice and competition to the Internet namespace the very purpose of ICANN's new TLD program.

This TLD is a generic term and its second level names will be attractive to a variety of Internet users. Making this TLD available to a broad audience of registrants is consistent with the competition goals of the New TLD expansion program, and consistent with ICANN's objective of maximizing Internet participation. Donuts believes in an open Internet and, accordingly, we will encourage inclusiveness in the registration policies for this TLD. In order to avoid harm to legitimate registrants, Donuts will not artificially deny access, on the basis of identity alone (without legal cause), to a TLD that represents a generic form of activity and expression.

#### DONUTS' APPROACH TO PROTECTIONS

No entity, or group of entities, has exclusive rights to own or register second level names in this TLD. There are superior ways to minimize the potential abuse of second level names, and in this application Donuts will describe and commit to an extensive array of protections against abuse, including protections against the abuse of trademark rights.

We recognize some applicants seek to address harms by constraining access to the registration of second level names. However, we believe attempts to limit abuse by limiting registrant eligibility is unnecessarily restrictive and harms users by denying access to many legitimate registrants. Restrictions on second level domain eligibility would prevent law abiding individuals and organizations from participating in a space to which they are legitimately connected, and would inhibit the sort of positive innovation we intend to see in this TLD. As detailed throughout this application, we have struck the correct balance between consumer and business safety, and open access to second level names.

By applying our array of protection mechanisms, Donuts will make this TLD a place for Internet users that is far safer than existing TLDs. Donuts will strive to operate this TLD with fewer incidences of fraud and abuse than occur in incumbent TLDs. In addition, Donuts commits to work toward a downward trend in such incidents.

#### OUR PROTECTIONS

Donuts has consulted with and evaluated the ideas of international law enforcement, consumer privacy advocacy organizations, intellectual property interests and other Internet industry groups to create a set of protections that far exceed those in existing TLDs, and bring to the Internet

namespace nearly two dozen new rights and protection mechanisms to raise user safety and protection to a new level.

These include eight, innovative and forceful mechanisms and resources that far exceed the already powerful protections in the applicant guidebook. These are:

1. Periodic audit of WhoIs data for accuracy;
2. Remediation of inaccurate Whois data, including takedown, if warranted;
3. A new Domain Protected Marks List (DPML) product for trademark protection;
4. A new Claims Plus product for trademark protection;
5. Terms of use that prohibit illegal or abusive activity;
6. Limitations on domain proxy and privacy service;
7. Published policies and procedures that define abusive activity; and
8. Proper resourcing for all of the functions above.

They also include fourteen new measures that were developed specifically by ICANN for the new TLD process. These are:

1. Controls to ensure proper access to domain management functions;
2. <sup>24</sup>/7/365 abuse point of contact at registry;
3. Procedures for handling complaints of illegal or abusive activity, including remediation and takedown processes;
4. Thick WhoIs;
5. Use of the Trademark Clearinghouse;
6. A Sunrise process;
7. A Trademark Claims process;
8. Adherence to the Uniform Rapid Suspension system;
9. Adherence to the Uniform Domain Name Dispute Resolution Policy;
10. Adherence to the Post Delegation Dispute Resolution Policy;
11. Detailed security policies and procedures;
12. Strong security controls for access, threat analysis and audit;
13. Implementation DNSSEC; and
14. Measures for the prevention of orphan glue records.

#### DONUTS' INTENTION FOR THIS TLD

As a senior government authority has recently said, "a successful applicant is entrusted with operating a critical piece of global Internet infrastructure." Donuts' plan and intent is for this TLD to serve the international community by bringing new users online through opportunities for economic growth, increased productivity, the exchange of ideas and information and greater self-expression.

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18B. How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?

Q18B CHAR: 6457

Donuts will be the industry leader in customer service, reputation and choice. The reputation of this, and other TLDs in the Donuts portfolio, will be built on:

1. Our successful launch and marketplace reach;
2. The stability of registry operations; and
3. The effectiveness of our protection mechanisms.

#### THE GOAL OF THIS TLD

This and other Donuts TLDs represent discrete segments of commerce and human interest, and will give Internet users a better vehicle for reaching audiences. In reviewing potential strings, we deeply researched discrete industries and sectors of human activity and consulted extensive data sources relevant to the online experience. Our methodology resulted in the selection of this TLD one that offers a very high level of user utility, precision in content delivery, and ability to contribute positively to economic growth.

#### SERVICE LEVELS



Donuts will endeavor to provide a service level that is higher than any existing TLD. Donuts' commitment is to meet and exceed ICANN mandated availability requirements, and to provide industry-leading services, including non-mandatory consumer and rights protection mechanisms (as described in answers to Questions 28, 29, and 30) for a beneficial customer experience.

## REPUTATION

As noted, Donuts management enjoys a reputation of excellence as domain name industry contributors and innovators. This management team is committed to the successful expansion of the Internet, the secure operation of the DNS, and the creation of a new segment of the web that will be admired and respected.

The Donuts registry and its operations are built on the following principles:

1. More meaningful product choice for registrants and users;
2. Innovative services;
3. Competitive pricing; and
4. A more secure environment with better protections.

These attributes will flow to every TLD we operate. This string's reputation will develop as a compelling product choice, with innovative offerings, competitive pricing, and safeguards for consumers, businesses and other users.

Finally, the Donuts team has significant operational experience with registrars, and will collaborate knowledgeably with this channel to deliver new registration opportunities to end-users in way that is consistent with Donuts principles.

## NAMESPACE COMPETITION

This TLD will contribute significantly to the current namespace. It will present multiple new domain name alternatives compared to existing generic and country code TLDs. The DNS today offers very limited addressing choices, especially for registrants who seek a specific identity.

## INNOVATION

Donuts will provide innovative registration methods that allow registrants the opportunity to secure an important identity using a variety of easy-to-use tools that fit individual needs and preferences.

Consistent with our principle of innovation, Donuts will be a leader in rights protection, shielding those that deserve protection and not unfairly limiting or directing those that don't. As detailed in this application, far reaching protections will be provided in this TLD. Nevertheless, the Donuts approach is inclusive, and second level registrations in this TLD will be available to any responsible registrant with an affinity for this string. We will use our significant protection mechanisms to prevent and eradicate abuse, rather than attempting to do so by limiting registrant eligibility.

This TLD will contribute to the user experience by offering registration alternatives that better meet registrants' identity needs, and by providing more intuitive methods for users to locate products, services and information. This TLD also will contribute to marketplace diversity, an important element of user experience. In addition, Donuts will offer its sales channel a suite of innovative registration products that are inviting, practical and useful to registrants.

As noted, Donuts will be inclusive in its registration policies and will not limit registrant eligibility at the second level at the moment of registration. Restricting access to second level names in this broadly generic TLD would cause more harm than benefit by denying domain access to legitimate registrants. Therefore, rather than artificially limiting registrant access, we will control abuse by carefully and uniformly implementing our extensive range of user and rights protections.

Donuts will not limit eligibility or otherwise exclude legitimate registrants in second level names. Our primary focus will be the behavior of registrants, not their identity.

Donuts will specifically adhere to ICANN-required registration policies and will comply with all

requirements of the Registry Agreement and associated specifications regarding registration policies. Further, Donuts will not tolerate abuse or illegal activity in this TLD, and will have strict registration policies that provide for remediation and takedown as necessary.

Donuts TLDs will comply with all applicable laws and regulations regarding privacy and data protection. Donuts will provide a highly secure registry environment for registrant and user data (detailed information on measures to protect data is available in our technical response).

Donuts will permit the use of proxy and privacy services for registrations in this TLD, as there are important, legitimate uses for such services (including free speech rights and the avoidance of spam). Donuts will limit how such proxy and privacy services are offered (details on these limitations are provided in our technical response). Our approach balances the needs of legitimate and responsible registrants with the need to identify registrants who illegally use second level domains.

Donuts will build on ICANN's outreach and media coverage for the new TLD Program and will initiate its own effort to educate Internet users and rights holders about the launch of this TLD. Donuts will employ three specific communications efforts. We will:

1. Communicate to the media, analysts, and directly to registrants about the Donuts enterprise.
  2. Build on existing relationships to create an open dialogue with registrars about what to expect from Donuts, and about the protections required by any registrar selling this TLD.
  3. Communicate directly to end users, media and third parties interested in the attributes and benefits of this TLD.
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18C. What operating rules will you adopt to eliminate or minimize social costs (e.g., time or financial resource costs, as well as various types of consumer vulnerabilities)? What other steps will you take to minimize negative consequences/costs imposed upon consumers?

Q18C Standard CHAR: 1440

Generally, during the Sunrise phase of this TLD, Donuts will conduct an auction if there are two or more competing applications from validated trademark holders for the same second level name. Alternatively, if there is a defined trademark classification reflective of this TLD, Donuts may give preference to second-level applicants with rights in that classification of goods and services. Post-Sunrise, requests for registration will generally be on a first-come, first-served basis.

Donuts may offer reduced pricing for registrants interested in long-term registration, and potentially to those who commit to publicizing their use of the TLD. Other advantaged pricing may apply in selective cases, including bulk purchase pricing.

Donuts will comply with all ICANN-related requirements regarding price increases: advance notice of any renewal price increase (with the opportunity for existing registrants to renew for up to ten years at their current pricing); and advance notice of any increase in initial registration pricing.

The company does not otherwise intend, at this time, to make contractual commitments regarding pricing. Donuts has made every effort to correctly price its offerings for end-user value prior to launch. Our objective is to avoid any disruption to our customers after they have registered. We do not plan or anticipate significant price increases over time.

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19. Is the application for a community-based TLD?

No

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20A. Provide the name and full description of the community that the applicant is committing to serve. In the event that this application is included in a community priority evaluation, it will be scored based on the community identified in response to this question. The name of the community does not have to be formally adopted for the application to be designated as community-based.

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20B. Explain the applicant's relationship to the community identified in 20(a).

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20C. Provide a description of the community-based purpose of the applied-for gTLD.

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20D Explain the relationship between the applied for gTLD string and the community identified in 20(a).

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20E. Provide a complete description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD. Policies and enforcement mechanisms are expected to constitute a coherent set.

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20F Attach any written endorsements for the application from established institutions representative of the community identified in 20(a). An applicant may submit written endorsements by multiple institutions, if relevant to the community

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21A. Is the application for a geographic name?

No

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22. Describe proposed measures for protection of geographic names at the second and other levels in the applied for gTLD This should include any applicable rules and procedures for reservation and/or release of such names.

Q22 CHAR: 4979

As previously discussed (in our response to Q18: Mission / Purpose) Donuts believes in an open Internet. Consistent with this we also believe in an open DNS, where second level domain names are available to all registrants who act responsibly.

The range of second level names protected by Specification 5 of the Registry Operator contract is extensive (approx. 2,000 strings are blocked). This list resulted from a lengthy process of collaboration and compromise between members of the ICANN community, including the Governmental Advisory Committee. Donuts believes this list represents a healthy balance between the protection of national naming interests and free speech on the Internet.

Donuts does not intend to block second level names beyond those detailed in Specification 5. Should a geographic name be registered in this TLD and used for illegal or abusive activity Donuts will remedy this by applying the array of protections implemented in this TLD. (For details about these protections please see our responses to Questions 18, 28, 29 and 30).

Donuts will strictly adhere to the relevant provisions of Specification 5 of the New gTLD Agreement. Specifically:

1. All two-character labels will be initially reserved, and released only upon agreement between Donuts and the relevant government and country code manager.
2. At the second level, country and territory names will be reserved at the second and other levels according to these standards:
  - 2.1. Short form (in English) of country and territory names documented in the ISO 3166-1 list;
  - 2.2. Names of countries and territories as documented by the United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World; and
  - 2.3. The list of United Nations member states in six official UN languages, as prepared by the Working Group on Country Names of the United Nations Conference on the Standardization of Geographical Names.

Donuts will initially reserve country and territory names at the second level and at all other levels within the TLD. Donuts supports this requirement by using the following internationally recognized lists to develop a comprehensive master list of all geographic names that are initially reserved:

1. The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166 1 List, and its scope extended in August 1999 to any application needing to represent the name European Union [[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm#EU)].
2. The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardization of Geographical Names, Part III Names of Countries of the World.
3. The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardization of Geographical Names
4. The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes

This comprehensive list of names will be ineligible for registration. Only in consultation with the GAC and ICANN would Donuts develop a proposal for release of these reserved names, and seek approval accordingly. Donuts understands governmental processes require time consuming, multi department consultations. Accordingly, we will apportion more than adequate time for the GAC and its members to review any proposal we provide.

Donuts recognizes the potential use of country and territory names at the third level. We will address and mitigate attempted third-level use of geographic names as part of our operations.

Donuts' list of geographic names will be transmitted to Registrars as part of the onboarding process and will also be made available to the public via the TLD website. Changes to the list are anticipated to be rare; however, Donuts will regularly review and revise the list as changes are made by government authorities.

For purposes of clarity the following will occur for a domain that is reserved by the registry:

1. An availability check for a domain in the reserved list will result in a "not available" status. The reason given will indicate that the domain is reserved.
2. An attempt to register a domain name in the reserved list will result in an error.
3. An EPP info request will result in an error indicating the domain name was not found.
4. Queries for a reserved name in the WHOIS system will display information indicating the reserved status and indicate it is not registered nor is available for registration.
5. Reserved names will not be published or used in the zone in any way.
6. Queries for a reserved name in the DNS will result in an NXDOMAIN response.

23. Provide name and full description of all the Registry Services to be provided. Descriptions should include both technical and business components of each proposed service, and address any potential security or stability concerns.

The following registry services are customary services offered by a registry operator:

- A Receipt of data from registrars concerning registration of domain names and name servers.
- B Dissemination of TLD zone files.
- C. Dissemination of contact or other information concerning domain name registrations (e.g., port-43 WHOIS, Web- based Whois, RESTful Whois service).
- D. Internationalized Domain Names, where offered.
- E DNS Security Extensions (DNSSEC). The applicant must describe whether any of these registry services are intended to be offered in a manner unique to the TLD.

Additional proposed registry services that are unique to the registry must also be described.

Q23 CHAR: 22971

TLD Applicant is applying to become an ICANN accredited Top Level Domain (TLD) registry. TLD Applicant meets the operational, technical, and financial capability requirements to pursue, secure and operate the TLD registry. The responses to technical capability questions were prepared to demonstrate, with confidence, that the technical capabilities of TLD Applicant meet and substantially exceed the requirements proposed by ICANN.

The following response describes our registry services, as implemented by Donuts and our partners. Such partners include Demand Media Europe Limited (DMEL) for back-end registry services; AusRegistry Pty Ltd. (ARI) for Domain Name System (DNS) services and Domain Name Service Security Extensions (DNSSEC); an independent consultant for abuse mitigation and prevention consultation; Equinix and SuperNap for datacenter facilities and infrastructure; and Iron Mountain Intellectual Property Management, Inc. (Iron Mountain) for data escrow services. For simplicity, the term “company” and the use of the possessive pronouns “we”, “us”, “our”, “ours”, etc., all refer collectively to Donuts and our subcontracted service providers.

DMEL is a wholly-owned subsidiary of DMIH Limited, a well-capitalized Irish corporation whose ultimate parent company is Demand Media, Inc., a leading content and social media company listed on the New York Stock Exchange (ticker: DMD). DMEL is structured to operate a robust and reliable Shared Registration System by leveraging the infrastructure and expertise of DMIH and Demand Media, Inc., which includes years of experience in the operation side for domain names in both gTLDs and ccTLDs for over 10 years.

#### 1.0. EXECUTIVE SUMMARY

We offer all of the customary services for proper operation of a gTLD registry using an approach designed to support the security and stability necessary to ensure continuous uptime and optimal registry functionality for registrants and Internet users alike.

#### 2.0. REGISTRY SERVICES

##### 2.1. Receipt of Data from registrars

The process of registering a domain name and the subsequent maintenance involves interactions between registrars and the registry. These interactions are facilitated by the registry through the Shared Registration System (SRS) through two interfaces:

- EPP: A standards-based XML protocol over a secure network channel.
- Web: A web based interface that exposes all of the same functionality as EPP yet accessible through a web browser.

Registrants wishing to register and maintain their domain name registrations must do so through an ICANN accredited registrar. The XML protocol, called the Extensible Provisioning Protocol (EPP) is the standard protocol widely used by registrars to communicate provisioning actions. Alternatively, registrars may use the web interface to create and manage registrations.

The registry is implemented as a “thick” registry meaning that domain registrations must have contact information associated with each. Contact information will be collected by registrars and associated with domain registrations.

### 2.1.1. SRS EPP Interface

The SRS EPP Interface is provided by a software service that provides network based connectivity. The EPP software is highly compliant with all appropriate RFCs including:

- RFC 5730 Extensible Provisioning Protocol (EPP)
- RFC 5731 Extensible Provisioning Protocol (EPP) Domain Name Mapping
- RFC 5732 Extensible Provisioning Protocol (EPP) Host Mapping
- RFC 5733 Extensible Provisioning Protocol (EPP) Contact Mapping
- RFC 5734 Extensible Provisioning Protocol (EPP) Transport over TCP
- RFC 5910 Domain Name System (DNS) Security Extensions for Extensible Provisioning Protocol (EPP)
- RFC 3915 Domain Registry Grace Period Mapping for EPP

#### 2.1.1.1. SRS EPP Interface Security Considerations

Security precautions are put in place to ensure transactions are received only from authorized registrars in a private, secure manner. Registrars must provide the registry with narrow subnet ranges, allowing the registry to restrict network connections that originate only from these pre arranged networks. The source IP address is verified against the authentication data received from the connection to further validate the source of the connection. Registrars may only establish a limited number of connections and the network traffic is rate limited to ensure that all registrars receive the same quality of service. Network connections to the EPP server must be secured with TLS. The revocation status and validity of the certificate are checked.

Successful negotiation of a TLS session begins the process of authentication using the protocol elements of EPP. Registrars are not permitted to continue without a successful EPP session establishment. The EPP server validates the credential information passed by the registrar along with validation of:

- Certificate revocation status
- Certificate chain
- Certificate Common Name matches the Common Name the registry has listed for the source IP address
- User name and password are correct and match those listed for the source IP address

In the event a registrar creates a level of activity that threatens the service quality of other registrars, the service has the ability to rate limit individual registrars.

#### 2.1.1.2. SRS EPP Interface Stability Considerations

To ensure the stability of the EPP Interface software, strict change controls and access controls are in place. Changes to the software must be approved by management and go through a rigorous testing and staged deployment procedure.

Additional stability is achieved by carefully regulating the available computing resources. A policy of conservative usage thresholds leaves an equitable amount of computing resources available to handle spikes and service management.

### 2.1.2. SRS Web Interface

The SRS web interface is an alternative way to access EPP functionality using a web interface, providing the features necessary for effective operations of the registry. This interface uses the HTTPS protocol for secure web communication. Because users can be located worldwide, as with the EPP interface, the web interface is available to all registrars over multiple network paths. Additional functionality is available to registrars to assist them in managing their account. For instance, registrars are able to view their account balance in near real time as well as the



status of the registry services. In addition, notifications that are sent out in email are available for viewing.

#### 2.1.2.1. Web Interface Security Considerations

Only registrars are authorized to use the SRS web interface, and therefore the web interface has several security measures to prevent abuse. The web interface requires an encrypted network channel using the HTTPS protocol. Attempts to access the interface through a clear channel are redirected to the encrypted channel.

The web interface restricts access by requiring each user to present authentication credentials before proceeding. In addition to the typical user name and password combinations, the web interface also requires the user to possess a hardware security key as a second factor of authentication.

Registrars are provided a tool to create and manage users that are associated with their account. With these tools, they can set access and authorization levels for their staff.

#### 2.1.2.2. Web Interface Stability Considerations

Both the EPP interface and web interface use a common service provider to perform the work required to fulfill their requests. This provides consistency across both interfaces and ensures all policies and security rules are applied.

The software providing services for both interfaces executes on a farm of servers, distributing the load more evenly ensuring stability is maintained.

### 2.2. Dissemination of TLD Zone Files

#### 2.2.1. Communication of Status Information of TLD Zone Servers to Registrars

The status of TLD zone servers and their ability to reflect changes in the SRS is of great importance to registrars and Internet users alike. We ensure that any change from normal operations is communicated to the relevant stakeholders as soon as is appropriate. Such communication might be prior to the status change, during the status change and/or after the status change (and subsequent reversion to normal) – as appropriate to the party being informed and the circumstance of the status change.

Normal operations are:

- DNS servers respond within SLAs for DNS resolution.
- Changes in the SRS are reflected in the zone file according to the DNS update time SLA.

The SLAs are those from Specification 10 of the Registry Agreement.

A deviation from normal operations, whether it is registry wide or restricted to a single DNS node, will result in the appropriate status communication being sent.

#### 2.2.2. Communication Policy

We maintain close communication with registrars regarding the performance and consistency of the TLD zone servers.

A contact database containing relevant contact information for each registrar is maintained. In many cases, this includes multiple forms of contact, including email, phone and physical mailing address. Additionally, up-to-date status information of the TLD zone servers is provided within the SRS Web Interface.

Communication using the registrar contact information discussed above will occur prior to any maintenance that has the potential to effect the access to, consistency of, or reliability of the TLD zone servers. If such maintenance is required within a short timeframe, immediate communication occurs using the above contact information. In either case, the nature of the maintenance and how it affects the consistency or accessibility of the TLD zone servers, and the estimated time for full restoration, are included within the communication.

That being said, the TLD zone server infrastructure has been designed in such a way that we expect no downtime. Only individual sites will potentially require downtime for maintenance; however the DNS service itself will continue to operate with 100% availability.

### 2.2.3. Security and Stability Considerations

We restrict zone server status communication to registrars, thereby limiting the scope for malicious abuse of any maintenance window. Additionally, we ensure registrars have effective operational procedures to deal with any status change of the TLD nameservers and will seek to align its communication policy to those procedures.

### 2.3. Zone File Access Provider Integration

Individuals or organizations that wish to have a copy of the full zone file can do so using the Zone Data Access service. This process is still evolving; however the basic requirements are unlikely to change. All registries will publish the zone file in a common format accessible via secure FTP at an agreed URL.

DMEI will fully comply with the processes and procedures dictated by the Centralized Zone Data Access Provider (CZDA Provider or what it evolves into) for adding and removing Zone File access consumers from its authentication systems. This includes:

- Zone file format and location.
- Availability of the zone file access host via FTP.
- Logging of requests to the service (including the IP address, time, user and activity log).
- Access frequency.

### 2.4. Zone File Update

To ensure changes within the SRS are reflected in the zone file rapidly and securely, we update the zone file on the TLD zone servers following a staged but rapid propagation of zone update information from the SRS, outwards to the TLD zone servers - which are visible to the Internet. As changes to the SRS data occur, those changes are updated to isolated systems which act as the authoritative primary server for the zone, but remain inaccessible to systems outside our network. The primary servers notify the designated secondary servers, which service queries for the TLD zone from the public. Upon notification, the secondary servers transfer the incremental changes to the zone and publicly present those changes.

The mechanisms for ensuring consistency within and between updates are fully implemented in our TLD zone update procedures. These mechanisms ensure updates are quickly propagated while the data remains consistent within each incremental update, regardless of the speed or order of individual update transactions.

### 2.5. Operation of Zone Servers

ARI maintains TLD zone servers which act as the authoritative servers to which the TLD is delegated.

#### 2.5.1. Security and Operational Considerations of Zone Server Operations

The potential risks associated with operating TLD zone servers are recognized by us such that we will perform the steps required to protect the integrity and consistency of the information they provide, as well as to protect the availability and accessibility of those servers to hosts on the Internet. The TLD zone servers comply with all relevant RFCs for DNS and DNSSEC, as well as BCPs for the operation and hosting of DNS servers. The TLD zone servers will be updated to support any relevant new enhancements or improvements adopted by the IETF.

The DNS servers are geographically dispersed across multiple secure data centers in strategic locations around the world. By combining multi homed servers and geographic diversity, ARI's zone servers remain impervious to site level, supplier level or geographic level operational disruption.

The TLD zone servers are protected from accessibility loss by malicious intent or misadventure, via the provision of significant over-capacity of resources and access paths. Multiple independent network paths are provided to each TLD zone server and the query servicing capacity of the network



exceeds the extremely conservatively anticipated peak load requirements by at least 10 times, to prevent loss of service should query loads significantly increase.

As well as the authentication, authorization and consistency checks carried out by the registrar access systems and DNS update mechanisms, ARI reduces the scope for alteration of DNS data by following strict DNS operational practices:

- TLD zone servers are not shared with other services.
  - The primary authoritative TLD zone server is inaccessible outside ARI's network.
  - TLD zone servers only serve authoritative information.
- The TLD zone is signed with DNSSEC and a DNSSEC Practice/Policy Statement published.

## 2.6. Dissemination of Domain Registration Information

Domain name registration information is required for a variety of purposes. Our registry provides this information through the required WHOIS service through a standard text based network protocol on port 43. Whois also is provided on the registry's web site using a standard web interface. Both interfaces are publically available at no cost to the user and are reachable worldwide.

The information displayed by the Whois service consists not only of the domain name but also of relevant contact information associated with the domain. It also identifies nameserver delegation and the registrar of record. This service is available to any Internet user, and use of it does not require prior authorization or permission.

### 2.6.1. Whois Port 43 Interface

The Whois port 43 interface consists of a standard Transmission Control Protocol (TCP) server that answers requests for information over port 43 in compliance with IETF RFC 3912. For each query, the TCP server accepts the connection over port 43 and then waits for a set time for the query to be sent. This communication occurs via clear, unencrypted ASCII text. If a properly formatted and valid query is received, the registry database is queried for the registration data. If registration data exists, it is returned to the service where it is then formatted and delivered to the requesting client. Each query connection is short-lived. Once the output is transmitted, the server closes the connection.

### 2.6.2. Whois Web Interface

The Whois web interface also uses clear, unencrypted text. The web interface is in an HTML format suitable for web browsers. This interface is also available over an encrypted channel on port 43 using the HTTPS protocol.

### 2.6.3. Security and Stability Considerations

Abuse of the Whois system through data mining is a concern as it can impact system performance and reduce the quality of service to legitimate users. The Whois system mitigates this type of abuse by detecting and limiting bulk query access from single sources. It does this in two ways: 1) by rate limiting queries by non authorized parties; and 2) by ensuring all queries result in responses that do not include data sets representing significant portions of the registration database.

In addition, the Whois web interface adds a simple challenge-response CAPCHA that requires a user to type in the characters displayed in image format.

Both systems have blacklist functionality to provide a complete block to individual IPs or IP ranges.

## 2.7. Internationalized Domain Names (IDNs)

An Internationalized Domain Name (IDN) contains at least one label that is displayed in a specific language script in IDN aware software. We will offer registration of second level IDN labels at launch,

IDNs are published into the TLD zone. The SRS EPP and Web Interfaces also support IDNs.

The IDN implementation is fully compliant with the IDNA 2008 suite of standards (RFC 5890, 5891, 5892 and 5893) as well as the ICANN Guidelines for the Implementation of IDN Version 3.0

(<http://www.icann.org/en/resources/idn/implementation-guidelines>). To ensure stability and security, we have adopted a conservative approach in our IDN registration policies, as well as technical implementation.

All IDN registrations must be requested using the A-label form, and accompanied by an RFC 5646 language tag identifying the corresponding language table published by the registry. The candidate A-label is processed according to the registration protocol as specified in Section 4 of RFC 5891, with full U-label validation. Specifically, the “Registry Restrictions” steps specified in Section 4.3 of RFC 5891 are implemented by validating the U-label against the identified language table to ensure that the set of characters in the U label is a proper subset of the character repertoire listed in the language table.

### 2.7.1. IDN Stability Considerations

To avoid the intentional or accidental registration of visually similar characters, and to avoid identity confusion between domains, there are several restrictions on the registration of IDNs. Domains registered within a particular language are restricted to only the characters of that language. This avoids the use of visually similar characters within one language which mimic the appearance of a label within another language, regardless of whether that label is already within the DNS or not.

Child domains are restricted to a specific language and registrations are prevented in one language being confused with a registration in another language; for example Cyrillic a (U+0430) and Latin a (U+0061).

## 2.8. DNSSEC

DNSSEC provides a set of extensions to the DNS that allow an Internet user (normally the resolver acting on a user’s behalf) to validate that the DNS responses they receive were not manipulated en-route.

This type of fraud, commonly called ‘man in the middle’, allows a malicious party to misdirect Internet users. DNSSEC allows a domain owner to sign their domain and to publish the signature, so that all DNS consumers who visit that domain can validate that the responses they receive are as the domain owner intended.

Registries, as the operators of the parent domain for registrants, must publish the DNSSEC material received from registrants, so that Internet users can trust the material they receive from the domain owner. This is commonly referred to as a “chain of trust.” Internet users trust the root (operated by IANA), which publishes the registries’ DNSSEC material, therefore registries inherit this trust. Domain owners within the TLD subsequently inherit trust from the parent domain when the registry publishes their DNSSEC material.

In accordance with new gTLD requirements, the TLD zone will be DNSSEC signed and the receipt of DNSSEC material from registrars for child domains is supported in all provisioning systems.

### 2.8.1. Stability and Operational Considerations for DNSSEC

#### 2.8.1.1. DNSSEC Practice Statement

ARI’s DNSSEC Practice Statement is included in our response to Question 43. The DPS following the guidelines set out in the draft IETF DNSOP DNSSEC DPS Framework document.

#### 2.8.1.2. Resolution Stability

DNSSEC is considered to have made the DNS more trustworthy; however some transitional considerations need to be taken into account. DNSSEC increases the size and complexity of DNS responses. ARI ensures the TLD zone servers are accessible and offer consistent responses over UDP and TCP.

The increased UDP and TCP traffic which results from DNSSEC is accounted for in both network path access and TLD zone server capacity. ARI will ensure that capacity planning appropriately accommodates the expected increase in traffic over time.

ARI complies with all relevant RFCs and best practice guides in operating a DNSSEC-signed TLD. This includes conforming to algorithm updates as appropriate. To ensure Key Signing Key Rollover procedures for child domains are predictable, DS records will be published as soon as they are received via either the EPP server or SRS Web Interface. This allows child domain operators to rollover their keys with the assurance that their timeframes for both old and new keys are reliable.

### 3.0. APPROACH TO SECURITY AND STABILITY

Stability and security of the Internet is an important consideration for the registry system. To ensure that the registry services are reliably secured and remain stable under all conditions, DMEL takes a conservative approach with the operation and architecture of the registry system.

By architecting all registry services to use the least privileged access to systems and data, risk is significantly reduced for other systems and the registry services as a whole should any one service become compromised. By continuing that principal through to our procedures and processes, we ensure that only access that is necessary to perform tasks is given. ARI has a comprehensive approach to security modeled of the ISO27001 series of standards and explored further in the relevant questions of this response.

By ensuring all our services adhering to all relevant standards, DMEL ensures that entities which interact with the registry services do so in a predictable and consistent manner. When variations or enhancements to services are made, they are also aligned with the appropriate interoperability standards.

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### 24. Shared Registration System (SRS) Performance: describe

- the plan for operation of a robust and reliable SRS. SRS is a critical registry function for enabling multiple registrars to provide domain name registration services in the TLD. SRS must include the EPP interface to the registry, as well as any other interfaces intended to be provided, if they are critical to the functioning of the registry. Please refer to the requirements in Specification 6 (section 1.2) and Specification 10 (SLA Matrix) attached to the Registry Agreement; and
  - resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).A complete answer should include, but is not limited to:
  - A high-level SRS system description;
  - Representative network diagram(s);
  - Number of servers;
  - Description of interconnectivity with other registry systems;
  - Frequency of synchronization between servers; and
  - Synchronization scheme (e.g., hot standby, cold standby).

#### Q24 CHAR: 19964

TLD Applicant is applying to become an ICANN accredited Top Level Domain (TLD) registry. TLD Applicant meets the operational, technical, and financial capability requirements to pursue, secure and operate the TLD registry. The responses to technical capability questions were prepared to demonstrate, with confidence, that the technical capabilities of TLD Applicant meet and substantially exceed the requirements proposed by ICANN.

### 1.0. INTRODUCTION

Our Shared Registration System (SRS) complies fully with Specification 6, Section 1.2 and the SLA Matrix provided with Specification 10 in ICANN's Registry Agreement and is in line with the projections outlined in our responses to Questions 31 and 46. The services provided by the SRS are critical to the proper functioning of a TLD registry.

We will adhere to these commitments by operating a robust and reliable SRS founded on best

practices and experience in the domain name industry.

## 2.0. TECHNICAL OVERVIEW

A TLD operator must ensure registry services are available at all times for both registrants and the Internet community as a whole. To meet this goal, our SRS was specifically engineered to provide the finest levels of service derived from a long pedigree of excellence and experience in the domain name industry. This pedigree of excellence includes a long history of technical excellence providing long running, highly available and high-performing services that help thousands of companies derive their livelihoods.

Our SRS services will give registrars standardized access points to provision and manage domain name registration data. We will provide registrars with two interfaces: an EPP protocol over TCP/IP and a web site accessible from any web browser (note: throughout this document, references to the SRS are inclusive of both these interfaces).

Initial registration periods will comply with Specification 6 and will be in one (1) year increments up to a maximum of ten (10) years. Registration terms will not be allowed to exceed ten (10) years. In addition, renewal periods also will be in one year increments and renewal periods will only allow an extension of the registration period of up to ten years from the time of renewal.

The performance of the SRS is critical for the proper functioning of a TLD. Poor performance of the registration systems can adversely impact registrar systems that depend on its responsiveness. Our SRS is committed to exceeding the performance specifications described in Specification 10 in all cases. To ensure that we are well within specifications for performance, we will test our system on a regular basis during development to ensure that changes have not impacted performance in a material way. In addition, we will monitor production systems to ensure compliance. If internal thresholds are exceeded, the issue will be escalated, analyzed and addressed.

Our SRS will offer registry services that support Internationalized Domain Names (IDNs). Registrations can be made through both the EPP and web interfaces.

## 3.0. ROBUST AND RELIABLE ARCHITECTURE

To ensure quality of design, the SRS software was designed and written by seasoned and experienced software developers. This team designed the SRS using modern software architecture principles geared toward ensuring flexibility in its design not only to meet business needs but also to make it easy to understand, maintain and test.

A classic 3-tier design was used for the architecture of the system. 3-tier is a well-proven architecture that brings flexibility to the system by abstracting the application layer from the protocol layer. The data tier is isolated and only accessible by the services tier. 3-tier adds an additional layer of security by minimizing access to the data tier through possible exploits of the protocol layer.

The protocol and services layers are fully redundant. A minimum of three physical servers is in place in both the protocol and services layers. Communications are balanced across the servers. Load balancing is accomplished with a redundant load balancer pair.

## 4.0. SOFTWARE QUALITY

The software for the SRS, as well as other registry systems, was developed using an approach that ensures that every line of source code is peer reviewed and source code is not checked into the source code repository without the accompanying automated tests that exercise the new functionality. The development team responsible for building the SRS and other registry software applies continuous integration practices to all software projects; all developers work on an up-to-date code base and are required to synchronize their code base with the master code base and resolve any incompatibilities before checking in. Every source code check-in triggers an automated build and test process to ensure a minimum level of quality. Each day an automated "daily build" is created, automatically deployed to servers and a fully-automated test suite run against it. Any failures are automatically assigned to developers to resolve in the morning when they arrive.

When extensive test passes are in order for release candidates, these developers use a test harness designed to run usability scenarios that exercise the full gamut of use cases, including accelerated full registration life cycles. These scenarios can be entered into the system using

various distributions of activity. For instance, the test harness can be run to stress the system by changing the distribution of scenarios or to stress the system by exaggerating particular scenarios to simulate land rushes or, for long running duration scenarios, a more common day to day business distribution.

## 5.0. SOFTWARE COMPLIANCE

The EPP interface to our SRS is compliant with current RFCs relating to EPP protocols and best practices. This includes RFCs 5910, 5730, 5731, 5732, 5733 and 5734. Since we are also supporting Registry Grace Period functionality, we are also compliant with RFC 3915. Details of our compliance with these specifications are provided in our response to Question 25. We are also committed to maintaining compliance with future RFC revisions as they apply as documented in Section 1.2 of Specification 6 of the new gTLD Agreement.

We strive to be forward thinking and will support the emerging standards of both IPv6 and DNSSEC on our SRS platform. The SRS was designed and has been tested to accept IPv6 format addresses for nameserver glue records and provision them to the gTLD zone. In addition, key registry services will be accessible over both IPv4 and IPv6. These include both the SRS EPP and SRS web-based interfaces, both port 43 and web based WHOIS interfaces and DNS, among others. For details regarding our IPv6 reachability plans, please refer to our response to Question 36.

DNSSEC services are provided, and we will comply with Specification 6. Additionally, our DNSSEC implementation complies with RFCs 4033, 4034, 4035, and 4509; and we commit to complying with the successors of these RFCs and following the best practices described in RFC 4641. Additional compliance and commitment details on our DNSSEC services can be found in our response to Question 43.

## 6.0. DATABASE OPERATIONS

The database for our gTLD is Microsoft SQL Server 2008 R2. It is an industry-leading database engine used by companies requiring the highest level of security, reliability and trust. Case studies highlighting SQL Server's reliability and use indicate its successful application in many industries, including major financial institutions such as Visa, Union Bank of Israel, KeyBank, TBC Bank, Paymark, Coca-Cola, Washington State voter registration and many others. In addition, Microsoft SQL Server provides a number of features that ease the management and maintenance of the system. Additional details about our database system can be found in our response to Question 33.

Our SRS architecture ensures security, consistency and quality in a number of ways. To prevent eavesdropping, the services tier communicates with the database over a secure channel. The SRS is architected to ensure all data written to the database is atomic. By convention, leave all matters of atomicity are left to the database. This ensures consistency of the data and reduces the chance of error. So that we can examine data versions at any point in time, all changes to the database are written to an audit database. The audit data contains all previous and new values and the date/time of the change. The audit data is saved as part of each atomic transaction to ensure consistency.

To minimize the chance of data loss due to a disk failure, the database uses an array of redundant disks for storage. In addition, maintain an exact duplicate of the primary site is maintained in a secondary datacenter. All hardware is fully duplicated and set up to take over operations at any time. All database operations are replicated to the secondary datacenter via synchronous replication. The secondary datacenter always maintains an exact copy of our live data as the transactions occur.

## 7.0. REDUNDANT HARDWARE

The SRS is composed of several pieces of hardware that are critical to its proper functioning, reliability and scale. At least two of each hardware component comprises the SRS, making the service fully redundant. Any component can fail, and the system is designed to use the facility of its pair. The EPP interface to the SRS will operate with more than two servers to provide the capacity required to meet our projected scale as described in Question 46: Projections Template.

## 8.0. HORIZONTALLY SCALABLE

The SRS is designed to scale horizontally. That means that, as the needs of the registry grow, additional servers can be easily added to handle additional loads.

The database is a clustered 2-node pair configured for both redundancy and performance. Both nodes participate in serving the needs of the SRS. A single node can easily handle the transactional load of the SRS should one node fail. In addition, there is an identical 2-node cluster in our backup datacenter. All data from the primary database is continuously replicated to the backup datacenter.

Not only is the registry database storage medium specified to provide the excess of capacity necessary to allow for significant growth, it is also configured to use techniques, such as data sharing, to achieve horizontal scale by distributing logical groups of data across additional hardware. For further detail on the scalability of our SRS, please refer to our response to Question 31.

#### 9.0. REDUNDANT HOT FAILOVER SITE

We understand the need for maximizing uptime. As such, our plan includes maintaining at all times a warm failover site in a separate datacenter for the SRS and other key registry services. Our planned failover site contains an exact replica of the hardware and software configuration contained in the primary site. Registration data will be replicated to the failover site continuously over a secure connection to keep the failover site in sync.

Failing over an SRS is not a trivial task. In contrast, web site failover can be as simple as changing a DNS entry. Failing over the SRS, and in particular the EPP interface, requires careful planning and consideration as well as training and a well-documented procedure. Details of our failover procedures as well as our testing plans are detailed in our response to Question 41.

#### 10.0. SECURE ACCESS

To ensure security, access to the EPP interface by registrars is restricted by IP/subnet. Access Control Lists (ACLs) are entered into our routers to allow access only from a restricted, contiguous subnet from registrars. Secure and private communication over mutually authenticated TLS is required. Authentication credentials and certificate data are exchanged in an out-of-band mechanism. Connections made to the EPP interface that successfully establish an EPP session are subject to server policies that dictate connection maximum lifetime and minimal activity to maintain the session.

To ensure fair and equal access for all registrars, as well as maintain a high level of service, we will use traffic shaping hardware to ensure all registrars receive an equal number of resources from the system.

To further ensure security, access to the SRS web interface is over the public Internet via an encrypted HTTPS channel. Each registrar will be issued master credentials for accessing the web interface. Each registrar also will be required to use 2 factor authentication when logging in. We will issue a set of Yubikey (<http://yubico.com>) 2-factor, one-time password USB keys for authenticating with the web site. When the SRS web interface receives the credentials plus the one-time password from the Yubikey, it communicates with a RADIUS authentication server to check the credentials.

#### 11.0. OPERATING A ROBUST AND RELIABLE SRS

##### 11.1. AUTOMATED DEPLOYMENT

To minimize human error during a deployment, we use a fully-automated package and deployment system. This system ensures that all dependencies, configuration changes and database components are included every time. To ensure the package is appropriate for the system, the system also verifies the version of system we are upgrading.

##### 11.2. CHANGE MANAGEMENT

We use a change management system for changes and deployments to critical systems. Because the SRS is considered a critical system, it is also subject to all change management procedures. The change management system covers all software development changes, operating system and networking hardware changes and patching. Before implementation, all change orders entered into the system must be reviewed with careful scrutiny and approved by appropriate management. New documentation and procedures are written; and customer service, operations, and monitoring staff are trained on



any new functionality added that may impact their areas.

### 11.3. PATCH MANAGEMENT

Upon release, all operating system security patches are tested in the staging environment against the production code base. Once approved, patches are rolled out to one node of each farm. An appropriate amount of additional time is given for further validation of the patch, depending on the severity of the change. This helps minimize any downtime (and the subsequent roll back) caused by a patch of poor quality. Once validated, the patch is deployed on the remaining servers.

### 11.4. REGULAR BACKUPS

To ensure that a safe copy of all data is on hand in case of catastrophic failure of all database storage systems, backups of the main database are performed regularly. We perform full backups on both a weekly and monthly basis. We augment these full backups with differential backups performed daily. The backup process is monitored and any failure is immediately escalated to the systems engineering team. Additional details on our backup strategy and procedures can be found in our response to Question 37.

### 11.5. DATA ESCROW

Data escrow is a critical registry function. Escrowing our data on a regular basis ensures that a safe, restorable copy of the registration data is available should all other attempts to restore our data fail. Our escrow process is performed in accordance with Specification 2. Additional details on our data escrow procedures can be found in our response to Question 38.

### 11.6. REGULAR TRAINING

Ongoing security awareness training is critical to ensuring users are aware of security threats and concerns. To sustain this awareness, we have training programs in place designed to ensure corporate security policies pertaining to registry and other operations are understood by all personnel. All employees must pass a proficiency exam and sign the Information Security Policy as part of their employment. Further detail on our security awareness training can be found in our response to Question 30a.

We conduct failover training regularly to ensure all required personnel are up-to-date on failover process and have the regular practice needed to ensure successful failover should it be necessary. We also use failover training to validate current policies and procedures. For additional details on our failover training, please refer to our response to Question 41.

### 11.7. ACCESS CONTROL

User authentication is required to access any network or system resource. User accounts are granted the minimum access necessary. Access to production resources is restricted to key IT personnel. Physical access to production resources is extremely limited and given only as needed to IT-approved personnel. For further details on our access control policies, please refer to our response to Question 30a.

### 11.8. 24/7 MONITORING AND REGISTRAR TECHNICAL SUPPORT

We employ a full time staff trained specifically on monitoring and supporting the services we provide. This staff is equipped with documentation outlining our processes for providing first-tier analysis, issue troubleshooting, and incident handling. This team is also equipped with specialty tools developed specifically to safely aid in diagnostics. On-call staff second-tier support is available to assist when necessary. To optimize the service we provide, we conduct ongoing training in both basic and more advanced customer support and conduct additional training, as needed, when new system or tool features are introduced or solutions to common issues are developed.

### 12.0. SRS INFRASTRUCTURE

As shown in Attachment A, Figure 1, our SRS infrastructure consists of two identically provisioned and configured datacenters with each served by multiple bandwidth providers.

For clarity in Figure 1, connecting lines through the load balancing devices between the Protocol

Layer and the Services Layer are omitted. All hardware connecting to the Services Layer goes through a load-balancing device. This device distributes the load across the multiple machines providing the services. This detail is illustrated more clearly in subsequent diagrams in Attachment A.

### 13.0 RESOURCING PLAN

Resources for the continued development and maintenance of the SRS and ancillary services have been carefully considered. We have a significant portion of the required personnel on hand and plan to hire additional technical resources, as indicated below. Resources on hand are existing full time employees whose primary responsibility is the SRS.

For descriptions of the following teams, please refer to the resourcing section of our response to Question 31, Technical Review of Proposed Registry. Current and planned allocations are below.

#### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, two Sr. Software Engineers, two, Sr. Database Engineer, Quality Assurance Engineer
- First Year New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

#### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Systems Administrators, two Systems Administrators, two Sr. Systems Engineers, two Systems Engineers
- First Year New Hires: Systems Engineer

#### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, two Network Engineers
- First Year New Hires: Network Engineer

#### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, 2 Database Administrators

#### Information Security Team:

- Existing Department Personnel: Director of Information Security, Sr. Information Security Specialist, Information Security Specialists, Sr. Information Security Engineer, Information Security Engineer
- First Year New Hires: Information Security Engineer

#### Network Operations Center (NOC):

- Existing Department Personnel: Manager, two NOC Supervisors, 12 NOC Analysts
- First Year New Hires: Eight NOC Analysts

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25. Extensible Provisioning Protocol (EPP): provide a detailed description of the interface with registrars, including how the applicant will comply with EPP in RFCs 3735 (if applicable), and 5730-5734.

If intending to provide proprietary EPP extensions, provide documentation consistent with RFC 3735, including the EPP templates and schemas that will be used.

Describe resourcing plans (number and description of personnel roles allocated to this area).

A complete answer is expected to be no more than 5 pages. If there are proprietary EPP extensions, a complete answer is also expected to be no more than 5 pages per EPP extension.



Q25 CHAR: 20820

TLD Applicant is applying to become an ICANN accredited Top Level Domain (TLD) registry. TLD Applicant meets the operational, technical, and financial capability requirements to pursue, secure and operate the TLD registry. The responses to technical capability questions were prepared to demonstrate, with confidence, that the technical capabilities of TLD Applicant meet and substantially exceed the requirements proposed by ICANN.

#### 1.0. INTRODUCTION

Our SRS EPP interface is a proprietary network service compliant with RFC 3735 and RFCs 5730 4. The EPP interface gives registrars a standardized programmatic access point to provision and manage domain name registrations.

#### 2.0. IMPLEMENTATION EXPERIENCE

The SRS implementation for our gTLD leverages extensive experience implementing long-running, highly available network services accessible. Our EPP interface was written by highly experienced engineers focused on meeting strict requirements developed to ensure quality of service and uptime. The development staff has extensive experience in the domain name industry.

#### 3.0. TRANSPORT

The EPP core specification for transport does not specify that a specific transport method be used and is, thus, flexible enough for use over a variety of transport methods. However, EPP is most commonly used over TCP/IP and secured with a Transport Layer Security (TLS) layer for domain registration purposes. Our EPP interface uses the industry standard TCP with TLS.

#### 4.0. REGISTRARS' EXPERIENCE

Registrars will find our EPP interface familiar and seamless. As part of the account creation process, a registrar provides us with information we use to authenticate them. The registrar provides us with two subnets indicating the connection's origination. In addition, the registrar provides us with the Common Name specified in the certificate used to identify and validate the connection.

Also, as part of the account creation process, we provide the registrar with authentication credentials. These credentials consist of a client identifier and an initial password and are provided in an out of band, secure manner. These credentials are used to authenticate the registrar when starting an EPP session.

Prior to getting access to the production interfaces, registrars have access to an Operational Test and Evaluation (OT&E) environment. This environment is an isolated area that allows registrars to develop and test against registry systems without any impact to production. The OT&E environment also provides registrars the opportunity to test implementation of custom extensions we may require.

Once a registrar has completed testing and is prepared to go live, the registrar is provided a Scripted Server Environment. This environment contains an EPP interface and database pre-populated with known data. To verify that the registrar's implementations are correct and minimally suitable for the production environment, the registrar is required to run through a series of exercises. Only after successful performance of these exercises is a registrar allowed access to production services.

#### 5.0. SESSIONS

The only connections that are allowed are those from subnets previously communicated during account set up. The registrar originates the connection to the SRS and must do so securely using a Transport Layer Security (TLS) encrypted channel over TCP/IP using the IANA assigned standard port of 700.

The TLS protocol establishes an encrypted channel and confirms the identity of each machine to its counterpart. During TLS negotiation, certificates are exchanged to mutually verify identities. Because mutual authentication is required, the registrar certificate must be sent during the negotiation. If it is not sent, the connection is terminated and the event logged.

The SRS first examines the Common Name (CN). The SRS then compares the Common Name to the one provided by the registrar during account set up. The SRS then validates the certificate by following the signature chain, ensures that the chain is complete, and terminates against our store of root Certificate Authorities (CA). The SRS also verifies the revocation status with the root CA. If these fail, the connection is terminated and the event logged.

Upon successful completion of the TLS handshake and the subsequent client validation, the SRS automatically sends the EPP greeting. Then the registrar initiates a new session by sending the login command with their authentication credentials. The SRS passes the credentials to the database for validation over an encrypted channel. Policy limits the number of failed login attempts. If the registrar exceeds the maximum number of attempts, the connection to the server is closed. If authentication was successful, the EPP session is allowed to proceed and a response is returned indicating that the command was successful.

An established session can only be maintained for a finite period. EPP server policy specifies the timeout and maximum lifetime of a connection. The policy requires the registrar to send a protocol command within a given timeout period. The maximum lifetime policy for our registry restricts the connection to a finite overall timespan. If a command is not received within the timeout period or the connection lifetime is exceeded, the connection is terminated and must be reestablished. Connection lifecycle details are explained in detail in our Registrar Manual.

The EPP interface allows pipelining of commands. For consistency, however, the server only processes one command at a time per session and does not examine the next command until a response to the previous command is sent. It is the registrar's responsibility to track both the commands and their responses.

## 6.0. EPP SERVICE SCALE

Our EPP service is horizontally scalable. Its design allows us to add commodity-grade hardware at any time to increase our capacity. The design employs a 3 tier architecture which consists of protocol, services and data tiers. Servers for the protocol tier handle the loads of SSL negotiation and protocol validation and parsing. These loads are distributed across a farm of numerous servers balanced by load-balancing devices. The protocol tier connects to the services tier through load balancing devices.

The services tier consists of a farm of servers divided logically based on the services provided. Each service category has two or more servers. The services tier is responsible for registry policy enforcement, registration lifecycle and provisioning, among other services. The services tier connects to the data tier which consists of Microsoft SQL Server databases for storage.

The data tier is a robust SQL Server installation that consists of a 2-node cluster in an active/active configuration. Each node is designed to handle the entire load of the registry should the alternate node go offline.

Additional details on scale and our plans to service the load we anticipate are described in detail on questions 24: SRS Performance and 32: Architecture.

## 7.0. COMPLIANCE WITH CORE AND EPP EXTENSION RFCs

The EPP interface is highly compliant with the following RFCs:

- RFC 5730 Extensible Provisioning Protocol
- RFC 5731 EPP Domain Name Mapping
- RFC 5732 EPP Host Mapping
- RFC 5733 EPP Contact Mapping
- RFC 5734 EPP Transport over TCP
- RFC 3915 Domain Registry Grace Period Mapping
- RFC 5910 Domain Name System (DNS) Security Extensions Mapping

The implementation is fully compliant with all points in each RFC. Where an RFC specifies optional details or service policy, they are explained below.

### 7.1. RFC 5730 EXTENSIBLE PROVISIONING PROTOCOL

Section 2.1 Transport Mapping Considerations - ack.  
Transmission Control Protocol (TCP) in compliance with RFC 5734 with TLS.

Section 2.4 Greeting Format - compliant

The SRS implementation responds to a successful connection and subsequent TLS handshake with the EPP Greeting. The EPP Greeting is also transmitted in response to a <hello/> command. The server includes the EPP versions supported which at this time is only 1.0. The Greeting contains namespace URIs as <objURI/> elements representing the objects the server manages.

The Greeting contains a <svcExtension> element with one <extURI> element for each extension namespace URI implemented by the SRS.

Section 2.7 Extension Framework - compliant

Each mapping and extension, if offered, will comply with RFC 3735 Guidelines for Extending EPP.

Section 2.9 Protocol Commands - compliant

Login command's optional <options> element is currently ignored. The <version> is verified and 1.0 is currently the only acceptable response. The <lang> element is also ignored because we currently only support English (en). This server policy is reflected in the greeting.

The client mentions <objURI> elements that contain namespace URIs representing objects to be managed during the session inside <svcs> element of Login request. Requests with unknown <objURI> values are rejected with error information in the response. A <logout> command ends the client session.

Section 4 Formal syntax compliant

All commands and responses are validated against applicable XML schema before acting on the command or sending the response to the client respectively. XML schema validation is performed against base schema (epp-1.0), common elements schema (eppcom-1.0) and object-specific schema.

Section 5 Internationalization Considerations - compliant

EPP XML recognizes both UTF-8 and UTF-16. All date-time values are presented in Universal Coordinated Time using Gregorian calendar.

## 7.2. RFC 5731 EPP DOMAIN NAME MAPPING

Section 2.1 Domain and Host names - compliant

The domain and host names are validated to meet conformance requirements mentioned in RFC 0952, 1123 and 3490.

Section 2.2 Contact and Client Identifiers - compliant

All EPP contacts are identified by a server unique identifier. Contact identifiers conform to "clIDType" syntax described in RFC 5730.

Section 2.3 Status Values - compliant

A domain object always has at least one associated status value. Status value can only be set by the sponsoring client or the registry server where it resides. Status values set by server cannot be altered by client. Certain combinations of statuses are not permitted as described by RFC.

Section 2.4 Dates and Times compliant

Date and time attribute values are represented in Universal Coordinated Time (UTC) using Gregorian calendar, in conformance with XML schema.

Section 2.5 Validity Periods compliant

Our SRS implementation supports validity periods in unit year ("y"). The default period is 1y.

Section 3.1.1 EPP <check> Command - compliant

A maximum of 5 domains can be checked in a single command request as defined by server policy.

Section 3.1.2 EPP <info> Command - compliant

EPP <info> command is used to retrieve information associated with a domain object. If the querying Registrar is not the sponsoring registrar and the registrar does not provide valid authorization information, the server does not send any domain elements in response per server policy.

### Section 3.1.3 EPP <transfer> Query Command - compliant

EPP <transfer> command provides a query operation that allows a client to determine the real time status of pending and completed transfer requests. If the authInfo element is not provided or authorization information is invalid, the command is rejected for authorization.

### Section 3.2.4 EPP <transfer> Command compliant

All subordinate host objects to the domain are transferred along with the domain object.

## 7.3. RFC 5732 EPP HOST MAPPING

### Section 2.1 Host Names - compliant

The host names are validated to meet conformance requirements mentioned in RFC 0952, 1123 and 3490.

### Section 2.2 Contact and Client Identifiers - compliant

All EPP clients are identified by a server-unique identifier. Client identifiers conform to "clIDType" syntax described in RFC 5730.

### Section 2.5 IP Addresses - compliant

The syntax for IPv4 addresses conform to RFC0791. The syntax for IPv6 addresses conform to RFC4291.

### Section 3.1.1 EPP <check> Command - compliant

Maximum of five host names can be checked in a single command request set by server policy.

### Section 3.1.2 EPP <info> Command compliant

If the querying client is not a sponsoring client, the server does not send any host object elements in response and the request is rejected for authorization according to server policy.

### Section 3.2.2 EPP <delete> Command compliant

A delete is permitted only if the host is not delegated.

### Section 3.2.2 EPP <update> Command - compliant

Any request to change host name of an external host that has associations with objects that are sponsored by a different client fails.

## 7.4. RFC 5733 EPP CONTACT MAPPING

### Section 2.1 Contact and Client Identifiers - compliant

Contact identifiers conform to "clIDType" syntax described in RFC 5730.

### Section 2.6 Email Addresses compliant

Email address validation conforms to syntax defined in RFC5322.

### Section 3.1.1 EPP <check> Command -compliant

Maximum of 5 contact id can be checked in a single command request.

### Section 3.1.2 EPP <info> Command - compliant

If querying client is not sponsoring client, server does not send any contact object elements in response and the request is rejected for authorization.

### Section 3.2.2 EPP <delete> Command - compliant

A delete is permitted only if the contact object is not associated with other known objects.

## 7.5. RFC 5734 EPP TRANSPORT OVER TCP

### Section 2 Session Management - compliant

The SRS implementation conforms to the required flow mentioned in the RFC for initiation of a connection request by a client, to establish a TCP connection. The client has the ability to end the session by issuing an EPP <logout> command, which ends the session and closes the TCP connection. Maximum life span of an established TCP connection is defined by server policy. Any connections remaining open beyond that are terminated. Any sessions staying inactive beyond the timeout policy of the server are also terminated similarly. Policies regarding timeout and lifetime values are clearly communicated to registrars in documentation provided to them.

### Section 3 Message Exchange - compliant

With the exception of EPP server greeting, EPP messages are initiated by EPP client in the form of EPP commands. Client-server interaction works as a command-response exchange where the client sends one command to the server and the server returns one response to the client in the exact order as received by the server.

### Section 8 Security considerations - ack.

TLS 1.0 over TCP is used to establish secure communications from IP restricted clients. Validation of authentication credentials along with the certificate common name, validation of revocation status and the validation of the full certificate chain are performed. The ACL only allows connections from subnets prearranged with the Registrar.

### Section 9 TLS Usage Profile - ack.

The SRS uses TLS 1.0 over TCP and matches the certificate common name. The full certificate chain, revocation status and expiry date is validated. TLS is implemented for mutual client and server authentication.

## 8.0. EPP EXTENSIONS

### 8.1. STANDARDIZED EXTENSIONS

Our implementation includes extensions that are accepted standards and fully documented. These include the Registry Grace Period Mapping and DNSSEC.

### 8.2. COMPLIANCE WITH RFC 3735

RFC 3735 are the Guidelines for Extending the Extensible Provisioning Protocol. Any custom extension implementations follow the guidance and recommendations given in RFC 3735.

### 8.3. COMPLIANCE WITH DOMAIN REGISTRY GRACE PERIOD MAPPING RFC 3915

#### Section 1 Introduction - compliant

Our SRS implementation supports all specified grace periods particularly, add grace period, auto-renew grace period, renew grace period, and transfer grace period.

#### Section 3.2 Registration Data and Supporting Information - compliant

Our SRS implementation supports free text and XML markup in the restore report.

#### Section 3.4 Client Statements - compliant

Client can use free text or XML markup to make 2 statements regarding data included in a restore report.

#### Section 5 Formal syntax - compliant

All commands and responses for this extension are validated against applicable XML schema before acting on the command or sending the response to the client respectively. XML schema validation is performed against RGP specific schema (rgp 1.0).

### 8.4. COMPLIANCE WITH DOMAIN NAME SYSTEM (DNS) SECURITY EXTENSIONS MAPPING RFC 5910

RFC 5910 describes an Extensible Provisioning Protocol (EPP) extension mapping for the provisioning and management of Domain Name System Security Extensions (DNSSEC) for domain names stored in a shared central repository. Our SRS and DNS implementation supports DNSSEC.

The information exchanged via this mapping is extracted from the repository and used to publish DNSSEC Delegate Signer (DS) resource records (RR) as described in RFC 4034.

#### Section 4 DS Data Interface and Key Data Interface - compliant

Our SRS implementation supports only DS Data Interface across all commands applicable with DNSSEC extension.

##### Section 4.1 DS Data Interface - compliant

The client can provide key data associated with the DS information. The collected key data along with DS data is returned in an info response, but may not be used in our systems.

#### Section 4.2 Key Data Interface - compliant

Since our gTLD's SRS implementation does not support Key Data Interface, when a client sends a command with Key Data Interface elements, it is rejected with error code 2306.

#### Section 5.1.2 EPP <info> Command - compliant

This extension does not add any elements to the EPP <info> command. When an <info> command is processed successfully, the EPP <resData> contains child elements for EPP domain mapping. In addition, it contains a child <secDNS:infData> element that identifies extension namespace if the domain object has data associated with this extension. It is conditionally based on whether or the client added the <extURI> element for this extension in the <login> command. Multiple DS data elements are supported.

#### Section 5.2.1 EPP <create> Command - compliant

The client must add an <extension> element, and the extension element MUST contain a child <secDNS:create> element if the client wants to associate data defined in this extension to the domain object. Multiple DS data elements are supported. Since the SRS implementation does not support maxSigLife, it returns a 2102 error code if the command included a value for maxSigLife.

#### Section 5.2.5 EPP <update> Command compliant

Since the SRS implementation does not support the <secDNS:update> element's optional "urgent" attribute, an EPP error result code of 2102 is returned if the "urgent" attribute is specified in the command with value of Boolean true.

### 8.5. PROPRIETARY EXTENSION DOCUMENTATION

We are not proposing any proprietary EPP extensions for this TLD.

### 8.6. EPP CONSISTENT WITH THE REGISTRATION LIFECYCLE DESCRIBED IN QUESTION 27

Our EPP implementation makes no changes to the industry standard registration lifecycle and is consistent with the lifecycle described in Question 27.

### 9.0. RESOURCING PLAN

For descriptions of the following teams, please refer to our response to Question 31. Current and planned allocations are below.

#### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, 2 Sr. Software Engineers, Sr. Database Engineer, Quality Assurance Engineer
- First Year New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

#### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Systems Administrators, two Systems Administrators, two Sr. Systems Engineers, two Systems Engineers
- First Year New Hires: Systems Engineer

#### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, two Network Engineers
- First Year New Hires: Network Engineer

#### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, two Database Administrators

#### Information Security Team:

- Existing Department Personnel: Director of Information Security, Sr. Information Security Specialist, Information Security Specialists, Sr. Information Security Engineer, Information Security Engineer



- First Year New Hires: Information Security Engineer

Network Operations Center (NOC):

- Existing Department Personnel: Manager, two NOC Supervisors, 12 NOC Analysts
  - First Year New Hires: Eight NOC Analysts
- 

## 26. Whois: describe

- how the applicant will comply with Whois specifications for data objects, bulk access, and lookups as defined in Specifications 4 and 10 to the Registry Agreement;
- how the Applicant's Whois service will comply with RFC 3912; and
- resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area)

A complete answer should include, but is not limited to:

- A high level Whois system description;
- Relevant network diagram(s);
- IT and infrastructure resources (e.g., servers, switches, routers and other components);
- Description of interconnectivity with other registry systems; and

Frequency of synchronization between servers

To be eligible for a score of 2, answers must also include:

- Provision for Searchable Whois capabilities; and
- A description of potential forms of abuse of this feature, how these risks will be mitigated, and the basis for these descriptions

A complete answer is expected to be no more than 5 pages.

Q26 CHAR: 19908

### 1.0. INTRODUCTION

Our registry provides a publicly available Whois service for registered domain names in the top-level domain (TLD). Our planned registry also offers a searchable Whois service that includes web based search capabilities by domain name, registrant name, postal address, contact name, registrar ID and IP addresses without an arbitrary limit. The Whois service for our gTLD also offers Boolean search capabilities, and we have initiated appropriate precautions to avoid abuse of the service. This searchable Whois service exceeds requirements and is eligible for a score of 2 by providing the following:

- Web-based search capabilities by domain name, registrant name, postal address, contact names, registrar IDs, and Internet Protocol addresses without arbitrary limit.
  - Boolean search capabilities.
  - Appropriate precautions to avoid abuse of this feature (e.g., limiting access to legitimate authorized users).
- Compliance with any applicable privacy laws or policies.

The Whois service for our planned TLD is available via port 43 in accordance with RFC 3912. Also, our planned registry includes a Whois web interface. Both provide free public query-based access to the elements outlined in Specification 4 of the Registry Agreement. In addition, our registry includes a searchable Whois service. This service is available to authorized entities and accessible from a web browser.

### 2.0. HIGH LEVEL WHOIS SYSTEM DESCRIPTION

The Whois service for our registry provides domain registration information to the public. This information consists not only of the domain name but also of relevant contact information associated with the domain. It also identifies nameserver delegation and the registrar of record. This service is available to any Internet user, and use does not require prior authorization or permission. To maximize accessibility to the data, Whois service is provided over two mediums, as described below. Where the medium is not specified, any reference to Whois pertains to both mediums. We describe our searchable Whois solution in Section 11.0.

One medium used for our gTLD's Whois service is port 43 Whois. This consists of a standard Transmission Control Protocol (TCP) server that answers requests for information over port 43 in compliance with IETF RFC 3912. For each query, the TCP server accepts the connection over port 43 and then waits for a set time for the query to be sent. This communication occurs via clear, unencrypted text. If no query is received by the server within the allotted time or a malformed query is detected, the connection is closed. If a properly formatted and valid query is received, the registry database is queried for the registration data. If registration data exists, it is returned to the service where it is then formatted and delivered to the requesting client. Each query connection is short-lived. Once the output is transmitted, the server closes the connection.

The other medium used for Whois is via web interface using clear, unencrypted text. The web interface is in an HTML format suitable for web browsers. This interface is also available over an encrypted channel on port 443 using the HTTPS protocol.

The steps for accessing the web based Whois will be prominently displayed on the registry home page. The web-based Whois is for interactive use by individual users while the port 43 Whois system is for automated use by computers and lookup clients.

Both Whois service offerings comply with Specification 4 of the New GTLD Agreement. Although the Whois output is free text, it follows the output format as described for domain, registrar and nameserver data in Sections 1.4, 1.5 and 1.6 of Specification 4 of the Registry Agreement.

Our gTLD's WHOIS service is mature, and its current implementation has been in continuous operation for seven years. A dedicated support staff monitors this service <sup>24/7</sup>. To ensure high availability, multiple redundant servers are maintained to enable capacity well above normal query rates.

Most of the queries sent to the port 43 Whois service are automated. The Whois service contains mechanisms for detecting abusive activity and, if abuse is detected, reacts appropriately. This capability contributes to a high quality of service and availability for all users.

## 2.1. PII POLICY

The services and systems for this gTLD do not collect, process or store any personally identifiable information (PII) as defined by state disclosure and privacy laws. Registry systems collect the following Whois data types: first name, last name, address and phone numbers of all billing, administration and technical contacts. Any business conducted where confidential PII consisting of customer payment information is collected uses systems that are completely separate from registry systems and segregated at the network layer.

## 3.0. RELEVANT NETWORK DIAGRAM(S)

Our network diagram (Q 26 Attachment A, Figure 1) provides a quick reference view of the Whois system. This diagram reflects the Whois system components and compliance descriptions and explanations that follow in this section.

### 3.1. NARRATIVE FOR Q26 FIGURE 1 OF 1 (SHOWN IN ATTACHMENT A)

The Whois service for our gTLD operates from two datacenters from replicated data. Network traffic is directed to either of the datacenters through a global load balancer. Traffic is directed to an appropriate server farm, depending on the service interface requested. The load balancer within the datacenter monitors the load and health of each individual server and uses this information to select an appropriate server to handle the request.

The protocol server handling the request communicates over an encrypted channel with the Whois service provider through a load-balancing device. The WHOIS service provider communicates directly with a replicated, read-only copy of the appropriate data from the registry database. The Whois



service provider is passed a sanitized and verified query, such as a domain name. The database attempts to locate the appropriate records, then format and return them. Final output formatting is performed by the requesting server and the results are returned back to the original client.

#### 4.0. INTERCONNECTIVITY WITH OTHER REGISTRY SYSTEMS

The Whois port 43 interface runs as an unattended service on servers dedicated to this task. As shown in Attachment A, Figure 1, these servers are delivered network traffic by redundant load-balancing hardware, all of which is protected by access control methods. Balancing the load across many servers helps distribute the load and allows for expansion. The system's design allows for the rapid addition of new servers, typically same day, should load require them.

Both our port 43 Whois and our web-based Whois communicate with the Whois service provider in the middle tier. Communication to the Whois service provider is distributed by a load balancing pair. The Whois service provider calls the appropriate procedures in the database to search for the registration records.

The Whois service infrastructure operates from both datacenters, and the global load balancer distributes Whois traffic evenly across the two datacenters. If one datacenter is not responding, the service sends all traffic to the remaining datacenter. Each datacenter has sufficient capacity to handle the entire load.

To avoid placing an abnormal load on the Shared Registration System (SRS), both service installations read from replicated, read-only database instances (see Figure 1). Because each instance is maintained via replication from the primary SRS database, each replicated database contains a copy of the authoritative data. Having the Whois service receive data from this replicated database minimizes the impact of services competing for the same data and enables service redundancy. Data replication is also monitored to prevent detrimental impact on the primary SRS.

#### 5.0. FREQUENCY OF SYNCHRONIZATION BETWEEN SERVERS

As shown in Figure 1, the system replicates WHOIS services data continuously from the authoritative database to the replicated database. This persistent connection is maintained between the databases, and each transaction is queued and published as an atomic unit. Delays, if any, in the replication of registration information are minimal, even during periods of high load. At no time will the system prioritize replication over normal operations of the SRS.

#### 6.0. POTENTIAL FORMS OF ABUSE

Potential forms of abuse of this feature, and how they are mitigated, are outlined below. For additional information on our approach to preventing and mitigating Whois service abuse, please refer to our response to Question 28.

##### 6.1. DATA MINING ABUSE

This type of abuse consists primarily of a user using queries to acquire all or a significant portion of the registration database.

The system mitigates this type of abuse by detecting and limiting bulk query access from single sources. It does this in two ways: 1) by rate limiting queries by non authorized parties; and 2) by ensuring all queries result in responses that do not include data sets representing significant portions of the registration database.

##### 6.2. INVALID DATA INJECTION

This type of abuse is mitigated by 1) ensuring that all Whois systems are strictly read-only; and 2) ensuring that any input queries are properly sanitized to prevent data injection.

##### 6.3. DISCLOSURE OF PRIVATE INFORMATION

The Whois system mitigates this type of abuse by ensuring all responses, while complete, only contain information appropriate to Whois output and do not contain any private or non public information.

## 7.0. COMPLIANCE WITH WHOIS SPECIFICATIONS FOR DATA OBJECTS, BULK ACCESS, AND LOOKUPS

Whois specifications for data objects, bulk access, and lookups for our gTLD are fully compliant with Specifications 4 and 10 to the Registry Agreement, as explained below.

### 7.1. COMPLIANCE WITH SPECIFICATION 4

Compliance of Whois specifications with Specification 4 is as follows:

- Registration Data Directory Services Component: Specification 4.1 is implemented as described. Formats follow the outlined semi free text format. Each data object is represented as a set of key/value pairs with lines beginning with keys followed by a colon and a space as delimiters, followed by the value. Fields relevant to RFCs 5730-4 are formatted per Section 1.7 of Specification 4.

Searchability compliance is achieved by implementing, at a minimum, the specifications in section 1.8 of specification 4. We describe this searchability feature in Section 11.0.

- Co-operation, ICANN Access and Emergency Operator Access: Compliance with these specification components is assured.

Bulk Registration Data Access to ICANN: Compliance with this specification component is assured.

Evidence of Whois system compliance with this specification consists of:

Matching existing Whois output with specification output to verify that it is equivalent.

### 7.2. COMPLIANCE WITH SPECIFICATION 10 FOR WHOIS

Our gTLD's Whois complies fully with Specification 10. With respect to Section 4.2, the approach used ensures that Round-Trip Time (RTT) remains below five times the corresponding Service Level Requirement (SLR).

#### 7.2.1. Emergency Thresholds

To achieve compliance with this Specification 10 component, several measures are used to ensure emergency thresholds are never reached:

- 1) Provide staff training as necessary on Registry Transition plan components that prevent Whois service interruption in case of emergency (see the Question 40 response for details).
- 2) Conduct regular failover testing for Whois services as outlined in the Question 41 response.
- 3) Adhere to recovery objectives for Whois as outlined in the Question 39 response.

#### 7.2.2. Emergency Escalation

Compliance with this specification component is achieved by participation in escalation procedures as outlined in this section.

## 8.0. COMPLIANCE WITH RFC 3912

Whois service for our gTLD is fully compliant with RFC 3912 as follows:

- RFC 3912 Element, "A Whois server listens on TCP port 43 for requests from Whois clients": This requirement is properly implemented, as described in Section 1 above. Further, running Whois on ports other than port 43 is an option.

- RFC 3912 Element, "The Whois client makes a text request to the Whois server, then the Whois server replies with text content": The port 43 Whois service is a text-based query and response system. Thus, this requirement is also properly implemented.

- RFC 3912 Element, "All requests are terminated with ASCII CR and then ASCII LF. The response might contain more than one line of text, so the presence of ASCII CR or ASCII LF characters does not indicate the end of the response": This requirement is properly implemented for our TLD.

RFC 3912 Element, "The Whois server closes its connection as soon as the output is finished": This requirement is properly implemented for our TLD, as described in Section 1 above.

- RFC 3912 Element, "The closed TCP connection is the indication to the client that the response has been received": This requirement is properly implemented.

## 9.0. RESOURCING PLAN

Resources for the continued development and maintenance of the Whois have been carefully considered. Many of the required personnel are already in place. Where gaps exist, technical resource addition plans are outlined below as "First Year New Hires." Resources now in place, shown as "Existing Department Personnel", are employees whose primary responsibility is the registry system.

#### Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, two Sr. Software Engineers, Sr. Database Engineer, Quality Assurance Engineer
- First Year New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

#### Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Systems Administrators, two Systems Administrators, two Sr. Systems Engineers, two Systems Engineers
- First Year New Hires: Systems Engineer

#### Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, two Network Engineers
- First Year New Hires: Network Engineer

#### Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, two Database Administrators

#### Information Security Team:

- Existing Department Personnel: Director of Information Security, Sr. Information Security Specialist, Information Security Specialists, Sr. Information Security Engineer, Information Security Engineer
- First Year New Hires: Information Security Engineer

#### Network Operations Center (NOC):

- Existing Department Personnel: Manager, two NOC Supervisors, 12 NOC Analysts
- First Year New Hires: Eight NOC Analysts

### 11.0. PROVISION FOR SEARCHABLE WHOIS CAPABILITIES

The searchable Whois service for our gTLD provides flexible and powerful search ability for users through a web-based interface. This service is provided only to entities with a demonstrated need for it. Where access to registration data is critical to the investigation of cybercrime and other potentially unlawful activity, we authorize access for fully vetted law enforcement and other entities as appropriate. Search capabilities for our gTLD's searchable Whois meet or exceed the requirements indicated in section 1.8 of specification 4.

Once authorized to use the system, a user can perform exact and partial match searches on the following fields:

- Domain name
- Registrant name
- Postal address including street, city and state, etc., of all registration contacts
- Contact names
- Registrant email address
- Registrar name and ID
- Nameservers
- Internet Protocol addresses

In addition, all other EPP Contact Object fields and sub fields are searchable as well. The following Boolean operators are also supported: AND, OR, NOT. These operators can be used for joining or excluding results.

Certain types of registry related abuse are unique to the searchable Whois function. Providing searchable Whois warrants providing protection against this abuse. Potential problems include:

- Attempts to abuse Whois by issuing a query that essentially returns the entire database in the result set.

- Attempts to run large quantities of queries sufficient to reduce the performance of the registry database.

Precautions for preventing and mitigating abuse of the Whois search service include:

- Limiting access to authorized users only.

- Establishing legal agreements with authorized users that clearly define and prohibit system abuse.

- Queuing search queries into a job processing system.

- Executing search queries against a replicated read-only copy of the database.

- Limiting result sets when the query is clearly meant to cause a wholesale dump of registration data.

Only authorized users with a legitimate purpose for searching registration data are permitted to use the searchable Whois system. Examples of legitimate purpose include the investigation of terrorism or cybercrime by authorized officials, or any of many other official activities that public officials must conduct to fulfill their respective duties. We grant access for these and other purposes on a case-by-case basis.

To ensure secure access, a two-factor authentication device is issued to each authorized user of the registry. Subsequent access to the system requires the user name, password and a one time generated password from the issued two-factor device.

Upon account creation, users are provided with documentation describing our terms of service and policies for acceptable use. Users must agree to these terms to use the system. These terms clearly define and illustrate what constitutes legitimate use and what constitutes abuse. They also inform the user that abuse of the system is grounds for limiting or terminating the user's account.

For all queries submitted, the searchable Whois system first sanitizes the query to deter potential harm to our internal systems. The system then submits the query to a queue for job processing. The system processes each query one by one and in the order received. The number of concurrent queries executed varies, depending on the current load.

To ensure Whois search capabilities do not affect other registry systems, the system executes queries against a replicated read-only version of the database. The system updates this database frequently as registration transactions occur. These updates are performed in a manner that ensures no detrimental load is placed on the production SRS.

To process successfully, each query must contain the criteria needed to filter its results down to a reasonable result set (one that is not excessively large). If the query does not meet this, the user is notified that the result set is excessive and is asked to verify the search criteria. If the user wishes to continue without making the indicated changes, the user must contact our support team to verify and approve the query. Each successful query submitted results in immediate execution of the query.

Query results are encrypted using the unique shared secret built into each 256-bit Advanced Encryption Standard (AES) two-factor device. The results are written to a secure location dedicated for result storage and retrieval. Each result report has a unique file name in the user's directory. The user's directory is assigned the permissions needed to prevent unauthorized access to report files. For the convenience of Registrars and other users, each query result is stored for a minimum of 30 days. At any point following this 30-day period, the query result may be purged by the system.

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27. Registration Life Cycle: provide a detailed description of the proposed registration lifecycle for domain names in the proposed gTLD. The description must:

- explain the various registration states as well as the criteria and procedures that are used to change state;
- describe the typical registration lifecycle of create/update/delete and all intervening steps such as pending, locked, expired, and transferred that may apply;
- clearly explain any time elements that are involved for instance details of add grace or redemption grace periods, or notice periods for renewals or transfers; and
- describe resourcing plans for this aspect of the criteria (number and description of personnel roles allocated to this area).

The description of the registration lifecycle should be supplemented by the inclusion of a state diagram, which captures definitions, explanations of trigger points, and transitions from state to state

If applicable, provide definitions for aspects of the registration lifecycle that are not covered by standard EPP RFCs

A complete answer is expected to be no more than 5 pages.

## Q27 CHAR: 19951

### 1.0. INTRODUCTION

To say that the lifecycle of a domain name is complex would be an understatement. A domain name can traverse many states throughout its lifetime and there are many and varied triggers that can cause a state transition. Some states are triggered simply by the passage of time. Others are triggered by an explicit action taken by the registrant or registrar. Understanding these is critical to the proper operation of a gTLD registry. To complicate matters further, a domain name can contain one or more statuses. These are set by the registrar or registry and have a variety of uses.

When this text discusses EPP commands received from registrars, with the exception of a transfer request, the reader can assume that the command is received from the sponsoring registrar and successfully processed. The transfer request originates from the potential gaining registrar. Transfer details are explicit for clarity.

### 2.0. INDUSTRY STANDARDS

The registration life cycle approach for our gTLD follows industry standards for registration lifecycles and registration statuses. By implementing a registration life cycle that adheres to these standards, we avoid compounding an already confusing topic for registrants. In addition, since registrar systems are already designed to manage domain names in a standard way, a standardized registration lifecycle also lowers the barrier to entry for registrars.

The registration lifecycle for our gTLD follows core EPP RFCs including RFC 5730 and RFC 5731 and associated documentation of lifecycle information. To protect registrants, EPP Grace Period Mapping for domain registrations is implemented, which affects the registration lifecycle and domain status. EPP Grace Period Mapping is documented in RFC 3915.

### 3.0. REGISTRATION STATES

For a visual guide to this registration lifecycle discussion, please refer to the attachment, Registration Lifecycle Illustrations. Please note that this text makes many references to the status of a domain. For brevity, we do not distinguish between the domain mapping status `<domain:status>` and the EPP Grace Period Mapping status `<rgp:rgpStatus>` as making this differentiation in every case would make this document more difficult to read and in this context does not improve understanding.

### 4.0. AVAILABILITY

The lifecycle for any domain registration begins with the Available state. This is not necessarily a registration state, per se, but indicates the lack of domain registration implied and provides an entry and terminal point for the state diagram provided. In addition to the state diagram, please refer to Fig. 2 - Availability Check for visual representation of the process flow.

Before a user can register a new domain name, the registry performs an availability check. Possible outcomes of this availability check include:

1. Domain name is available for registration.



2. Domain name is already registered, regardless of the current state and not available for registration.

3. Domain name has been reserved by the registry.

4. Domain name string has been blocked because of a trademark claim.

#### 5.0. INITIAL REGISTRATION

The first step in domain registration is the availability check as described above and shown in Fig. 2 – Availability Check. A visual guide to the description for domain registration in this section can be found in Fig. 3 – Domain Registration. If the domain is available for registration, a registrar submits a registration request.

With this request, the registrar can include zero or more nameserver hosts for zone delegation. If the registrar includes zero or one nameserver host(s), the domain is registered but the EPP status of the domain is set to inactive. If the registrar includes two or more, the EPP status of the domain is set to ok.

The request may also include a registration period (the number of years the registrar would like the domain registered). If this time period is omitted, the registry may use a default initial registration period. The policy for this aligns with the industry standard of one year as the default period. If the registrar includes a registration period, the value must be between one and ten years as specified in the gTLD Registry Agreement.

Once the registration process is complete within the registry, the domain registration is considered to be in the REGISTERED state but within the Add Grace Period.

#### 6.0. REGISTERED STATE ADD GRACE PERIOD

The Add Grace Period is a status given to a new domain registration. The EPP status applied in this state is addPeriod. The Add Grace Period is a state in which the registrar is eligible for a refund of the registration price should the registration be deleted while this status is applied. The status is removed and the registration transitions from the Add Grace Period either by an explicit delete request from the registrar or by the lapse of five days. This is illustrated in Fig. 1 and Fig. 3 of the illustrations attachment.

If the registrar deletes the domain during the Add Grace Period, the domain becomes immediately available for registration. The registrar is refunded the original cost of the registration.

If the five-day period lapses without receiving a successful delete command, the addPeriod status is removed from the domain.

#### 7.0. REGISTERED STATE

A domain registration spends most of its time in the REGISTERED state. A domain registration period can initially be between one year and ten years in one-year increments as specified in the new gTLD Registry Agreement. At any time during the registration's term, several things can occur to either affect the registration period or transition the registration to another state. The first three are the auto renew process, an explicit renew EPP request and a successful completion of the transfer process.

#### 8.0. REGISTRATION PERIOD EXTENSION

The registration period for a domain is extended either through a successful renew request by the registrar, through the successful completion of the transfer process or through the auto-renew process. This section discusses each of these three options.

##### 8.1. EXTENSION VIA RENEW REQUEST

One way that a registrar can extend the registration period is by issuing a renew request. Each renew request includes the number of years desired for extension of the registration up to ten years. Please refer to the flow charts found in both Fig. 4 – Renewal and Fig. 5 – Renewal Grace Period for a visual representation of the following.

Because the registration period cannot extend beyond ten years, any request for a registration period beyond ten years fails. The domain must not contain the status renewProhibited. If this status exists on the domain, the request for a renewal fails.

Upon a successful renew request, the registry adds the renewPeriod status to the domain. This

status remains on the domain for a period of five days. The number of years in the renew request is added to the total registration period of the domain. The registrar is charged for each year of the additional period.

While the domain has the renewPeriod status, if the sponsoring registrar issues a successful delete request, the registrar receives a credit for the renewal. The renewPeriod status is removed and the domain enters the Redemption Grace Period (RGP) state. The status redemptionPeriod is added to the status of the domain.

### 8.2. EXTENSION VIA TRANSFER PROCESS

The second way to extend the registration is through the Request Transfer process. A registrar may transfer sponsorship of a domain name to another registrar. The exact details of a transfer are explained in the Request Transfer section below. The successful completion of the Request Transfer process automatically extends the registration for one year. The registrar is not charged separately for the addition of the year; it comes automatically with the successful transfer. The transferPeriod status is added to the domain.

If the gaining registrar issues a successful delete request during the transferPeriod, the gaining registrar receives a credit for the transfer. The status redemptionPeriod is added to the status of the domain and transferPeriod is removed. The domain then enters the RGP state.

### 8.3. EXTENSION VIA AUTO RENEW

The last way a registration period can be extended is passive and is the simplest way because it occurs without any action by the Registrar. When the registration period expires, for the convenience of the registrar and registrant, the registration renews automatically for one year. The registrar is charged for the renewal at this time. This begins the Auto Renew Grace Period. The autoRenewPeriod status is added to the domain to represent this period.

The Auto Renew Grace Period lasts for 45 days. At any time during this period, the Registrar can do one of four things: 1) passively accept the renewal; 2) actively renew (to adjust renewal options); 3) delete the registration; or 4) transfer the registration.

To passively accept the renewal, the registrar need only allow the 45-day time span to pass for the registration to move out of the Auto Renew Grace Period.

Should the registrar wish to adjust the renewal period in any way, the registrar can submit a renew request via EPP to extend the registration period up to a maximum of ten years. If the renew request is for a single year, the registrar is not charged. If the renew request is for more than a single year, the registrar is charged for the additional years that the registration period was extended. If the command is a success, the autoRenewPeriod status is removed from the domain.

Should the registrar wish to delete the registration, the registrar can submit a delete command via EPP. Once a delete request is received, the autoRenewPeriod status is removed from the domain and the redemptionPeriod status is added. The registrar is credited for the renewal fees. For illustration of this process, please refer to Fig. 6 – Auto Renew Grace Period.

The last way move a domain registration out of the Auto Renew state is by successful completion of the Request Transfer process, as described in the following section. If the transfer completes successfully, the autoRenewPeriod status is removed and the transferPeriod status is added.

## 9.0. REQUEST TRANSFER

A customer can change the sponsoring registrar of a domain registration through the Request Transfer process. This process is an asynchronous, multi step process that can take many as five days but may occur faster, depending on the level of support from participating Registrars.

The initiation of the transfer process is illustrated in Fig. 8 – Request Transfer. The transfer process begins with a registrar submitting a transfer request. To succeed, the request must meet several criteria. First, the domain status must not contain transferProhibited or pendingTransfer. Second, the initial domain registration must be at least 60 days old or, if transferred prior to the current transfer request, must not have been transferred within the last 60 days. Lastly, the transfer request must contain the correct authInfo (authorization information) value. If all of these criteria are met, the transfer request succeeds and the domain moves into the Pending Transfer state and the pendingTransfer status is added to the domain.

There are four ways to complete the transfer (and move it out of Pending Transfer status):

1. The transfer is auto approved.
2. The losing registrar approves the transfer.
3. The losing registrar rejects the transfer.
4. The requesting registrar cancels the transfer.

After a successful transfer request, the domain continues to have the pendingTransfer status for up to five days. During this time, if no other action is taken by either registrar, the domain successfully completes the transfer process and the requesting registrar becomes the new sponsor of the domain registration. This is illustrated in Fig. 9 Auto Approve Transfer.

At any time during the Pending Transfer state, either the gaining or losing registrar can request the status of a transfer provided they have the correct domain authInfo. Querying for the status of a transfer is illustrated in Fig. 13 Query Transfer.

During the five-day Pending Transfer state, the losing registrar can accelerate the process by explicitly accepting or rejecting the transfer. If the losing registrar takes either of these actions, the pendingTransfer status is removed. Both of these actions are illustrated in Fig. 10 Approve Transfer and Fig. 11 - Reject Transfer.

During the five-day Pending Transfer state, the requesting registrar may cancel the transfer request. If the registrar sends a cancel transfer request, the pendingTransfer status is removed. This is shown in Fig. 12 - Cancel Transfer.

If the transfer process is a success, the registry adds the transferPeriod status and removes the pendingTransfer status. If the domain was in the Renew Period state, upon successful completion of the transfer process, this status is removed.

The transferPeriod status remains on the domain for five days. This is illustrated in Fig. 14 - Transfer Grace Period. During this period, the gaining Registrar may delete the domain and obtain a credit for the transfer fees. If the gaining registrar issues a successful delete request during the transferPeriod, the gaining registrar receives a credit for the transfer. The status redemptionPeriod is added to the status of the domain and transferPeriod is removed. The domain then enters the RGP state.

#### 10.0. REDEMPTION GRACE PERIOD

The Redemption Grace Period (RGP) is a service provided by the registry for the benefit of registrars and registrants. The RGP allows a registrar to recover a deleted domain registration. The only way to enter the RGP is through a delete command sent by the sponsoring registrar. A domain in RGP always contains a status of redemptionPeriod. For an illustrated logical flow diagram of this, please refer to Fig. 15 Redemption Grace Period.

The RGP lasts for 30 days. During this time, the sponsoring registrar may recover the domain through a two-step process. The first step is to send a successful restore command to the registry. The second step is to send a restore report to the registry.

Once the restore command is processed, the registry adds the domain status of pendingRestore to the domain. The domain is now in the Pending Restore state, which lasts for seven days. During this time, the registry waits for the restore report from the Registrar. If the restore report is not received within seven days, the domain transitions back to the RGP state. If the restore report is successfully processed by the registry, the domain registration is restored back to the REGISTERED state. The statuses of pendingRestore and redemptionPeriod are removed from the domain.

After 30 days in RGP, the domain transitions to the Pending Delete state. A status of pendingDelete is applied to the domain and all other statuses are removed. This state lasts for five days and is considered a quiet period for the domain. No commands or other activity can be applied for the domain while it is in this state. Once the five days lapse, the domain is again available for registration.

#### 11.0. DELETE

To delete a domain registration, the sponsoring registrar must send a delete request to the registry. If the domain is in the Add Grace Period, deletion occurs immediately. In all other cases, the deleted domain transitions to the RGP. For a detailed visual diagram of the delete



process flow, please refer to Fig. 7 - Delete.

For domain registration deletion to occur successfully, the registry must first ensure the domain is eligible for deletion by conducting two checks. The registry first checks to verify that the requesting registrar is also the sponsoring registrar. If this is not the case, the registrar receives an error message.

The registry then checks the various domain statuses for any restrictions that might prevent deletion. If the domain's status includes either the transferPending or deleteProhibited, the name is not deleted and an error is returned to the registrar.

If the domain is in the Add Grace Period, the domain is immediately deleted and any registration fees paid are credited back to the registrar. The domain is immediately available for registration.

If the domain is in the Renew Grace Period, the Transfer Grace Period or the Auto Renew Grace Period, the respective renewPeriod, transferPeriod or autoRenewPeriod statuses are removed and the corresponding fees are credited to the Registrar. The domain then moves to the RGP as described above.

#### 12.0. ADDITIONAL STATUSES

There are additional statuses that the registry or registrar can apply to a domain registration to limit what actions can be taken on it or to limit its usefulness. This section addresses such statuses that have not already addressed in this response.

Some statuses are applied by the registrar and others are exclusively applied by the registry. Registry applied statuses cannot be altered by registrars. Status names that registrars can add or remove begin with "client". Status names that only the registry can add or remove begin with "server". These statuses can be applied by a registrar using the EPP domain update request as defined in RFC 5731.

To prevent a domain registration from being deleted, the status values of clientDeleteProhibited or serverDeleteProhibited may be applied by the appropriate party.

To withhold delegation of the domain to the DNS, clientHold or serverHold is applied. This prevents the domain name from being published to the zone file. If it is already published, the domain name is removed from the zone file.

To prevent renewal of the domain registration clientRenewProhibited or serverRenewProhibited is applied by the appropriate party.

To prevent the transfer of sponsorship of a registration, the states clientTransferProhibited or serverTransferProhibited is applied to the domain. When this is done, all requests for transfer are rejected by the registry.

If a domain registration contains no host objects, the registry applies the status of inactive. Since there are no host objects associated with the domain, by definition, it cannot be published to the zone. The inactive status cannot be applied by registrars.

If a domain has no prohibitions, restrictions or pending operations and the domain also contains sufficient host object references for zone publication, the registry assigns the status of ok if there is no other status set.

There are a few statuses defined by the domain mapping RFC 5731 that our registry does not use. These statuses are: pendingCreate, pendingRenew and pendingUpdate. RFC 5731 also defines some status combinations that are invalid. We acknowledge these and our registry system disallows these combinations.

#### 13.0. RESOURCING

Software Engineering:

- Existing Department Personnel: Project Manager, Development Manager, two Sr. Software Engineers, Sr. Database Engineer, Quality Assurance Engineer

- New Hires: Web Developer, Database Engineer, Technical Writer, Build/Deployment Engineer

Systems Engineering:

- Existing Department Personnel: Sr. Director IT Operations, 2 Sr. Systems Administrators, 2

Systems Administrators, 2 Sr. Systems Engineers, 2 Systems Engineers

- New Hires: Systems Engineer

Network Engineering:

- Existing Department Personnel: Sr. Director IT Operations, two Sr. Network Engineers, 2 Network Engineers

- New Hires: Network Engineer

Database Operations:

- Existing Department Personnel: Sr. Database Operations Manager, 2 Database Administrators

Network Operations Center:

- Existing Department Personnel: Manager, 2 NOC Supervisors, 12 NOC Analysts

New Hires: Eight NOC Analysts

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28. Abuse Prevention and Mitigation: Applicants should describe the proposed policies and procedures to minimize abusive registrations and other activities that have a negative impact on Internet users. A complete answer should include, but is not limited to:

- An implementation plan to establish and publish on its website a single abuse point of contact responsible for addressing matters requiring expedited attention and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller;
- Policies for handling complaints regarding abuse;
- Proposed measures for removal of orphan glue records for names removed from the zone when provided with evidence in written form that the glue is present in connection with malicious conduct (see Specification 6); and
- Resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

To be eligible for a score of 2, answers must include measures to promote Whois accuracy as well as measures from one other area as described below.

- Measures to promote Whois accuracy (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to
  - Authentication of registrant information as complete and accurate at time of registration. Measures to accomplish this could include performing background checks, verifying all contact information of principals mentioned in registration data, reviewing proof of establishment documentation, and other means
  - Regular monitoring of registration data for accuracy and completeness, employing authentication methods, and establishing policies and procedures to address domain names with inaccurate or incomplete Whois data; and
  - If relying on registrars to enforce measures, establishing policies and procedures to ensure compliance, which may include audits, financial incentives, penalties, or other means. Note that the requirements of the RAA will continue to apply to all ICANN accredited registrars.
- A description of policies and procedures that define malicious or abusive behavior, capture metrics, and establish Service Level Requirements for resolution, including service levels for responding to law enforcement requests. This may include rapid takedown or suspension systems and sharing information regarding malicious or abusive behavior with industry partners;
- Adequate controls to ensure proper access to domain functions (can be undertaken by the registry directly or by registrars via requirements in the Registry Registrar Agreement (RRA)) may include, but are not limited to:
  - Requiring multi factor authentication (i.e., strong passwords, tokens, one time passwords) from registrants to process update, transfers, and deletion requests;

- o Requiring multiple, unique points of contact to request and/or approve update, transfer, and deletion requests; and
- o Requiring the notification of multiple, unique points of contact when a domain has been updated, transferred, or deleted.

A complete answer is expected to be no more than 20 pages

Q28 Standard CHAR: 29543

## 1.0. INTRODUCTION

Donuts will employ strong policies and procedures to prevent and mitigate abuse. Our intention is to ensure the integrity of this top-level domain (TLD) and maintain it as a trusted space on the Internet. We will not tolerate abuse and will use professional, consistent, and fair policies and procedures to identify and address abuse in the legal, operational, and technical realms

Our approach to abuse prevention and mitigation includes the following:

- An Anti Abuse Policy that clearly defines malicious and abusive behaviors;
- An easy-to-use single abuse point of contact (APOC) that Internet users can use to report the malicious use of domains in our TLD;
- Procedures for investigating and mitigating abuse;
- Procedures for removing orphan glue records used to support malicious activities;
- Dedicated procedures for handling legal requests, such as inquiries from law enforcement bodies, court orders, and subpoenas;
- Measures to deter abuse of the Whois service; and
- Policies and procedures to enhance Whois accuracy, including compliance and monitoring programs.

Our abuse prevention and mitigation solution leverages our extensive domain name industry experience and was developed based on extensive study of existing gTLDs and ccTLDs for best registry practices. This same experience will be leveraged to manage the new TLD.

## 2.0. ANTI-ABUSE POLICY

The Anti Abuse Policy for our registry will be enacted under the Registry Registrar Agreement, with obligations from that agreement passed on to and made binding upon all registrants, registrars, and resellers. This policy will also be posted on the registry web site and accompanied by abuse point-of-contact contact information (see below). Internet users can report suspected abuse to the registry and sponsoring registrar, and report an orphan glue record suspected of use in connection with malicious conduct (see below).

The policy is especially designed to address the malicious use of domain names. Its intent is to:

1. Make clear that certain types of behavior are not tolerated;
2. Deter both criminal and non-criminal but harmful use of domain names; and
3. Provide the registry with clearly stated rights to mitigate several types of abusive behavior when found.

This policy does not take the place of the Uniform Dispute Resolution Policy (UDRP) or the Uniform Rapid Suspension System (URS), and it is not to be used as an alternate form of dispute resolution or as a brand protection mechanism.

Below is a policy draft based on the anti-abuse policies of several existing TLD registries with exemplary practices (including .ORG, .CA, and .INFO). We plan to adopt the same, or a substantially similar version, after the conclusion of legal reviews.

## 3.0. TLD ANTI-ABUSE POLICY

The registry reserves the right, at its sole discretion and at any time and without limitation, to deny, suspend, cancel, redirect, or transfer any registration or transaction, or place any domain name(s) on registry lock, hold, or similar status as it determines necessary for any of the following reasons:

- (1) to protect the integrity and stability of the registry;
- (2) to comply with any applicable laws, government rules or requirements, requests of law enforcement, or any dispute resolution process;
- (3) to avoid any liability, civil or criminal, on the part of the registry operator, its affiliates, subsidiaries, officers, directors, or employees;
- (4) to comply with the terms of the registration agreement and the registry's Anti-Abuse Policy;
- (5) registrant fails to keep Whois information accurate and up to date;
- (6) domain name use violates the registry's acceptable use policies, or a third party's rights or acceptable use policies, including but not limited to the infringement of any copyright or trademark;
- (7) to correct mistakes made by the registry operator or any registrar in connection with a domain name registration; or
- (8) as needed during resolution of a dispute.

Abusive use of a domain is an illegal, malicious, or fraudulent action and includes, without limitation, the following:

- Distribution of malware: The dissemination of software designed to infiltrate or damage a computer system without the owner's informed consent. Examples include computer viruses, worms, keyloggers, trojans, and fake antivirus products;
- Phishing: attempts to acquire sensitive information such as usernames, passwords, and credit card details by masquerading as a trustworthy entity in an electronic communication;
  - DNS hijacking or poisoning;
- Spam: The use of electronic messaging systems to send unsolicited bulk messages. This includes but is not limited to email spam, instant messaging spam, mobile messaging spam, and the spamming of Internet forums;
  - Use of botnets, including malicious fast flux hosting;
- Denial-of-service attacks;
- Child pornography/child sexual abuse images;
- The promotion, encouragement, sale, or distribution of prescription medication without a valid prescription in violation of applicable law; and
- Illegal access of computers or networks.

#### 4.0. SINGLE ABUSE POINT OF CONTACT

Our prevention and mitigation plan includes use of a single abuse point of contact (APOC). This contact will be a role-based e-mail address in the form of "abuse@registry.tld". This e-mail address will allow multiple staff members to monitor abuse reports. This role-based approach has been used successfully by ISPs, e mail service providers, and registrars for many years, and is considered an Internet abuse desk best practice.

The APOC e-mail address will be listed on the registry web site. We also will provide a convenient web form for complaints. This form will prompt complainants to provide relevant information. (For example, complainants who wish to report spam will be prompted to submit the full header of the e-mail.) This will help make their reports more complete and accurate.

Complaints from the APOC e mail address and web form will go into a ticketing system, and will be routed to our abuse handlers (see below), who will evaluate the tickets and execute on them as needed.

The APOC is mainly for complaints about malicious use of domain names. Special addresses may be set up for other legal needs, such as civil and criminal subpoenas, and for Sunrise issues.

#### 5.0. ABUSE INVESTIGATION AND MITIGATION

Our designated abuse handlers will receive and evaluate complaints received via the APOC. They will decide whether a particular issue merits action, and decide what action is appropriate.

Our designated abuse handlers have domain name industry experience receiving, investigating and resolving abuse reports. Our registry implementation plan will leverage this experience and deploy additional resources in an anti-abuse program tailored to running a registry.

We expect that abuse reports will be received from a wide variety of parties, including ordinary Internet users; security researchers and Internet security companies; institutions, such as banks; and law enforcement agencies.

Some of these parties typically provide good forensic data or supporting evidence of the alleged malicious behavior. In other cases, the party reporting an issue may not be familiar with how to provide evidence. It is not unusual, in the Internet industry, that a certain percentage of abuse reports are not actionable because there is insufficient evidence to support the complaint, even after additional investigation.

The abuse handling function will be staffed with personnel who have experience handling abuse complaints. This group will function as an abuse desk to “triage” and investigate reports. Over the past several years, this group has investigated allegations about a variety of problems, including malware, spam, phishing, and child pornography/child sexual abuse images.

#### 6.0. POLICIES, PROCEDURES, AND SERVICE LEVELS

Our abuse prevention and mitigation plan includes development of an internal manual for assessing and acting upon abuse complaints. Our designated abuse handlers will use this to ensure consistent and fair processes. To prevent exploitation of internal procedures by malefactors, these procedures will not be published publicly.

Assessing abuse reports requires great care. The goals are accuracy, a zero false-positive rate to prevent harm to innocent registrants, and good documentation.

Different types of malicious activities require different methods of investigation and documentation. The procedures we deploy will address all the abuse types listed in our Anti-Abuse Policy (above). This policy will also contain procedures for assessing complaints about orphan nameservers used for malicious activities.

One of the first steps in addressing abusive or harmful activities is to determine the type of domain involved. Two types of domains may be involved: 1) a “compromised domain”; and/or 2) a maliciously registered domain.

A “compromised” domain is one that has been hacked or otherwise compromised by criminals; the registrant is not responsible for the malicious activity taking place on the domain. For example, most domain names that host phishing sites are compromised. The goal in such cases is to inform the registrant of the problem via the registrar. Ideally, such domains are not suspended, since suspension disrupts legitimate activity on the domain.

The second type of potentially harmful domain, the maliciously registered domain, is one registered by a bad actor for the purpose of abuse. Since it has no legitimate use, this type of domain is a candidate for suspension.

In general, we see the registry as the central entity responsible for monitoring abuse of the TLD and passing any complaints received to the domains’ sponsoring registrars. In an alleged (though credible) case of malicious use, the case will be communicated to the domain’s sponsoring registrar requesting that the registrar investigate, act appropriately, and report on it within a defined time period. Our abuse handlers will also provide any evidence they collect to the registrar.

There are several good reasons for passing a case of malicious domain name use on to the registrar. First, the registrar has a direct relationship and contract with the registrant. It is important to respect this relationship as it pertains both to business in general and any legal perspectives involved. Second, the registrar holds a better position to evaluate and act because the registrar typically has vital information the registry operator does not, including domain purchase details and payment method (i.e., credit card, etc.); the identity of a proxy-protected registrant; the IP address from which the domain purchase was made; and whether a reseller is involved. Finally, it is important the registrar know if a registrant is in violation of registry or registrar policies and terms—the registrar may wish to suspend the registrant’s account, or investigate other domains the registrar has registered in this TLD or others.

The registrar is also often best for determining if questionable registrant activity violates the registrar’s legal terms of service or the registry Anti-Abuse Policy, and deciding whether to take any action. Registrars will be required to include language in their registrar-registrant contracts that indemnifies the registrar if it takes action and allows the registrar to suspend or cancel a domain name.



If a registrar does not take action within the time indicated by us in the report (i.e., 24 hours), we may take action ourselves. In some cases, we may suspend the domain name(s), and we reserve the right to act directly and immediately. We plan to take action directly if time is of the essence, such as with a malware attack that may cause significant harm to Internet users.

It is important to note that strict service level agreements (SLAs) for abuse response and mitigation are not always appropriate, additional tailoring of any SLAs may be required, depending on the problem. For example, suspending a domain within 24 hours may not be the best course of action when working with law enforcement or a national clearinghouse to address reports of child pornography. Officials may need more than 24 hours to investigate and gather evidence.

## 7.0. ABUSE MONITORING AND METRICS

In addition to addressing abuse complaints, we will actively monitor the overall abuse status of the TLD, gather intelligence and track abuse metrics to address criminal use of domains in the TLD.

To enable active reporting of problems to the sponsoring registrars, our plan includes proactive monitoring for malicious use of the domains in the TLD. Our goal is to keep malicious activity at an acceptably low level, and mitigate it actively when it occurs—we may do so by using professional blocklists of domain names. For example, professional advisors such as LegitScript ([www.legitscript.com](http://www.legitscript.com)) may be used to identify and close down illegal “rogue” Internet pharmacies.

Our approach also incorporates recordkeeping and metrics regarding abuse and abuse reports. These may include:

- The number of abuse reports received by the registry’s abuse point of contact described above and the domains involved;

- The number of cases and domains referred to registrars for resolution;
- The number of cases and domains for which the registry took direct action;

Resolution times (when possible or relevant, as resolution times for compromised domains are difficult to measure).

We expect law enforcement to be involved in only a small percentage of abuse cases and will call upon relevant law enforcement as needed.

## 8.0. HANDLING REPORTS FROM LAW ENFORCEMENT, COURT ORDERS

The new gTLD Registry Agreement contains this requirement: “Registry Operator shall take reasonable steps to investigate and respond to any reports from law enforcement and governmental and quasi-governmental agencies of illegal conduct in connection with the use of the TLD. In responding to such reports, Registry Operator will not be required to take any action in contravention of applicable law.” (Article 2.8)

We will be responsive as required by Article 2.8. Our abuse handling team will comply with legal processes and leverage both experience and best practices to work effectively with law enforcement and other government agencies. The registry will post a Criminal Subpoena Policy and Procedure page, which will detail how law enforcement and government agencies may submit criminal and civil subpoenas. When we receive valid court orders or seizure warrants from courts or law enforcement agencies of relevant jurisdiction, we will expeditiously review and comply with them.

## 9.0. PROHIBITING DOMAIN HIJACKINGS AND UNAPPROVED UPDATES

Our abuse prevention and mitigation plan also incorporates registrars that offer domain protection services and high security access and authentication controls. These include services designed to prevent domain hijackings and inhibit unapproved updates (such as malicious changes to nameserver settings). Registrants will then have the opportunity to obtain these services should they so elect.

## 10.0. ABUSE POLICY: ADDRESSING INTELLECTUAL PROPERTY INFRINGEMENT

Intellectual property infringement involves three distinct but sometimes intertwined problems: cybersquatting, piracy, and trademark infringement:

- Cybersquatting is about the presence of a trademark in the domain string itself.

- Trademark infringement is the misuse or misappropriation of trademarks - the violation of the exclusive rights attached to a trademark without the authorization of the trademark owner or any licensees. Trademark infringement sometimes overlaps with piracy.
- Piracy involves the use of a domain name to sell unauthorized goods, such as copyrighted music, or trademarked physical items, such as fake brand-name handbags. Some cases of piracy involve trademark infringement.

The Uniform Dispute Resolution Process (UDRP) and the new Uniform Rapid Suspension System (URS) are anti-cybersquatting policies. They are mandatory and all registrants in the new TLD will be legally bound to them. Please refer to our response to Question #29 for details on our plans to respond to URS orders.

The Anti-Abuse Policy for our gTLD will be used to address phishing cases that involve trademarked strings in the domain name. The Anti-Abuse Policy prohibits violation of copyright or trademark; such complaints will be routed to the sponsoring Registrar.

#### 11.0. PROPOSED MEASURES FOR REMOVAL OF ORPHAN GLUE RECORDS

Below are the policies and procedures to be used for our registry in handling orphan glue records. The anti-abuse documentation for our gTLD will reflect these procedures.

By definition, a glue record becomes an "orphan" when the delegation point Name Server (NS) record referencing it is removed without also removing the corresponding glue record. The delegation point NS record is sometimes referred to as the parent NS record.

As ICANN's SSAC noted in its Advisory SAC048 "SSAC Comment on Orphan Glue Records in the Draft Applicant Guidebook" (<http://www.icann.org/en/committees/security/sac048.pdf>), "Orphaned glue can be used for abusive purposes; however, the dominant use of orphaned glue supports the correct and ordinary operation of the Domain Name System (DNS)." For example, orphan glue records may be created when a domain (example.tld) is placed on Extensible Provisioning Protocol (EPP) ServerHold or ClientHold status. This use of Hold status is an essential tool for suspending malicious domains. When placed on Hold, the domain is removed from the zone and will stop resolving. However, any child nameservers (now orphan glue) of that domain (e.g., ns1.example.tld) are left in the zone. It is important to keep these orphan glue records in the zone so that any innocent sites using that nameserver will continue to resolve.

We will use the following procedure—used by several existing registries and considered a generally accepted DNS practice to manage orphan glue records.. When a registrar submits a request to delete a domain, the registry first checks for the existence of glue records. If glue records exist, the registry checks to see if other domains in the registry are using the glue records. If other domains in the registry are using the glue records, then registrar EPP requests to delete the domain will fail until no other domains are using the glue records. (This functionality is currently in place for the .ORG registry.) However, if a registrar submits a complaint that orphan glue is being used maliciously and the malicious conduct is confirmed, the registry operator will remove the orphan glue record from the zone file via an exceptional process.

#### 12.0. METHODS TO PROMOTE WHOIS ACCURACY

##### 12.1. ENFORCING REQUIRED CONTACT DATA FIELDS

We will offer a "thick" registry system. In this model, all key contact details for each domain name will be stored in a central location by the registry. This allows for better access to domain data and provides uniformity in storing the information.

As per the EPP specification, certain contact data fields are mandatory. Our registry will enforce those, plus certain other fields as necessary. This ensures that registrars are providing required domain registration data. The following fields (indicated as "MANDATORY") will be mandatory at a minimum:

Contact Name [MANDATORY]  
Street1 [MANDATORY]  
City [MANDATORY]  
State/Province [optional]  
Country [MANDATORY]

Postal Code [optional]  
Registrar Phone [MANDATORY]  
Phone Ext [optional]  
Fax [optional]  
Fax Ext [optional]  
Email [MANDATORY]

In addition, our registry will verify formats for relevant individual data fields (e.g. e-mail, and phone/fax numbers) and will reject any improperly formatted submissions. Only valid country codes will be allowed, as defined by the ISO 3166 code list.

We will reject entries that are clearly invalid. For example, a contact that contains phone numbers such as 555.5555, or registrant names that consist only of hyphens, will be rejected.

## 12.2. POLICIES AND PROCEDURES TO ENHANCE WHOIS ACCURACY COMPLIANCE

We generally will rely on registrars to enforce WHOIS accuracy measures, but will also rely on review and audit procedures to enhance compliance.

As part of our RRA (Registry-Registrar Agreement), we will require each registrar to be responsible for ensuring the input of accurate Whois data by its registrants. The Registrar/Registered Name Holder Agreement will include specific clauses to ensure accuracy of Whois data, as per ICANN requirements, and to give the registrar the right to cancel or suspend registrations if the registered name holder fails to respond to the registrar's query regarding accuracy of data. In addition, the Anti-Abuse Policy for our registry will give the registry the right to suspend, cancel, etc., domains that have invalid Whois data.

As part of our RRA (Registry-Registrar Agreement), we will include a policy similar to the one below, currently used by the Canadian Internet Registration Authority (CIRA), the operator of the .CA registry. It will require the registrar to help us verify contact data.

"CIRA is entitled at any time and from time to time during the Term...to verify: (a) the truth, accuracy and completeness of any information provided by the Registrant to CIRA, whether directly, through any of the Registrars of Record or otherwise; and (b) the compliance by the Registrant with the provisions of the Agreement and the Registry PRP. The Registrant shall fully and promptly cooperate with CIRA in connection with such verification and shall give to CIRA, either directly or through the Registrar of Record such assistance, access to and copies of, such information and documents as CIRA may reasonably require to complete such verification. CIRA and the Registrant shall each be responsible for their own expenses incurred in connection with such verification."  
<http://www.cira.ca/assets/Documents/Legal/Registrants/registratoragreement.pdf>

On a periodic basis, we will perform spot audits of the accuracy of Whois data in the registry. Questionable data will be sent to the sponsoring registrars as per the above policy.

All accredited registrars have agreed with ICANN to obtain contact information from registrants, and to take reasonable steps to investigate and correct any reported inaccuracies in contact information for domain names registered through them. As part of our RRA (Registry Registrar Agreement), we will include a policy that allows us to de-accredit any registrar who a) does not respond to our Whois accuracy requests, or b) fails to update Whois data or delete the name within 15 days of our report of invalid WHOIS data. In order to allow for inadvertent and unintentional mistakes by a registrar, this policy may include a "three strikes" rule under which a registrar may be de-accredited after three failures to comply.

## 12.3. PROXY/PRIVACY SERVICE POLICY TO CURB ABUSE

In our TLD, we will allow the use of proxy/privacy services. We believe that there are important, legitimate uses for such services. (For example, to protect free speech rights and avoid receiving spam.)

However, we will limit how proxy/privacy services are offered. The goal of this policy is to make proxy/privacy services unattractive to abusers, namely the spammers and e-criminals who use such services to hide their identities. We believe the policy below will enhance WHOIS accuracy, will help deter the malicious use of domain names in our TLD, and will aid in the investigation and mitigation of abuse complaints.



Registry policy will require the following, and all registrars and their registrants and resellers will be bound to it contractually:

- a. Registrants must provide complete and accurate contact information to their registrar (or reseller, if applicable).. Domains that do not meet this policy may be suspended.
- b. Registrars and resellers must provide the underlying registrant information to the registry operator, upon written request, during an abuse investigation. This information will be held in confidence by the registry operator.
- c. The registrar or reseller must publish the underlying registrant information in the Whois if it is determined by the registry operator or the registrar that the registrant has breached any terms of service, such as the TLD Anti Abuse Policy.

The purpose of the above policy is to ensure that, in case of an abuse investigation, the sponsoring registrar has access to the registrant's true identity, and can provide that data to the registry. If it is clear the registrant has violated the TLD's Anti Abuse Policy or other terms of service, the registrant's identity will be published publicly via the Whois, where it can be seen by the public and by law enforcement.

### 13.0. REGISTRY-REGISTRAR CODE OF CONDUCT AS RELATED TO ABUSE

Donuts does not currently intend to become a registrar for this TLD. Donuts and our back-end technical operator will comply fully with the Registry Code of Conduct specified in the New TLD Registry Agreement, Specification 9. For abuse issues, we will comply by establishing an adequate "firewall" between our registry operations and the operations of any affiliated registrar. As the Code requires, the registry will not "directly or indirectly show any preference or provide any special consideration to any Registrar with respect to operational access to registry systems and related registry services". Here is a non-exhaustive list of specific steps to be taken to enforce this:

Abuse complaints and cases will be evaluated and executed upon using the same criteria and procedures, regardless of a domain's sponsoring registrar.

- Registry personnel will not discuss abuse cases with non-registry personnel or personnel from separate entities operating under the company. This policy is designed to both enhance security and prevent conflict of interest.
- If a compliance function is involved, the compliance staff will have responsibilities to the registry only, and not to a registrar we may be "affiliated" with at any point in the future. For example, if a compliance staff member is assigned to conduct audits of WHOIS data, that person will have no duty to any registrar business we may be operating at the time. The person will be free of conflicts of interest, and will be enabled to discharge his or her duties to the registry impartially and effectively.

### 14.0. CONTROLS TO ENSURE PROPER ACCESS TO DOMAIN FUNCTIONS

Our registry incorporates several measures to ensure proper access to domain functions, including authentication provisions in the RRA relative to notification and contact updates via use of AUTH-INFO codes.

IP address access control lists, SSL certificates, and proper authentication will be used to control registrar access to the registry system. Registrars will be given access only to perform operations on the objects they sponsor.

Every domain will have a unique AUTH-INFO code as per EPP RFCs. The AUTH-INFO code is a 6- to 16-character code assigned by the registrar at the time the name is created. Its purpose is to aid identification of the domain owner so proper authority can be established. (It is the "password" to the domain name.) Registrars must use the domain's password to initiate a Registrar-to-Registrar transfer. It is used to ensure that domain updates (update contact information, transfer, or deletion) are undertaken by the proper registrant, and that this registrant is adequately notified of domain update activity. Only the sponsoring Registrar of a domain has access to the domain's AUTH-INFO code stored in the registry, and this is accessible only via encrypted, password-protected channels.

Our Registry Registrar contract will require that each registrar assign a unique AUTH INFO code to every domain it creates. Due to security risk, registrars should not assign the same AUTH-INFO code to multiple domains.

Information about other registry security measures such as encryption and security of Registrar channels are confidential to ensure the security of the registry system. Details can be found in our response to Question #30(b).

#### 15.0. RESOURCING PLAN

Our back-end registry operator will perform the majority of Abuse Prevention and Mitigation services for this TLD, as required by our agreement with them. Donuts staff will supervise the activity of the provider. In some cases Donuts staff will play a direct role in the handling of abuse cases.

The compliance department of our registry operator has two full time staff members who are trained in DNS, the investigation of abuse complaints, and related specialties. The volume of abuse activity will be gauged and additional staff hired by our back end registry operator as required to meet their SLA commitments. In addition to the two full-time members, they expect to retain the services of one or more outside contractors to provide additional security and anti-abuse expertise - including advice on the effectiveness of our policies and procedures.

Finally, Donuts' Legal Department will have one attorney whose role includes the oversight of legal issues related to abuse, and interaction with courts and law enforcement.

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29. Rights Protection Mechanisms: Applicants must describe how their registry will comply with policies and practices that minimize abusive registrations and other activities that affect the legal rights of others, such as the Uniform Domain Name Dispute Resolution Policy (UDRP), Uniform Rapid Suspension (URS) system, and Trademark Claims and Sunrise services at startup.

A complete answer should include:

- A description of how the registry operator will implement safeguards against allowing unqualified registrations (e.g., registrations made in violation of the registry's eligibility restrictions or policies), and reduce opportunities for behaviors such as phishing or pharming. At a minimum, the registry operator must offer a Sunrise period and a Trademark Claims service during the required time periods, and implement decisions rendered under the URS on an ongoing basis; and
- A description of resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

>To be eligible for a score of 2, answers must also include additional measures specific to rights protection, such as abusive use policies, takedown procedures, registrant pre-verification, or authentication procedures, or other covenants.

A complete answer is expected to be no more than 10 pages.

Q29 Standard CHAR: 25023

#### 1.0. INTRODUCTION

To minimize abusive registrations and other activities that affect the legal rights of others, our approach includes well-developed policies for rights protection, both during our TLD's rollout period and on an ongoing basis. As per gTLD Registry Agreement Specification 7, we will offer a Sunrise Period and a Trademark Claims service during the required time periods, we will use the Trademark Clearinghouse, and we will implement Uniform Rapid Suspension (URS) on an ongoing basis. In addition to these newly mandated ICANN protections, we will implement two other trademark protections that were developed specifically for the new TLD program. These additional protections are: (i) a Domain Protected Marks List (DPML) for the blocking of trademarked strings across multiple TLDs; and (ii) a Claims Plus product to alert registrars to registrations that potentially infringe existing marks.

Below we detail how we will fulfill these requirements and further meet or exceed ICANN's requirements. We also describe how we will provide additional measures specific to rights protection above ICANN's minimum, including abusive use policies, takedown procedures, and other covenants.

Our RPM approach leverages staff with extensive experience in a large number of gTLD and ccTLD rollouts, including the Sunrises for .CO, .MOBI, .ASIA, .EU, .BIZ, .US., .TRAVEL, TEL, .ME, and .XXX. This staff will utilize their first-hand, practical experience and will effectively manage all aspects of Sunrise, including domain application and domain dispute processes.

The legal regime for our gTLD will include all of the ICANN-mandated protections, as well as some independently developed RPMs proactively included in our Registry-Registrar Agreement. Our RPMs exceed the ICANN-required baseline. They are:

- Reserved names: to protect names specified by ICANN, including the necessary geographic names.
- A Sunrise Period: adhering to ICANN requirements, and featuring trademark validation via the Trademark Clearinghouse.
  - A Trademark Claims Service: offered as per ICANN requirements, and active after the Sunrise period and for the required time during wider availability of the TLD.
- Universal Rapid Suspension (URS)
- Uniform Dispute Resolution Process (UDRP)
  - Domain Protected Marks List (DPML)
- Claims Plus
- Abusive Use and Takedown Policies

## 2.0. NARRATIVE FOR Q29 FIGURE 1 OF 1

Attachment A, Figure 1, shows Rollout Phases and the RPMs that will be used in each. As per gTLD Registry Agreement Specification 7, we will offer a Sunrise Period and a Trademark Claims service during the required time periods. In addition, we will use the Trademark Clearinghouse to implement URS on an ongoing basis.

## 3.0. PRE-SUNRISE: RESERVED AND PREMIUM NAMES

Our Pre-sunrise phase will include a number of key practices and procedures. First, we will reserve the names noted in the gTLD Registry Agreement Specification 5. These domains will not be available in Sunrise or subsequent registration periods. As per Specification 5, Section 5, we will provide national governments the opportunity to request the release of their country and territory names for their use. Please also see our response to Question 22, "Protection of Geographic Names."

We also will designate certain domains as "premium" domains. These will include domains based on generic words and one-character domains. These domains will not be available in Sunrise, and the registry may offer them via special means such as auctions and RFPs.

As an additional measure, if a trademark owner objects to a name on the premium name list, the trademark owner may petition to have the name removed from the list and made available during Sunrise. The trademark must meet the Sunrise eligibility rules (see below), and be an exact match for the domain in question. Determinations of whether such domains will be moved to Sunrise will be at the registry's sole discretion.

## 4.0. SUNRISE

### 4.1. SUNRISE OVERVIEW

Sunrise registration services will be offered for a minimum of 30 days during the pre launch phase. We will notify all relevant trademark holders in the Trademark Clearinghouse if any party is seeking a Sunrise registration that is an identical match to the name to be registered during Sunrise.

As per the Sunrise terms, affirmed via the Registry-Registrar Agreement and the Registrar-Registrant Agreement, the domain applicant will assert that it is qualified to hold the domain

applied for as per the Sunrise Policy and Rules.

We will use the Trademark Clearinghouse to validate trademarks in the Sunrise.

If there are multiple valid Sunrise applications for the same domain name string, that string will be subject to auction between only the validated applicants. After receipt of payment from the auction winning bidder, that party will become the registrant of the domain name. (note: in the event one of the identical, contending marks is in a trademark classification reflective of the TLD precedence to that mark may be given during Sunrise).

Sunrise applicants may not use proxy services during the application process.

#### 4.2. SUNRISE: ELIGIBLE RIGHTS

Our Sunrise Eligibility Requirements (SERs) are:

##### 1. Ownership of a qualifying mark.

a. We will honor the criteria in ICANN's Trademark Clearinghouse document section 7.2, number (i): The registry will recognize and honor all word marks that are nationally or regionally [see Endnote 1] registered and for which proof of use – which can be a declaration and a single specimen of current use – was submitted to, and validated by, the Trademark Clearinghouse.

b. In addition, we may accept marks that are not found in the Trademark Clearinghouse, but meet other criteria, such as national trademark registrations or common law rights.

##### 2. Representation by the applicant that all provided information is true and correct; and

3. Provision of data sufficient to document rights in the trademark. (See information about required Sunrise fields, below).

#### 4.3. SUNRISE TRADEMARK VALIDATION

Our goal is to award Sunrise names only to applicants who are fully qualified to have them. An applicant will be deemed to be qualified if that applicant has a trademark that meets the Sunrise criteria, and is seeking a domain name that matches that trademark, as per the Sunrise rules.

Accordingly, we will validate applications via the Trademark Clearinghouse. We will compare applications to the Trademark Clearinghouse database, and those that match (as per the Sunrise rules) will be considered valid applications.

An application validated according to Sunrise rules will be marked as “validated,” and will proceed. (See “Contending Applications,” below.) If an application does not qualify, it will be rejected and will not proceed.

To defray the costs of trademark validation and the Trademark Claims Service, we will charge an application and/or validation fee for every application.

In January 2012, the ICANN board was briefed that “An ICANN cross-functional team is continuing work on implementation of the Trademark Clearinghouse according to a project plan providing for a launch of clearinghouse operations in October 2012. This will allow approximately three months for rights holders to begin recording trademark data in the Clearinghouse before any new gTLDs begin accepting registrations (estimated in January 2013).” (<http://www.icann.org/en/minutes/board-briefing-materials-4-05jan12-en.pdf>) The Clearinghouse Implementation Assistance Group (IAG), which Donuts is participating in, is working through a large number of process and technical issues as of this writing. We will follow the progress of this work, and plan our implementation details based on the final specifications.

Compliant with ICANN policy, our registry software is designed to properly check domains and compare them to marks in the Clearinghouse that contain punctuation, spaces, and special symbols.

#### 4.5. CONTENDING APPLICATIONS, SUNRISE AUCTIONS

After conclusion of the Sunrise Period, the registry will finish the validation process. If there

is only one valid application for a domain string, the domain will be awarded to that applicant. If there are two or more valid applications for a domain string, only those applicants will be invited to participate in a closed auction for the domain name. The domain will be awarded to the auction winner after payment is received.

After a Sunrise name is awarded to an applicant, it will then remain under a "Sunrise lock" status for a minimum of 60 days in order to allow parties to file Sunrise Challenges (see below). Locked domains cannot be updated, transferred, or deleted.

When a domain is awarded and granted to an applicant, that domain will be available for lookup in the public Whois. Any party may then see what domains have been awarded, and to which registrants. Parties will therefore have the necessary information to consider Sunrise Challenges.

Auctions will be conducted by very specific rules and ethics guidelines. All employees, partners, and contractors of the registry are prohibited from participating in Sunrise auctions.

#### 4.6. SUNRISE DISPUTE RESOLUTION PROCESS (SUNRISE CHALLENGES)

We will retain the services of a well known dispute resolution provider (such as WIPO) to help formulate the language of our Sunrise Dispute Resolution Process (SDRP, or "Sunrise Challenge") and hear the challenges filed under it. All applicants and registrars will be contractually obligated to follow the decisions handed down by the dispute resolution provider.

Our SDRP will allow challenges based on the following grounds, as required by ICANN. These will be part of the Sunrise eligibility criteria that all registrants (applicants) will be bound to contractually:

(i) at the time the challenged domain name was registered, the registrant did not hold a trademark registration of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty;

(ii) the domain name is not identical to the mark on which the registrant based its Sunrise registration;

(iii) the trademark registration on which the registrant based its Sunrise registration is not of national effect (or regional effect) or the trademark had not been court-validated or protected by statute or treaty; or

(iv) the trademark registration on which the domain name registrant based its Sunrise registration did not issue on or before the effective date of the Registry Agreement and was not applied for on or before ICANN announced the applications received.

Our SDRP will be based generally on some SDRPs that have been used successfully in past TLD launches. The Sunrise Challenge Policies and Rules used in the .ASIA and .MOBI TLDs (minus their unique eligibility criteria) are examples.

We expect that that there will be three possible outcomes to a Sunrise Challenge:

1. Original registrant proves his/her right to the domain. In this case the registrant keeps the domain and it is unlocked for his/her use.
2. Original registrant is not eligible or did not respond, and the challenger proved his/her right to the domain. In this case the domains is awarded to the complainant.
3. Neither the original registrant nor the complainant proves rights to the domain. In this case the domain is cancelled and becomes available at a later date via a mechanism to be determined by the registry operator.

After any Sunrise name is awarded to an applicant, it will remain under a "Sunrise Lock" status for at least 60 days so that parties can file Sunrise Challenges. During this Sunrise Lock period, the domain will not resolve and cannot be modified, transferred, or deleted by the sponsoring registrar. A domain name will be unlocked at the end of that lock period only if it is not subject to a Sunrise Challenge. Challenged domains will remain locked until the dispute resolution provider has issued a decision, which the registry will promptly execute.

#### 5.0. TRADEMARK CLAIMS SERVICES



The Trademark Claims Service requirements are well-defined in the Applicant Guidebook, in Section 6 of the "Trademark Clearinghouse" attachment. We will comply with the details therein. We will provide Trademark Claims services for marks in the Trademark Clearinghouse post Sunrise and then for at least the first 60 days that the registry is open for general registration (i.e. during the first 60 days in the registration period(s) after Sunrise). The Trademark Claims service will provide clear notice to a prospective registrant that another party has a trademark in the Clearinghouse that matches the applied for domain name this is a notice to the prospective registrant that it might be infringing upon another party's rights.

The Trademark Clearinghouse database will be structured to report to registries when registrants are attempting to register a domain name that is considered an "Identical Match" with the mark in the Clearinghouse. We will build, test, and implement an interface to the Trademark Clearinghouse before opening our Sunrise period. As domain name applications come into the registry, those strings will be compared to the contents of the Clearinghouse.

If the domain name is registered in the Clearinghouse, the registry will promptly notify the applicant. We will use the notice form specified in ICANN's Module 4, "Trademark Clearinghouse" document. The specific statement by the prospective registrant will warrant that: (i) the prospective registrant has received notification that the mark(s) is included in the Clearinghouse; (ii) the prospective registrant has received and understood the notice; and (iii) to the best of the prospective registrant's knowledge, the registration and use of the requested domain name will not infringe on the rights that are the subject of the notice.

The Trademark Claims Notice will provide the prospective registrant access to the Trademark Clearinghouse Database information referenced in the Trademark Claims Notice. The notice will be provided in real time (or as soon as possible) without cost to the prospective registrant or to those notified.

"Identical Match" is defined in ICANN's Module 4, "Trademark Clearinghouse" document, paragraph 6.1.5. We will examine the Clearinghouse specifications and protocol carefully when they are published. To comply with ICANN policy, the software for our registry will properly check domains and compare them to marks in the Clearinghouse that contain punctuation, spaces, and special symbols.

#### 6.0. GENERAL REGISTRATION

This is the general registration period open to all registrants. No trademark or other qualification will be necessary in order to apply for a domain in this period.

Domain names awarded via the Sunrise process, and domain strings still being contended via the Sunrise process cannot be registered in this period. This will protect the interests of all Sunrise applicants.

#### 7.0. UNIFORM RAPID SUSPENSION (URS)

We will implement decisions rendered under the URS on an ongoing basis. (URS will not apply to Sunrise names while they are in Sunrise Lock period; during that time those domains are subject to Sunrise policy and Sunrise Challenge instead.)

As per URS policy, the registry will receive notice of URS actions from ICANN-approved URS providers. As per ICANN's URS requirements, we will lock the domain within 24 hours of receipt of the Notice of Complaint from the URS Provider. Locking means that the registry restricts all changes to the registration data, including transfer and deletion of domain names, though names will continue to resolve.

Our registry's compliance team will oversee URS procedures. URS e-mails from URS providers will be directed immediately to the registry's Support staff, which is on duty <sup>24</sup>/7/365. Support staff will be responsible for executing the directives from the URS provider, and all support staff will receive training in the proper procedures.

Support staff will notify the URS Provider immediately upon locking the domain name, via e-mail.

Support staff for the registry will retain all copies of e mails from the URS providers. Each case or order will be assigned a tracking or ticket number. This number will be used to track the status of each opened URS case through to resolution via a database.

Registry staff will then execute further operations upon notice from the URS providers. Each URS provider is required to specify the remedy and required actions of the registry, with notification to the registrant, the complainant, and the sponsoring registrar.

The guidelines provide that if the complainant prevails, the registry “shall suspend the domain name, which shall remain suspended for the balance of the registration period and would not resolve to the original web site. The nameservers shall be redirected to an informational web page provided by the URS Provider about the URS. The WHOIS for the domain name shall continue to display all of the information of the original Registrant except for the redirection of the nameservers. In addition, the WHOIS shall reflect that the domain name will not be able to be transferred, deleted or modified for the life of the registration.” We will execute the DNS re-pointing required by the URS guidelines, and the domain and its WHOIS data will remain unaltered until the domain expires, as per the ICANN requirements.

#### 8.0. ONGOING RIGHTS PROTECTION MECHANISMS - UDRP

As per ICANN policy, all domains in the TLD will be subject to a Uniform Dispute Resolution Process (UDRP). (Sunrise domains will first be subject to the ICANN mandated Sunrise SDRP until the Sunrise Challenge period is over, after which those domains will then be subject to UDRP.)

#### 9.0 ADDITIONAL RIGHTS PROTECTION MECHANISMS NOT REQUIRED BY ICANN

All Donuts TLDs have two new trademark protection mechanisms developed specifically for the new TLD program. These mechanisms exceed the extensive protections mandated by ICANN. These new protections are:

9.1 Claims Plus: This service will become available at the conclusion of the Trademark Claims service, and will remain available for at least the first five years of registry operations. Trademark owners who are fully registered in the Trademark Clearinghouse may obtain Claims Plus for their marks. We expect the service will be at low or no cost to trademark owners (contingent on Trademark Clearinghouse costs to registries). Claims Plus operates much like Trademark Claims with the exception that notices of potential trademark infringement are sent by the registry to any registrar whose customer performs a check-command or Whois query for a string subject to Claims Plus. Registrars may then take further implementation steps to advise their customers, or use this data to better improve the customer experience. In addition, the Whois at the registry website will output a full Trademark Claims notice for any query of an unregistered name that is subject to Claims Plus. (Note: The ongoing availability of Claims Plus will be contingent on continued access to a Trademark Clearinghouse. The technical viability of some Claims Plus features will be affected by eventual Trademark Clearinghouse rules on database caching).

9.2 Domain Protected Marks List: The DPML is a rights protection mechanism to assist trademark holders in protecting their intellectual property against undesired registrations of strings containing their marks. The DPML prevents (blocks) registration of second level domains that contain a trademarked term (note: the standard for DPML is “contains”— the protected string must contain the trademarked term). DPML requests will be validated against the Trademark Clearinghouse and the process will be similar to registering a domain name so the process will not be onerous to trademark holders. An SLD subject to DPML will be protected at the second level across all Donuts TLDs (i.e. all TLDs for which this SLD is available for registration). Donuts may cooperate with other registries to extend DPML to TLDs that are not operated by Donuts. The cost of DPML to trademark owners is expected to be significantly less than the cost of actually registering a name.

#### 10.0 ABUSIVE USE POLICIES AND TAKEDOWN PROCEDURES

In our response to Question #28, we describe our anti-abuse program, which is designed to address malware, phishing, spam, and other forms of abuse that may harm Internet users. This program is designed to actively discover, verify, and mitigate problems without infringing upon the rights of legitimate registrants. This program is designed for use in the open registration period. These procedures include the reporting of compromised websites/domains to registrars for cleanup by the registrants and their hosting providers. It also describes takedown procedures, and the timeframes and circumstances that apply for suspending domain names used improperly. Please see the response to Question #28 for full details.

We will institute a contractual obligation that proxy protection be stripped away if a domain is

proven to be used for malicious purposes. For details, please see "Proxy/Privacy Service Policy to Curb Abuse" in the response to Question 28.

#### 11.0. REGISTRY-REGISTRAR CODE OF CONDUCT AS RELATED TO RIGHTS PROTECTION

We will comply fully with the Registry Code of Conduct specified in the New TLD Registry Agreement, Specification 9. In rights protection matters, we will comply by establishing an adequate "firewall" between the operations of any registrar we establish and the operations of the registry. As the Code requires, we will not "directly or indirectly show any preference or provide any special consideration to any registrar with respect to operational access to registry systems and related registry services". Here is a non exhaustive list of specific steps we will take to accomplish this:

- We will evaluate and execute upon all rights protection tasks impartially, using the same criteria and procedures, regardless of a domain's sponsoring registrar.
  - Any registrar we establish or have established at the time of registry launch will not receive preferential access to any premium names, any auctions, etc. Registry personnel and any registrar personnel that we may employ in the future will be prohibited from participating as bidders in any auctions for Landrush names.
  - Any registrar staff we may employ in the future will have access to data and records relating only to the applications and registrations made by any registrar we establish, and will not have special access to data related to the applications and registrations made by other registrars.
- If a compliance function is involved, the compliance staffer will be responsible to the registry only, and not to a registrar we own or are "affiliated" with. For example, if a compliance staff member is assigned to conduct audits of WHOIS data, that staffer will not have duties with the registrar business. The staffer will be free of conflicts of interest, and will be enabled to discharge his or her duties to the registry effectively and impartially, regardless of the consequences to the registrar.

#### 12.0. RESOURCING PLAN

Overall management of RPMs is the responsibility of Donuts' VP of Business Operations. Our back-end registry operator will perform the majority of operational work associated with RPMs, as required by our agreement with them. Donuts VP of Business Operations will supervise the activity of this vendor.

Resources applied to RPMs include:

##### 1. Legal team

- a. We will have at least one legal counsel who will be dedicated to the registry with previous experience in domain disputes and Sunrise periods and will oversee the compliance and support teams with regard to the legal issues related to Sunrise and RPM's
  - b. We have outside counsel with domain and rights protection experience that is available to us as necessary
2. Dispute Resolution Provider (DRP): The DRP will help formulate Sunrise Rules and Policy, Sunrise Dispute Resolution Policy. The DRP will also examine challenges, but the challenger will be required to pay DRP fees directly to the DRP.
3. Compliance Department and Tech Support: There will be three dedicated personnel assigned to these areas. This staff will oversee URS requests and abuse reports on an ongoing basis.
4. Programming and technical operations. There are four dedicated personnel assigned to these functions.
5. Project Manager: There will be one person to coordinate the technical needs of this group with the registry IT department.

#### 13.0. ENDNOTES

1 "Regional" is understood to be a trans-national trademark registry, such as the European Union registry or the Benelux Office for Intellectual Property.

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30A. Security Policy: provide a summary of the security policy for the proposed registry, including but not limited to:



- indication of any independent assessment reports demonstrating security capabilities, and provisions for periodic independent assessment reports to test security capabilities;
- description of any augmented security levels or capabilities commensurate with the nature of the applied for gTLD string, including the identification of any existing international or industry relevant security standards the applicant commits to following (reference site must be provided);
- list of commitments made to registrants concerning security levels

To be eligible for a score of 2, answers must also include:

- Evidence of an independent assessment report demonstrating effective security controls (e.g., ISO 27001).

A summary of the above should be no more than 20 pages. Note that the complete security policy for the registry is required to be submitted in accordance with 30(b).

Q30A Standard CHAR: 19646

## 1.0. INTRODUCTION

Our Information Security (IS) Program and associated IS Policy, Standards and Procedures apply to all Company entities, employees, contractors, temps, systems, data, and processes. The Security Program is managed and maintained by the IS Team, supported by Executive Management and the Board of Directors.

Data and systems vary in sensitivity and criticality and do not unilaterally require the same control requirements. Our security policy classifies data and systems types and their applicable control requirements. All registry systems have the same data classification and are all managed to common security control framework. The data classification applied to all registry systems is our highest classification for confidentiality, availability and integrity, and the supporting control framework is consistent with the technical and operational requirements of a registry, and any supporting gTLD string, regardless of its nature or size. We have the experienced staff, robust system architecture and managed security controls to operate a registry and TLD of any size while providing reasonable assurance over the security, availability, and confidentiality of the systems supporting critical registry functions (i.e., registration services, registry databases, zone administration, and provision of domain name resolution services).

This document describes the governance of our IS Program and the control frameworks our security program aligns to (section 1.0), Security Policy requirements (section 2.0); security assessments conducted (see section 3.0), our process for executive oversight and visibility of risks to ensure continuous improvement (section 4.0), and security commitments to registrants (section 5). Details regarding how these control requirements are implemented, security roles and responsibilities and resources supporting these efforts are included in Security Policy B response.

## 2.0. INFORMATION SECURITY PROGRAM

The IS Program for our registry is governed by an IS Policy aligned to the general clauses of ISO 27001 requirements for an Information Security Management System (ISMS) and follows the control objectives where appropriate, given the data type and resulting security requirements. (ISO 27001 certification for the registry is not planned, however, our DNS/DNSSEC solution is 27001 certified). The IS Program follows a Plan-Do-Check-Act (PDCA) model of continuous improvement to ensure that the security program grows in maturity and that we provide reasonable assurance to our shareholders and Board of Directors that our systems and data are secure.

The High Security Top Level Domain (HSTLD) control framework incorporates ISO 27002, the code of practice for implementing an ISO 27001 ISMS. Therefore, our security program is already closely aligned HSTLD control framework. Furthermore, we agree to abide by the HSTLD Principle 1 and criteria 1.1 1.3. (See specifics in Security Policy B response):

Registry systems will be in-scope for Sarbanes-Oxley (SOX) compliance and will follow the SOX control framework governing access control, account management, change management, software development life cycle (SDLC), and job monitoring of all systems. Registry systems will be tested

frequently by the IS team for compliance and audited by our internal audit firm, Protiviti, and external audit firm, Price Waterhouse Coopers (PWC), for compliance.

## 2.1. SECURITY PROGRAM GOVERNANCE

Our Information Security Program is governed by IS Policy, supported by standards, and guided by procedures to ensure uniformed compliance to the program. Standards and associated procedures in support of the policy are shown in Attachment A, Figure 1. Security Program documents are updated annually or upon any system or environment change, new legal or regulatory requirements, and/or findings from risk assessments. Any updates to security program are reviewed and approved by the Executive Vice President (EVP) of Information Technology (IT), EVP of Legal & General Counsel, and the EVP of People Operations before dissemination to all employees.

All employees are required to sign the IS Policy upon hire, upon any major changes, and/or annually. By signing the IS Policy, employees agree to abide by the supporting Standards and Procedures applicable to their job roles. To enable signing of the IS Policy, employees must pass a test to ensure competent understanding of the IS Policy and its key requirements.

## 3.0. INFORMATION SECURITY POLICY

### 3.1. INFORMATION ASSET CLASSIFICATION

The following data classification is applied to registry systems: High Business Impact (HBI): Business Confidential in accordance with the integrity, availability and confidentiality requirements of registry operations. All registry systems will follow Security Policy requirements for HBI systems regardless of the nature of the TLD string, financial materiality or size. HBI data if not properly secured, poses a high degree of risk to the Company and includes data pertaining to the Company's adherence to legal, regulatory and compliance requirements, mergers and acquisitions (M&A), and confidential data inclusive of, but is not limited to: Personally Identifiable Information (PII) (credit card data, Social Security Numbers (SSN) and account numbers); materially important financial information (before public disclosure), and information which the Board of Directors/Executive team deems to be a trade secret, which, if compromised, would cause grave harm to the execution of our business model.

HBI safeguards are designed, implemented and measured in alignment with confidentiality, integrity, availability and privacy requirements characterized by legal, regulatory and compliance obligations, or through directives issued by the Board of Directors (BOD) and Executive team. Where guidance is provided, such as the Payment Card Industry (PCI) Data Security Standard (DSS) Internal Audit Risk Control Matrices (RCMs), local, state and federal laws, and other applicable regulations, we put forth the appropriate level of effort and resources to meet those obligations. Where there is a lack of guidance or recommended safeguards, Risk Treatment Plans (RTP's) are designed in alignment with our standard risk management practices.

Other data classifications for Medium Business Impact (MBI): Business Sensitive and Low Business Impact (LBI): Public do not apply to registry systems.

### 3.2. INFORMATION ASSET MANAGEMENT

All registry systems have a designated owner and/or custodian who ensures appropriate security classifications are implemented and maintained throughout the lifecycle of the asset and that a periodic review of that classification is conducted. The system owner is also responsible for approving access and the type of access granted. The IS team, in conjunction with Legal, is responsible for defining the legal, regulatory and compliance requirements for registry system and data.

### 3.3. INFORMATION ASSET HANDLING, STORAGE & DISPOSAL

Media and documents containing HBI data must adhere to their respective legal, regulatory and compliance requirements and follow the HBI Handling Standard and the retention requirements within the Document Retention Policy.

### 3.4. ACCESS CONTROL

User authentication is required to access our network and system resources. We follow a least-privileged role based access model. Users are only provided access to the systems, services or

information they have specifically been authorized to use by the system owner based on their job role. Each user is uniquely identified by an ID associated only with that user. User IDs must be disabled promptly upon a user's termination, or job role change.

Visitors must sign-in at the front desk of any company office upon arrival and escorted by an employee at all times. Visitors must wear a badge while on-site and return the badge when signing out at the front desk. Dates and times of all visitors as well as the name of the employee escorting them must be tracked for audit purposes.

Individuals permitted to access registry systems and HBI information must follow the HBI Identity & Access Management Standard. Details of our access controls are described in Part B of Question 30 response including; technical specifications of access management through Active Directory, our ticketing system, physical access controls to systems and environmental conditions at the datacenter.

### 3.5. COMMUNICATIONS & OPERATIONAL SECURITY

#### 3.5.1. MALICIOUS CODE

Controls shall be implemented to protect against malicious code including but not limited to:

- Identification of vulnerabilities and applicable remediation activities, such as patching, operating system & software upgrades and/or remediation of web application code vulnerabilities. File integrity monitoring shall be used, maintained and updated appropriately.
- An Intrusion Detection Solution (IDS) must be implemented on all HBI systems, maintained & updated continuously.
- Anti-virus (AV) software must be installed on HBI classified web & application systems and systems that provide access to HBI systems. AV software and virus definitions are updated on a regular basis and logs are retained for no less than one year.

#### 3.5.2. THREAT ANALYSIS & VULNERABILITY MANAGEMENT

On a regular basis, IS personnel must review newly identified vulnerability advisories from trusted organizations such as the Center for Internet Security, Microsoft, SANS Institute, SecurityFocus, and the CERT at Carnegie-Mellon University. Exposure to such vulnerabilities must be evaluated in a timely manner and appropriate measures taken to communicate vulnerabilities to the system owners, and remediate as required by the Vulnerability Management Standard. Internal and external network vulnerability scans, application & network layer penetration testing must be performed by qualified internal resource or an external third party at least quarterly or upon any significant network change. Web application vulnerability scanning is to be performed on a continual basis for our primary web properties applicable to their release cycles.

#### 3.5.3. CHANGE CONTROL

Changes to HBI systems including operating system upgrades, computing hardware, networks and applications must follow the Change Control Standard and procedures described in Security Policy question 30b.

#### 3.5.4. BACKUP & RESTORATION

Data critical to our operations shall be backed up according to our Backup and Restoration Standard. Specifics regarding Backup and Restoration requirements for registry systems are included in questions 37 & 38.

### 3.6. NETWORK CONTROLS

- Appropriate controls must be established for ensuring the network is operated consistently and as planned over its entire lifecycle.
- Network systems must be synchronized with an agreed upon time source to ensure that all logs correctly reflect the same accurate time.
- Networked services will be managed in a manner that ensures connected users or services do not compromise the security of the other applications or services as required in the HBI Network Configuration Standard. Additional details are included in Question 32: Architecture response.

### 3.7. DISASTER RECOVERY & BUSINESS CONTINUITY

The SVP of IT has responsibility for the management of disaster recovery and business continuity. Redundancy and fault-tolerance shall be built into systems whenever possible to minimize outages caused by hardware failures. Risk assessments shall be completed to identify events that may cause an interruption and the probability that an event may occur. Details regarding our registry continuity plan are included in our Question 39 response.

### 3.8 SOFTWARE DEVELOPMENT LIFECYCLE

Advance planning and preparation is required to ensure new or modified systems have adequate security, capacity and resources to meet present and future requirements. Criteria for new information systems or upgrades must be established and acceptance testing carried out to ensure that the system performs as expected. Registry systems must follow the HBI Software Development Lifecycle (SDLC) Standard.

### 3.9. SECURITY MONITORING

Audit logs that record user activities, system errors or faults, exceptions and security events shall be produced and retained according to legal, regulatory, and compliance requirements. Log files must be protected from unauthorized access or manipulation. IS is responsible for monitoring activity and access to HBI systems through regular log reviews.

### 3.10. INVESTIGATION & INCIDENT MANAGEMENT RESPONSE

Potential security incidents must be immediately reported to the IS Team, EVP of IT, the Legal Department and/or the Incident Response. The Incident Response Team (IRT) is required to investigate: any real or suspected event that could impact the security of our network or computer systems; impose significant legal liabilities or financial loss, loss of proprietary data/trade secret, and/or harm to our goodwill. The Director of IS is responsible for the organization and maintenance of the IRT that provides accelerated problem notification, damage control, investigation and incident response services in the event of security incidents. Investigation and response processes follow the requirements of the Investigation and Incident Management Standard and supporting Incident Response Procedure (see Question 30b for details).

### 3.11. LEGAL & REGULATORY COMPLIANCE

All relevant legal, regulatory and contractual requirements are defined, documented and maintained within the IS Policy. Critical records are protected from loss, destruction and falsification, in accordance with legal, contractual and business requirements as described in our Document Retention Policy. Compliance programs implemented that are applicable to Registry Services include:

- Sarbanes Oxley (SOX): All employees managing and accessing SOX systems and/or data are required to follow SOX compliance controls.
- Data Privacy and Disclosure of Personally Identifiable Information (PII): data protection and privacy shall be ensured as required by legal and regulatory requirements, which may include state breach and disclosure laws, US and EU Safe Harbor compliance directives.

Other compliance programs implemented but not applicable to Registry systems include the Payment Card Industry (PCI) Data Security Standard (DSS), Office of Foreign Assets Control (OFAC) requirements, Copyright Infringement & DMCA.

### 4.0. SECURITY ASSESSMENTS

Our IS team conducts frequent security assessments to analyze threats, vulnerabilities and risks associated with our systems and data. Additionally, we contract with several third parties to conduct independent security posture assessments as described below. Details of these assessments are provided in our Security Policy B response.

#### 4.1. THIRD PARTY SECURITY ASSESSMENTS

We outsource the following third party security assessments (scope, vendor, frequency and remediation requirements of any issues found are detailed in our Security Policy B response); Web Application Security Vulnerability testing, quarterly PCI ASV scans, Sarbanes Oxley (SOX) control design and operating effectiveness testing and Network and System Security Analysis.

## 4.2. INTERNAL SECURITY ASSESSMENTS

The IS team conducts routine and continual internal testing (scope, frequency, and remediation requirements of any issues found are detailed in our Security Policy B response) including; web application security vulnerability testing, external and internal vulnerability scanning, system and network infrastructure penetration testing, access control appropriateness reviews, wireless access point discovery, network security device configuration analysis and an annual comprehensive enterprise risk analysis.

## 5.0. EXECUTIVE OVERSIGHT & CONTINUOUS IMPROVEMENT

In addition to the responsibility for Information Security residing within the IS team and SVP of IT, risk treatment decisions are also the responsibility of the executive of the business unit responsible for the risk. Any risk with potential to impact the business financially or legally in a material way is overseen by the Incident Response Management team and/or the Audit Committee. See Figure 2 in Attachment A. The Incident Response Management Team or Audit Committee will provide assistance with management action plans and remediation.

## 5.1. GOVERNANCE RISK & COMPLIANCE

We have deployed RSA's Archer Enterprise Governance Risk and Compliance (eGRC) Tool to provide an independent benchmarking of risk, compliance and security metrics, assist with executive risk reporting and reduce risk treatment decision making time, enforcing continuous improvement. The eGRC provides automated reporting of registry systems compliance with the security program as a whole, SOX Compliance, and our Vulnerability Management Standard. The eGRC dashboard continuously monitors risks and threats (through automated feeds from our vulnerability testing tools and third party data feeds such as Microsoft, CERT, WhiteHat, etc.) that are actionable. See Attachment A for more details on the GRC solutions deployed.

## 6.0. SECURITY COMMITMENTS TO REGISTRANTS

We operate all registry systems in a highly secured environment with appropriate controls for protecting HBI data and ensuring all systems remain confidential, have integrity, and are highly available. Registrants can assume that:

1. We safeguard the confidentiality, integrity and availability of registrant data through access control and change management:
  - Access to data is restricted to personnel based on job role and requires 2 factors of authentication.
  - All system changes follow SOX-compliant controls and adequate testing is performed to ensure production pushes are stable and secure.
2. The network and systems are deployed in high availability with a redundant hot datacenter to ensure maximum availability.
3. Systems are continually assessed for threats and vulnerabilities and remediated as required by the Vulnerability Management Standard to ensure protection from external malicious acts.
  - We conduct continual testing for web code security vulnerabilities (cross-site scripting, SQL Injection, etc.) during the development cycle and in production.
4. All potential security incidents are investigated and remediated as required by our Incident Investigation & Response Standard, any resulting problems are managed to prevent any recurrence throughout the registry.

We believe the security measures detailed in this application are commensurate with the nature of the TLD string being applied for. In addition to the system/ infrastructure security policies and measures described in our response to this Q30, we also provide additional safety and security measures for this string.

These additional measures, which are not required by the applicant guidebook are:

- 1.Periodic audit of Whois data for accuracy;
- 2.Remediation of inaccurate Whois data, including takedown, if warranted;
- 3.A new Domain Protected Marks List (DPML) product for trademark protection;
- 4.A new Claims Plus product for trademark protection;
- 5.Terms of use that prohibit illegal or abusive activity;
- 6.Limitations on domain proxy and privacy service;
- 7.Published policies and procedures that define abusive activity; and



8. Proper resourcing for all of the functions above.

7.0 RESPONSIBILITY OF INFORMATION SECURITY  
See Question B Response Section 10.

© *Internet Corporation For Assigned Names and Numbers.*

# **EXHIBIT AC-23**



## New gTLD Application Submitted to ICANN by: DotSite Inc.

Application Downloaded On: 05 Jun 2014

String: site

Application ID: 1-1048-46315

### Applicant Information

1. Full legal name

[DotSite Inc.](#)

2. Address of the principal place of business

Contact Information Redacted

3. Phone number

Contact Information Redacted

4. Fax number

Contact Information Redacted

5. If applicable, website or URL

<http://www.radixregistry.com>

### Primary Contact

6(a). Name

[Brijesh Joshi](#)

6(b). Title

[Director & GM](#)

6(c). Address

6(d). Phone Number

Contact Information Redacted

6(e). Fax Number



6(f). Email Address

Contact Information Redacted

## Secondary Contact

7(a). Name

Namit Merchant

7(b). Title

General Manager

7(c). Address

7(d). Phone Number

Contact Information Redacted

7(e). Fax Number

7(f). Email Address

Contact Information Redacted

## Proof of Legal Establishment

8(a). Legal form of the Applicant

International Business Company

8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).

International Business Companies Act, 1994 Republic of Seychelles

8(c). Attach evidence of the applicant's establishment.

Attachments are not displayed on this form.

9(a). If applying company is publicly traded, provide the exchange and symbol.

9(b). If the applying entity is a subsidiary, provide the parent company.

9(c). If the applying entity is a joint venture, list all joint venture partners.

## Applicant Background

11(a). Name(s) and position(s) of all directors

Name	Position
Brijesh Joshi	Director & GM
Vishal Manjalani	Director & VP

11(b). Name(s) and position(s) of all officers and partners

<b>Name</b>	<b>Position</b>
Bhavin Turakhia	Founder
Brijesh Joshi	Director & GM
Namit Merchant	GM
Vishal Manjalani	Director & VP

11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares

<b>Name</b>	<b>Position</b>
Radix FZC	Not Applicable

11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility

### Applied-for gTLD string

13. Provide the applied-for gTLD string. If an IDN, provide the U-label.

[site](#)

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14A. If applying for an IDN, provide the A-label (beginning with "xn--").

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14B. If an IDN, provide the meaning, or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.

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14C1. If an IDN, provide the language of the label (in English).

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14C2. If an IDN, provide the language of the label (as referenced by ISO-639-1).

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14D1. If an IDN, provide the script of the label (in English).

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14D2. If an IDN, provide the script of the label (as referenced by ISO 15924).

---

14E. If an IDN, list all code points contained in the U-label according to Unicode form.

---

15A. If an IDN, upload IDN tables for the proposed registry. An IDN table must include:

1. the applied-for gTLD string relevant to the tables,
  2. the script or language designator (as defined in BCP 47),
  3. table version number,
  4. effective date (DD Month YYYY), and
  5. contact name, email address, and phone number.
- Submission of IDN tables in a standards-based format is encouraged.

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15B. Describe the process used for development of the IDN tables submitted, including consultations and sources used.

---

15C. List any variants to the applied-for gTLD string according to the relevant IDN tables.

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16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.

The string ".site" consists of 4 ASCII characters, each one of which currently occurs as part of existing and operational gTLD strings. We are not aware of any possible rendering problems concerning the string ".site".

We are aware of the issue of universal acceptability and accept that some incorrectly configured third-party software may consider ".site" to be an invalid string, in the same way that other TLDs such as ".INFO" and ".MUSEUM" are also at times considered "invalid." We will work to raise awareness of the issue of universal acceptance of .site and other new gTLDs. CentralNic has previously contributed to these efforts, such as by publication of TLD Verification code for the PHP programming language.

We are aware that a significant fraction of queries sent to the DNS root servers are for invalid TLDs such as ".LOCAL" or ".LAN", and that the delegation of these TLDs could cause previously undiscovered configuration errors to result in operational problems for other operators. We have reviewed the research in this area, including the SAC 045 report from ICANN's Security and Stability Advisory Committee, data from the Day In The Life of the Internet project, and other sources, and are not aware of any significant volume of invalid root server queries related to .site. Therefore we feel confident that the delegation of this string will not result in any operation problems for Internet users.

This completes our response to Q16

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17. OPTIONAL.

Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).

---

18A. Describe the mission/purpose of your proposed gTLD.

The mission of the .Site TLD is to serve as a home on the Internet for users across the world. .Site aims to be a generic TLD with no preconception of meaning whatsoever, no theme, no categorizations, no restrictions of use. .Site does not restrict its scope to businesses (.Biz), commercial websites (.Com), or organizations (.Org). Unlike country TLDs (ccTLDs), it is not associated with any country or region, .Site is a truly global TLD.

What you can do on .Site can be limited only by your imagination, which is in fact, infinite. .Site is your Home on the Internet, where you can be free, comfortable; express what you want to say, what you think. Or share interests, knowledge, or simply post information about your business, and interact with clients. .Site says nothing; it is a blank canvas for the users to paint on.

For users of the Internet, .Site brings many possibilities. Since you don't have a preconceived notion of what to expect, you can come across websites ranging from those of hobbyists, to entrepreneurs, to artists, kids, photographers, mums, geeks, what not.

Too often today, when a potential registrant goes to a registrar's site to get a new domain name, the domain name is unavailable and the registrant is presented with a long list of permutation options that are not their preferred choice - either for the name or the TLD. Our research shows that today, close to 70% of all .com 'check-availability' lookups result in names not being available (Internal Research data). The registrant is left with no choice but to register substandard names that do not exactly denote what visitors should expect to find on the website. With .Site registrants can be sure of finding a name that they like on a fresh, new namespace that is global and unrestricted.

The .Site Registry will aim to serve as an open and available-to-all namespace, which we positively believe, will invite innovation and fresh possibilities at a global level. The Mission and purpose of our TLD is also to contribute to the Internet Namespace in the following ways:

#### 1.1 ENHANCE REGISTRANT CHOICE

To create a namespace that provides registrants greater choice to represent themselves online in the manner they please. Due to the saturated nature of the existing gTLD space, many Internet users have to opt for a name that does not suit their needs best. Our Registry will provide Registrants a higher probability of obtaining their desired name.

#### 1.2 CREATE A CLEANER INTERNET SPACE

To create a cleaner internet experience for end users by implementing pioneering registration policies, content and usage policies, and abuse mitigation processes.

#### 1.3 CREATE A STABLE AND RESILIENT INTERNET SPACE

To deliver a stable and resilient internet experience to registrants and end-users by meeting the ICANN mandated SLAs and delivering 100% resolution uptime  
Come Claim your home on the Internet.

This completes our response to Q18(a).

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18B. How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?

#### 1. GOAL OF .SITE

##### 1.1 SPECIALTY

\* Our goal for .Site in terms of area of specialty is to provide a blank canvas for Internet innovation. Good names, at a fair price on a secure and stable platform.

## 1.2 SERVICE LEVELS

Our goal for .Site in terms of service levels is to go above and beyond the ICANN SLAs. ICANN provides for its expected SLA in Specification 10 in the Registry Agreement in the Applicant guidebook.

We have engaged CENTRALNIC to deliver services for this TLD. CENTRALNIC provides registry services for a number of TLDs including the .LA and .PW ccTLDs.

Our contract with CENTRALNIC is attached to our response to Q46. This contract details the SLA we intend on achieving with this TLD. As can be seen in the contract we meet or exceed the ICANN required SLA on every parameter.

Our response to Q34 and Q35 provides details on CentralNic's DNS system. This system has operated at 100% service availability since 1996 and has been developed into a secure and stable platform for domain resolution. Partnering with Community DNS, CentralNic's DNS system includes nameservers in more than forty cities, on five continents. The DNS system fully complies with all relevant RFCs and all ICANN specifications, and has been engineered to ensure resilience and stability in the face of denial-of-service attacks, with substantial overhead and geographical dispersion.

It is our objective to provide 100% uptime, a resilient global DNS infrastructure, and very low latency in terms of DNS resolution for this TLD

## 1.3 REPUTATION

Reputation of our TLD is of paramount importance to us. The reputation of our TLD directly relates to how end-users on the internet perceive our Registrants. We will ensure the highest reputation of .Site by ensuring the following -

- \* Maintaining a high quality bar with respect to Registrants in the TLD
- \* Well defined Acceptable usage and content policies
- \* Well defined dispute resolution mechanisms
- \* Ensuring Whois accuracy to support abuse mitigation
- \* Well defined and implemented abuse mitigation processes
- \* Well defined and implemented rights protection mechanisms
- \* Exceptional service levels

To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice described in considerable detail in our response to Q28 and Q29. We also commit to extremely high service levels that go beyond the stipulated service levels in the applicant guidebook.

## 2. CONTRIBUTION OF .SITE TO THE NAMESPACE

### 2.1 CONTRIBUTION IN TERMS OF COMPETITION, DIFFERENTIATION, OR INNOVATION

Per ICANN's Bylaws as amended June 24, 2011, ICANN's core value number six is "Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest."

The .Site registry will be a new direct and formidable competitor to the current group of global generic TLDs. This will be especially true in the key growing international markets. Since Directi has a rich background in the registrar business (10+ years' experience and managing over 6 million domains), we understand the nuances of domain name buying behavior. The .Site registry will leverage this unique market knowledge to design competitive offerings against other global gTLDs.

The .Site registry's differentiation will be the "blank canvas" for Internet innovation. Our

branding will open, innovative and fun.

Outside of ccTLD programs, past gTLD registries have largely focused on North America and European marketplaces. Directi will be offering the language and culture agnostic .Site to international markets, with the goal of a truly global distribution of registrants.

Lastly .Site will provide registrants the option to register more desirable and shorter names as opposed to names they would have otherwise registered in existing gTLDs due to the high saturation of the existing namespaces.

Our intent is to operate .Site with a focus on integrity and quality for the .Site brand. This entails running robust abuse mitigation programs and pioneering Rights Protection Mechanisms from initiation, which in our case not only meets ICANN's requirements, but extends significantly beyond it as described in our response to Q28 and Q29.

### 3. USER EXPERIENCE GOALS

The purpose of .Site is to allow registrants to register their name in a TLD with no overriding meaning. We are not "commercial" or "non-profit" or "information" or "network". Registrants will have choice and the freedom use the blank name space canvas that is .Site and create their own Internet masterpiece.

.Site considers both its Registrants and the end-users that access .Site websites as its users. Our goal is to create a highly reliable namespace and provide an outstanding user experience to both Registrants and end-users of .Site.

Registrants of .Site have an assurance of a scalable, resilient registry with 100% uptime, low latency, and exemplary security standards. Registrants will have the option to register the domain name of their choice, without much saturation of the namespace. Our registration policies and abuse mitigation policies ensure that Registrants will get advantages like higher recognition, better branding and more desirable, shorter names.

Our content and acceptable use policies and abuse mitigation processes ensure that end-users are benefited from a clean namespace. These are described in further detail in our response to Q28 and Q29.

### 4. REGISTRATION POLICIES IN SUPPORT OF GOALS

#### 4.1 GENERAL NAMES

The goals of .Site are outlined in the sections above. These goals are supported by the following artifacts -

- \* Registration policies and processes
- \* Acceptable usage policies and content guidelines
- \* Abuse mitigation processes
- \* Rights protection mechanisms
- \* Dispute resolution polices

To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice. The salient aspects of all of the above are described below -

\* DotSite Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (ResellerClub.com and BigRock.com) and Web Hosting companies. With over four million active domain names registered through its registrars, Directi has significant experience (over 10 years) of managing domain name abuse mitigation and rights protection. Directi has been heralded as a white hat registrar and the undisputed leader with respect to abuse mitigation.

- \* Our Abuse and compliance processes will be run by the Directi Group
- \* We have an elaborate and detailed Accepted usage and content policy that covers over 11 macro forms of violations
- \* .Site will create a zero-tolerance reputation when it comes to abuse
- \* We have a defined SLA for responding to abuse complaints ensuring guaranteed turn-around time on any abuse complaint depending on its severity
- \* We will work closely with LEA and other security groups to mitigate abuse within TLD by providing them with special interfaces and interacting with them regularly in terms of knowledge sharing.

\* Other abuse mitigation steps we undertake include profiling, blacklisting, proactive quality reviews, industry collaboration and information sharing, regular sampling, contractual enforcements and sanctions

\* The protection of trademark rights is a core goal of .Site. .Site will have a professional plan for rights protection. It will incorporate best practices of existing TLDs, going above and beyond the ICANN mandated RPMs to prevent abusive registrations and rapidly take-down abuse when it does occur.

\* Standard RPMs such as Sunrise, Trademarks claims service, URS, UDRP, SDRP, PDDRP, SPOC etc are all provided for. Additional RPMs such as profiling and blacklisting, proactive quality reviews, APWG Review and others will also be provided.

The above salient points barely scratch the surface in detailing the steps that .Site will take in order to build a reputation of operating a clean, secure and trusted namespace. Significant details of all of the above and more are provided in our responses to Q26, Q27, Q28 and Q29

#### 4.2. OTHER NAMES

\* We will reserve the following classes of domain names, which will not be available to registrants via the Sunrise or subsequent periods:

\*\* The reserved names required in Specification 5 of the new gTLD Registry Agreement.

\*\* The geographic names required in Specification 5 of the new gTLD Registry Agreement. See our response to Question 22 ("Protection of Geographic Names") for details.

\*\* The registry operator will reserve its own name and variations thereof, and registry operations names (such as nic.Site, registry.Site, and www.Site), so that we can point them to our Web site. Reservation of the registry operator's names was standard in ICANN's past gTLD contracts.

\*\* We will also reserve names related to ICANN and Internet standards bodies (iana.Site, ietf.Site, w3c.Site, etc.), for delegation of those names to the relevant organizations upon their request. Reservation of this type of names was standard in ICANN's past gTLD contracts. The list of reserved names will be published publicly before the Sunrise period begins, so that registrars and potential registrants will know which names have been set aside.

\* We will reserve generic names which will be set aside for distribution via special mechanisms.

#### 5. PROTECTING PRIVACY OF REGISTRANTS' OR USERS' INFORMATION

.Site is committed to providing a secure and trusted namespace to its Registrants and end-users. To that extent we will have several measures for protecting the privacy or confidential information of registrants or users -

\* Our Whois service (web-based whois, port 43 whois) all have built in abuse prevention mechanisms to prevent unauthorized access, data mining, data scraping and any other abusive behavior. Details of this are provided in our response to Q26

\* .Site will allow Registrants to use privacy protection services provided by their Registrars in the form of a Proxy whois service as long as they follow the guidelines stipulated within our response to Q28 to prevent any abuse of the same

\* As per the requirements of the new gTLD Registry Agreement (Article 2.17), we shall notify each of our registrars regarding the purposes for which data about any identified or identifiable natural person ("Personal Data") submitted to the Registry Operator by such registrar is collected and used, and the intended recipients (or categories of recipients) of such Personal Data. (This data is basically the registrant and contact data required to be published in the WHOIS.)

\* We will also require each registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. As the registry operator, we shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

\* As the registry operator we shall take significant steps to protect Personal Data collected from registrars from loss, misuse, unauthorized disclosure, alteration, or destruction. In our responses to Q24, Q30 and Q38 we detail the security policies and procedures we will use to protect the registry system and the data contained there from unauthorized access and loss.

\* As registry operator we impose certain operational standards for our registrars. In order gain and maintain accreditation for our TLD, we require them to adhere to certain information technology policies designed to help protect registrant data. These include standards for access to the registry system. Please see our response to Q24, Q25 and Q30 for details.

\* We offer a "registry lock" service, designed to help protect participating registrants'



contact data from unauthorized modification, and against unauthorized domain transfers and deletions. Please see our response to Q27 for details.

\* .Site implements DNSSEC at the zone which guarantees origin authentication of DNS data, authenticated denial of existence, and data integrity. This protects end-users from a man-in-the-middle attack protecting the privacy of data of end-users.

## 6. OUTREACH AND COMMUNICATIONS

\* Our goal for .Site in terms of area of specialty is to provide a blank canvas for Internet innovation. Good names, at a fair price on a secure and stable platform. Registrants will have choice and the freedom use the blank name space canvas that is .Site and create their own Internet masterpiece.

\* To achieve this, we will emphasize distribution channels internationally - not just in one or more focused regions. One important method of outreach will involve co-marketing programs with registrars. Directi will also leverage its existing channel of 65,000 Resellers, and its strategic relationships with other ICANN Accredited Registrars.

\* We will also engage in relevant PR and outreach programs as well as ensure appropriate publication of information on our website.

\* Our outreach efforts will thus be directed towards Internet users in coordination with Registrar partners, to ensure greater adoption of the .Site TLD. One important method of outreach will involve co-marketing programs with registrars.

The communication and outreach will focus on -

\* Educating audiences regarding this new namespace which has a high availability of names, and the immense possibilities and internet innovations that it could result in.

\* Generating awareness of our Registration policies, Acceptable usage and content policies, Abuse mitigation processes and Rights protection mechanisms

This completes our answer to Q18(b)

18C. What operating rules will you adopt to eliminate or minimize social costs (e.g., time or financial resource costs, as well as various types of consumer vulnerabilities)? What other steps will you take to minimize negative consequences/costs imposed upon consumers?

.Site considers both its Registrants and the end-users that access .Site websites as its users. Our goal is to create a highly reliable namespace and provide an outstanding user experience to both Registrants and end-users of .Site. To that extent it is our goal to -

- \* Reduce / minimize any incremental costs / negative consequences imposed upon our users
- \* Increase / maximize the value added to our Registrants and end-users
- \* Ensure that the net effect of .Site on its users is that of positive value creation

In this response we explore how .Site achieves a net benefit for Registrants and End-users.

## 1. MINIMIZING COSTS

### 1.1 REGISTRANTS

It is our goal to provide Registrants of .Site incremental value and minimize any negative consequences and costs associated with .Site. We address this in the following manner

#### 1.1.1 SUNRISE, TMCH, RPMs

Rights protection is a core goal of .Site. Our Right Protection mechanisms go significantly above and beyond the mandatory RPMs ensuring protection of trademark and IP rights of domain registrants and reducing the costs associated with rights protection for Registrants. Our elaborate RPMs are described in significant detail in our response to Q29. Some salient aspects of these are as follows -

\* We offer a sunrise period to provide an opportunity for legitimate Registrants to block domain names in .Site before general availability begins, preventing unnecessary post-facto litigation



- \* We will integrate with the Trademark Clearing House in the manner prescribed to provide the Trademarks claims service, so as to alert potential Registrants of any trademark violations prior to registration, as well as notify mark holders of potential mark violations
- \* We will provide SDRP, URS, UDRP and PDDRP reducing litigation costs by providing legitimate Registrants the opportunity to resolve disputes through standardized arbitration proceedings.
- \* Additionally we have pioneering RPMs like Profiling and Blacklisting, Proactive Quality assurance, APWG review etc - all intended to reduce rights violations and hence reduce costs for Registrants

The above salient points barely scratch the surface in detailing the steps that .Site will take in order to reduce costs of Registrants with respect to rights violations. Significant details of all of the above and more are provided in our responses to Q26, Q27, Q28 and Q29.

#### 1.1.2 MULTIPLE APPLICATIONS FOR A DOMAIN

All of the RPMs described in section 1.1.1 above ensure that applicants for domain names in .Site are legitimate right holders for the applied string.

During general availability domain names will be allocated on a first come first serve basis amongst applicants. During the initial registry launch periods of Sunrise and Landrush if multiple applications for the same domain name are received from applicants then the same will be distributed in the following manner -

- \* In case of multiple sunrise applications for the same domain name, all applications will be validated against the TMCH for a valid trademark. Applications that do not qualify will be dropped.
- \* All remaining applications will be distributed through a fair auction.

#### 1.1.3 COST BENEFITS FOR REGISTRANTS

The ICANN new gTLD program marks a historical event in the timeline of the Internet. It is an unprecedented event and one that will yield tremendous benefits for consumers. At this preliminary stage it is impossible to determine the true value consumers will derive from increase in competition and choice. However there is historical data to go by. Upon the launch of Domain Registrars and creation of competition amongst registrars, the Registrants benefited from reduced pricing.

With .Site our goal is to provide fair pricing for domains within .Site that reflect the value proposition derived by the Registrants of .Site. While we do not have any committed pricing plans as yet and the same will be determined during the launch process, we do anticipate providing promotional offers through the life of .Site for the purpose of customer acquisition. This is not too dissimilar from other gTLD registries currently in existence who offer ongoing promotional offers to their customer base.

#### 1.1.4 PRICE ESCALATIONS

The ICANN new gTLD program is an unprecedented event and the actual nature of pricing pressures will only be determinable once several TLDs have successfully launched. At this preliminary stage it is impossible to commit to any pricing strategy on our part. We strongly believe that ultimately, the open market will determine the viability of pricing models and dictate pricing strategy for everyone. We intend to maintain the freedom to set pricing to accommodate for the existence of 100s of TLDs and business models and create a sustainable long term business model. Our goal is to provide fair pricing for domains within .Site that reflect the value proposition derived by the Registrants of .Site.

#### 1.2 END USERS

It is our goal to provide end users of .Site incremental value and minimize any negative consequences and costs associated with .Site. We address this in the following manner

End-users bear a considerable amount of cost as a result of various forms of Internet abuse such as spam, malware, phishing, pharming, hacking, identity theft etc. Any TLD that implements policies and processes to create a clean namespace will result in a considerable reduction of these forms of abuse and hence a significant saving in terms of cost to consumers

.Site intends to set an example when it comes to abuse mitigation and preventing abuse within .Site. To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice. These

are detailed in our response to Q28. We strongly believe these practices will result in a significant reduction in online abuse and considerable savings for end users of .Site. We similarly hope to set an example for other TLDs and cooperate with the industry in creating a clean internet experience for internet users.

## 2. COST BENEFIT ANALYSIS

There has been considerable debate within the community concerning the cost benefit analysis of launching new gTLDs. We strongly believe that the launch of new gTLDs and our implementation of .Site will add considerable value and result in a net positive effect on Registrants and end-users worldwide.

We recognize that there will be a post launch review of the New gTLD Program, from the perspective of assessing the relative costs and benefits achieved in the expanded gTLD space.

To this extent we would like to offer the following pointers concerning .Site as well as the general expansion of the new gTLD space in determining the net positive value generated for Registrants and end users -

\* .Site will reduce overall cost for end-users in combating fraud and other forms of online abuse by implementing pioneering processes and anti-abuse policies as described in our response to Q28. Billions of dollars are spent worldwide combating various forms of fraud such as malware, phishing, spamming etc. Our abuse policies will result in overall reduction of these forms of abuses within .Site resulting in a considerable reduction in global costs spent towards combating these abuses. We also strongly believe that introduction of new gTLDs will result in increased competition which will drive significant innovation as well as competitive pressures for everyone in the industry to improve their abuse mitigation processes resulting in overall cost reduction for end-users

\* The value of a Registrant getting the name they want is immeasurably larger than any costs resulting from expansion of the namespace. DotSite Inc. is a subsidiary within the Directi Group which owns and operates several ICANN Accredited Registrars. Our stats show that 70% of the users who check for a .com domain name do not get their desired name. Until this launch of the new gTLD program there were very limited alternatives and none very viable/desirable for Registrants to choose from. .Site will expand the namespace thus providing a higher probability for new Registrants to obtain names they desire

\* In general increased competition always results in pricing benefits for Registrants. .Site will provide additional options to new Registrants resulting in overall benefits to Registrants

This completes our answer to Q 18(c)

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## 19. Is the application for a community-based TLD?

No

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20A. Provide the name and full description of the community that the applicant is committing to serve. In the event that this application is included in a community priority evaluation, it will be scored based on the community identified in response to this question. The name of the community does not have to be formally adopted for the application to be designated as community-based.

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20B. Explain the applicant's relationship to the community identified in 20(a).

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20C. Provide a description of the community-based purpose of the applied-for gTLD.

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20D. Explain the relationship between the applied- for gTLD string and the community identified in 20(a).

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20E. Provide a complete description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD. Policies and enforcement mechanisms are expected to constitute a coherent set.

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20F. Attach any written endorsements for the application from established institutions representative of the community identified in 20(a). An applicant may submit written endorsements by multiple institutions, if relevant to the community.

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21A. Is the application for a geographic name?

No

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22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD. This should include any applicable rules and procedures for reservation and/or release of such names.

We have engaged CENTRALNIC to deliver services for this TLD. This response describes protection of geographic names as implemented by CENTRALNIC.

#### 1. PROTECTION OF GEOGRAPHIC NAMES

In accordance with Specification 5 of the New gTLD Registry Agreement, we will initially reserve all geographic names at the second level, and at all other levels within the TLD at which the registry operator provides for registrations.

CENTRALNIC supports this requirement by using the following internationally recognised lists to develop a comprehensive master list of all geographic names that are initially reserved:

- The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)].
- The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166-1 List, and its scope extended in August 1999 to any application needing to represent the name European Union  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm#EU)].
- The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardisation of Geographical Names, Part III Names of Countries of the World. This lists the names of 193 independent States generally recognised by the international community in the language or languages used in an official capacity within each country and is current as of August 2006  
[[http://unstats.un.org/unsd/geoinfo/ungegn/docs/pubs/UNGEGN%20tech%20ref%20manual\\_m87\\_combined.pdf](http://unstats.un.org/unsd/geoinfo/ungegn/docs/pubs/UNGEGN%20tech%20ref%20manual_m87_combined.pdf)].
- The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardisation of Geographical Names  
[[http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgn-docs/econf/9th\\_UNCSGN\\_e-conf-98-89-add1.pdf](http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/9th-uncsgn-docs/econf/9th_UNCSGN_e-conf-98-89-add1.pdf)].

Names on this reserved list in CENTRALNIC's registry system are prevented from registration.

A corresponding list of geographic names will also be available to the public via our website, to

inform Registrars and potential registrants of reserved names. The lists noted above, are regularly monitored for revisions, therefore the reserved list (both within the registry and publicly facing) will be continually updated to reflect any changes.

In addition to these requirements, CENTRALNIC are able to support the wishes of the Governmental Advisory Council (GAC) or any individual Government in regard to the blocking of individual terms on a case by case basis. CENTRALNIC's registry system allows such additions to be made by appropriately authorised staff, with no further system development changes required.

The following applies to all Domain Names contained within the registry's reserved list:

- Attempts to register listed Domain Names will be rejected.
- WhoIs queries for listed Domain Names will receive responses indicating their reserved status.
- Reserved geographic names will not appear in the TLD zone file.
- DNS queries for reserved domain names will result in an NXDOMAIN response.

## 2. PROCEDURES FOR RELEASE

We understand that if we wish to release the reserved names at a later date, this will require agreement from the relevant government(s) or review by the GAC, and subsequent approval from ICANN.

This completes our answer to Q22.

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23. Provide name and full description of all the Registry Services to be provided. Descriptions should include both technical and business components of each proposed service, and address any potential security or stability concerns.

The following registry services are customary services offered by a registry operator:

- A. Receipt of data from registrars concerning registration of domain names and name servers.
- B. Dissemination of TLD zone files.
- C. Dissemination of contact or other information concerning domain name registrations (e.g., port-43 WHOIS, Web- based Whois, RESTful Whois service).
- D. Internationalized Domain Names, where offered.
- E. DNS Security Extensions (DNSSEC). The applicant must describe whether any of these registry services are intended to be offered in a manner unique to the TLD.

Additional proposed registry services that are unique to the registry must also be described.

DotSite Inc. has chosen CentralNic as the registry infrastructure provider for the TLD. Please see Appendix 23.1 for the acceptance letter from CentralNic. Any information regarding technical and operational capability of the proposed TLD registry (answers to questions 23 – 44) therefore refers to CentralNic's registry infrastructure systems.

DotSite Inc. and CentralNic hereby explicitly confirm that all registry services stated below are engineered and will be provided in a manner compliant with the new gTLD Registry Agreement, ICANN consensus policies (such as Inter-Registrar Transfer Policy and AGP Limits Policy) and applicable technical standards. Except for the registry services described above, no other services will be provided by the Registry that relate to (i) receipt of data from registrars concerning registrations of domain names and name servers; (ii) provision to registrars of status information relating to the zone servers for the TLD; (iii) dissemination of TLD zone files; (iv) operation of the Registry zone servers; or (v) dissemination of contact and other information concerning domain name server registrations in the TLD as required by the Registry Agreement.

There are no other products or services, except those described above that the Registry Operator will provide (i) because of the establishment of a Consensus Policy, or (ii) by reason of DotSite Inc. being designated as the Registry Operator.

Any changes to the registry services that may be required at a later time in the course of DotSite Inc. operating the registry will be addressed using rules and procedures established by ICANN such as the Registry Services Evaluation Policy.

DotSite Inc. proposes to operate the following registry services, utilising CentralNic's registry system:

### 23.1. Receipt of Data From Registrars

CentralNic will operate a Shared Registry System (SRS) for the TLD. The SRS consists of a database of registered domain names, host objects and contact objects, accessed via an Extensible Provisioning Protocol (EPP) interface, and a web based Registrar Console. Registrars will use these interfaces to provide registration data to the registry.

The SRS will be hosted at CentralNic's primary operations centre in London, UK. The primary operations centre comprises a

resilient, fault-tolerant network infrastructure with multiple high quality redundant links to backbone Internet carriers. The primary operations centre is hosted in Level 3's flagship European data centre and boasts significant physical security capabilities, including 24x7 patrols, CCTV and card-based access controls.

CentralNic's existing SRS system currently supports more than 250,000 domain names managed by over 1,500 registrars. CentralNic has effective and efficient 24x7 customer support capabilities to support these domain names and registrars, and this capability will be expanded to meet the requirements of the TLD and provide additional capacity during periods of elevated activity (such as during Sunrise periods).

The SRS and EPP systems are described more fully in Q24 and Q25. The Registrar Console is described in Q31.

EPP is an extensible protocol by definition. Certain extensions have been put in place to comply with the new gTLD registry agreement, ICANN Consensus Policies and technical standards:

1. Registry Grace Period Mapping - compliant with RFC 3915 (<http://tools.ietf.org/html/rfc3915>)
2. DNSSEC Security Extensions - compliant with RFC 5910 (<http://tools.ietf.org/html/rfc5910>)
3. Launch Phase Extension - will be only active during the Sunrise phase, before the SRS opens for the general public. The extension is compliant with the current Internet Draft <https://github.com/wil/EPP-Launch-Phase-Extension-Specification/blob/master/draft-tan-epp-launchphase.txt>

More information on EPP extensions is provided in Q25.

The SRS will implement and support all ICANN Consensus Policies and Temporary Policies, including:

- \*Uniform Domain Name Dispute Resolution Policy
- \*Inter-Registrar Transfer Policy
- \*Whois Marketing Restriction Policy
- \*Restored Names Accuracy Policy
- \*Expired Domain Deletion Policy
- \*AGP Limits Policy

### **23.2. Provision to Registrars of Status Information Relating to the Zone Servers**

CentralNic will operate a communications channel to notify registrars of all operational issues and activity relating to the DNS servers which are authoritative for the TLD. This includes notifications relating to:

1. Planned and unplanned maintenance;
2. Denial-of-service attacks;
3. unplanned network outages;
4. delays in publication of DNS zone updates;
5. security incidents such as attempted or successful breaches of access controls;
6. significant changes in DNS server behaviour or features;
7. DNSSEC key rollovers.

Notifications will be sent via email (to preregistered contact addresses), with additional notifications made via an off-site maintenance site and via social media channels.

### **23.3. Dissemination of TLD Zone Files**

CentralNic will make TLD zone files available via the Centralized Zone Data Access Provider according to specification 4, section 2 of the Registry Agreement.

DotSite Inc. will enter into an agreement with any Internet user that will allow such user to access an Internet host server or servers designated by DotSite Inc. and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider (the "CZDA Provider"). DotSite Inc. will provide access to zone file data using the file format described in Section 2.1.4 of Specification 4 of the New gTLD Registry Agreement.

DotSite Inc., through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address, and the Internet host machine name and IP address. DotSite Inc. will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL for the user to access the Registry's zone data archives. DotSite Inc. will grant the user a non-exclusive, non-transferable, limited right to access DotSite Inc.'s Zone File FTP server, and to transfer a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN.

DotSite Inc. will provide zone files using a sub-format of the standard Master File format as originally defined in RFC 1035 (<http://tools.ietf.org/html/rfc1035>), Section 5, including all the records present in the actual zone used in the public DNS.

DotSite Inc., through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. DotSite Inc. will allow users to renew their Grant of Access.

DotSite Inc. will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

### **23.4. Operation of the Registry Zone Servers**



The TLD zone will be served from CentralNic's authoritative DNS system. This system has operated at 100% service availability since 1996 and has been developed into a secure and stable platform for domain resolution. Partnering with Community DNS, CentralNic's DNS system includes nameservers in more than forty cities, on five continents. The DNS system fully complies with all relevant RFCs and all ICANN specifications, and has been engineered to ensure resilience and stability in the face of denial-of-service attacks, with substantial overhead and geographical dispersion. The DNS system is described further in Q35.

### **23.5. Dissemination of Contact and Other Information Concerning Domain Name Server Registrations**

CentralNic will operate a Whois service for the TLD. The Whois service will provide information about domain names, contact objects, and name server objects stored in the Shared Registry System via a port-43 service compliant with RFC 3912 (<http://tools.ietf.org/html/rfc3912>). The Whois service will permit interested parties to obtain information about the Registered Name Holder, Administrative, Technical and Billing contacts for domain names. The Whois service will return records in a standardised format which complies with ICANN specifications.

CentralNic will provide access to the Whois service at no cost to the general public.

CentralNic's Whois service supports a number of features, including rate limiting to prevent abuse and privacy protections for natural persons. The Whois service is more fully described in Q26.

Should ICANN specify alternative formats and protocols for the dissemination of Domain Name Registration Data, CentralNic will implement such alternative specifications as soon as reasonably practicable.

### **23.6. DNSSEC**

The TLD zone will be signed by DNSSEC. CentralNic uses the award-winning signer technology from Xelerance Corporation. Zone files will be signed using NSEC3 with opt-out, following a DNSSEC Practice Statement detailed in Q43.

CentralNic's DNSSEC implementation complies with RFCs 4033, 4034, 4035, 4509 and follows the best practices described in RFC 4641(<http://tools.ietf.org/html/rfc4641>). Hashed Authenticated Denial of Existence (NSEC3) will be implemented, which complies with RFC 5155(<http://tools.ietf.org/html/rfc5155>). The SRS will accept public-key material from child domain names in a secure manner according to industry best practices (specifically the secDNS EPP extension, described in RFC 5910(<http://tools.ietf.org/html/rfc5910>)). CentralNic will also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants' public-key material. CentralNic will publish its DPS following the format described in the "DPS-framework" Internet Draft within 180 days after that draft becomes an RFC.

### **23.7. Rights Protection Mechanisms**

DotSite Inc. will provide all mandatory Rights Protection Mechanisms that are specified in DotSite Inc. Guidebook (version 11 January 2012), namely Trademark Claims Service (section 6.1) and Sunrise service (section 6.2). All the required RPM-related policies and procedures such as UDRP, URS, PDDRP and RRDRP will be adopted and used in the TLD. More information is available in Q29.

In addition to such RPMs, DotSite Inc. may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party's legal rights. DotSite Inc. will include all ICANN mandated and independently developed RPMs in the registry-registrar agreement entered into by ICANN-accredited registrars authorised to register names in the TLD. DotSite Inc. shall implement these mechanisms in accordance with requirements established by ICANN each of the mandatory RPMs set forth in the Trademark Clearinghouse.

The "LaunchPhase" EPP extension (described above) will be used to implement an SRS interface during the Sunrise period for the TLD. Depending on the final specification for the Trademark Claims Service (details of which have not yet been published), an additional EPP extension may be required in order to implement this service. If this is necessary, the extension will be designed to minimise its effect on the operation of the SRS and the requirements on registrars, and will only be in place for a limited period while the Trademark Claims Service is in effect for the TLD.

### **23.8. Registrar Support and Account Management**

CentralNic will leverage its 16 years of experience of supporting over 1,500 registrars to provide high-quality 24x7 support and account management for the TLD registrars. CentralNic's experienced technical and customer support personnel will assist the TLD registrars during the on-boarding and OT&E process, and provide responsive personal support via email, phone and a web based support ticketing system.

### **23.9. Reporting to ICANN**

DotSite Inc. and CentralNic will compile and transmit a monthly report to ICANN relating to the TLD. This report will comply with Specification 3 of the New gTLD Registry Agreement.

### **23.10. Personnel Resources of CentralNic**

The technical, operations and support functions of the registry will be performed in-house by CentralNic's personnel. These personnel perform these functions on a full-time basis.

#### **23.10.1. Technical Operations**

Technical Operations refers to the deployment, maintenance, monitoring and security of the registry system, including the SRS and the other critical registry functions. Technical Operations staff design, build, deploy and maintain the technical infrastructure that supports the registry system, including power distribution, network design, access control, monitoring and logging services, and server and database administration. Internal helpdesk and incident reporting is also performed by the Technical Operations team. The Technical Operations team performs 24x7 monitoring and support for the registry system and mans the Network Operations Centre (NOC) from which all technical activities are co-ordinated.

CentralNic intends to maintain a Technical Operations team consisting of the following positions. These persons will be responsible for managing, developing and monitoring the registry system for the TLD on a 24x7 basis:

- \*Senior Operations Engineer(s)
- \*Operations Engineer(s)
- \*Security Engineer

#### **23.10.2. Technical Development**

The Technical Development team develops and maintains the software which implements the critical registry functions, including the EPP, Whois, Zone file generation, data escrow, reporting, back office and web-based management systems (intranet and extranet), and open-source registrar toolkit software. All critical registry software has been developed and maintained in-house by this team.

CentralNic intends to maintain a Technical Development team consisting of the following positions. These persons will be responsible for maintaining and developing the registry software which will support the TLD:

- \*Senior Technical Developer x 2
- \*Technical Developer x 3

#### **23.10.3. Technical Support**

Technical Support refers to 1st, 2nd and 3rd line support for registrars and end-users. Areas covered include technical support for systems and services, billing and account management. Support personnel also deal with compliance and legal issues such as UDRP and URS proceedings, abuse reports and enquiries from law enforcement.

1st line support issues are normally dealt with by these personnel. 2nd and 3rd line support issues (relating to functional or operational issues with the registry system) are escalated to Technical Operations or Technical Development as necessary.

The Technical Support team will consist of the following positions:

- \*Operations Manager
- \*Support Manager
- \*Support Agent(s)

Our overseas account managers also perform basic support functions, escalating to the support agents in London where necessary.

#### **23.10.4. Key Personnel**

##### **23.10.4.1. Gavin Brown - Chief Technology Officer**

Gavin has worked at CentralNic since 2001, becoming CTO in 2005. He has overall responsibility for all aspects of the SRS, Whois, DNS and DNSSEC systems. He is a respected figure in the domain industry and has been published in several professional technical journals, and co-authored a book on the Perl programming language. He also participates in a number of technical, public policy and advocacy groups and several open source projects. Gavin has a BSc (hons) in Physics from the University of Kent.

##### **23.10.4.2. Jenny White - Operations Manager**

Jenny has been with CentralNic for nine years. Throughout this time she has expertly managed customer relations with external partners, prepared new domain launch processes and documentation, managed daily support and maintenance for over 1,500 Registrars, carried out extensive troubleshooting within the registrar environment to ensure optimum usability for registrars across communication platforms, handled domain disputes (from mediation to WIPO filing), and liaised with WIPO to implement changes to the Dispute Resolution Procedure when necessary.

##### **23.10.4.3. Adam Armstrong - Senior Operations Engineer**

Adam has recently joined CentralNic as Senior Operations Engineer. In this role he is responsible for the operation and development of the system and network infrastructure for the registry system. Adam has previously worked at a number of

large UK ISPs including Jersey Telecom and Packet Exchange. He is also the lead developer of Observium, a network management system used by ICANN (amongst others). Adam has brought his strong knowledge of network design, management and security to bear at CentralNic and will oversee the operation of the SRS for the TLD.

#### **23.10.4.4. Milos Negovanovic - Senior Technical Developer**

Milos has worked at CentralNic since 2009. He has a background in building rich web applications and protocol servers. His main areas of responsibility are the Registrar Console, EPP and backoffice functions.

#### **23.10.4.5. Mary O'Flaherty - Senior Technical Developer**

Mary has worked at CentralNic since 2008. She plays an integral role in the ongoing design, development and maintenance of the registry as a whole and has specific experience with the EPP system, Registrar Console and Staff Console. Mary has a 1st class Honors degree in Computer Science from University College Cork and has previously worked for Intel and QAD Ireland.

### **23.10.5. Job Descriptions**

CentralNic will recruit a number of new employees to perform technical duties in relation to the TLD and other gTLDs. The following job descriptions will be used to define these roles and select candidates with suitable skills and experience.

#### **23.10.5.1. Operations Engineer**

Operations Engineers assist in the maintenance and development of the network and server infrastructure of the registry system. Operations Engineers have a good knowledge of the TCP/IP protocol stack and related technologies, and are familiar with best practice in the areas of network design and management and system administration. They should be competent system administrators with a good knowledge of Unix system administration, and some knowledge of shell scripting, software development and databases. Operations Engineers have 1-2 year's relevant commercial experience. Operations Engineers report to and work with the Senior Operations Engineer, who provides advice and mentoring. Operations Engineers participate in manning the NOC on a 24x7 basis and participate in the on-call shift rota.

#### **23.10.5.2. Security Engineer**

Security Engineers enhance and assure the security of the registry system. Day-to-day responsibilities are: responding to security incidents, performing analysis and remediating vulnerabilities, conducting tests of access controls, refining system configuration to improve security, training other team members, reviewing source code, maintaining security policies and procedures, and gathering intelligence relating to threats to the registry. Security Engineers have 1-2 year's relevant commercial experience. This role reports to and works with the Senior Operations Engineer and CTO. Security Engineers participate in manning the NOC on a 24x7 basis and participate in the on-call shift rota.

#### **23.10.5.3. Technical Developer**

Technical Developers are maintain the software which supports the registry. Day-to-day responsibilities are developing new systems in response to requests from management and customers, correcting bugs in existing software, and improving its performance. Technical Developers have a good knowledge of general programming practices including use of revision control and code review systems. Developers have a good awareness of security issues, such as those described in advisories published by the oWASP Project. Developers have at least one years' commercial experience in developing applications in programming languages such as PHP, Perl, and Python, although knowledge of domain technologies such as EPP and DNS is not critical. Technical Developers work as part of a team, with advice and mentoring from the Senior Technical Developers, to whom they report.

### **23.10.6. Resource Matrix**

To provide a means to accurately and objectively predict human resource requirements for the operation of the registry system, CentralNic has developed a Resourcing Matrix, which assigns a proportion of each employee's available time to each aspect of registry activities. These activities include technical work such as operations and development, as well as technical support, registrar account management, rights protection, abuse prevention, and financial activity such as payroll, cash collection, etc. This matrix then permits the calculation of the total HR resource assigned to each area.

A copy of the Resourcing Matrix is included as Appendix 23.2. It is important to note that the available resources cover the operation of CentralNic's entire registry operations: this includes CentralNic's own domain registry portfolio (uk.com, us.com, etc), the .LA and .PW ccTLDs, as well as the gTLDs which CentralNic will provides registry service for.

The actual proportion of human technical resources required specifically for the TLD is determined by the relative size of the TLD to the rest of CentralNic's operations. This calculation is based on the projected number of domains after three years of operation: the optimistic scenario is used to ensure that sufficient personnel is on hand to meet periods of



enhanced demand. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Since the optimistic projection for the number of domains registered in the TLD after three years is 260,000, the TLD will therefore require 5.78% of CentralNic's total available HR resources in order to operate fully and correctly. In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q23.

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## 24. Shared Registration System (SRS) Performance: describe

- the plan for operation of a robust and reliable SRS. SRS is a critical registry function for enabling multiple registrars to provide domain name registration services in the TLD. SRS must include the EPP interface to the registry, as well as any other interfaces intended to be provided, if they are critical to the functioning of the registry. Please refer to the requirements in Specification 6 (section 1.2) and Specification 10 (SLA Matrix) attached to the Registry Agreement; and
  - resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

A complete answer should include, but is not limited to:

- A high-level SRS system description;
- Representative network diagram(s);
- Number of servers;
- Description of interconnectivity with other registry systems;
- Frequency of synchronization between servers; and
- Synchronization scheme (e.g., hot standby, cold standby).

Except where specified, this answer refers to the operations of DotSite Inc.'s outsource Registry Service Provider, CentralNic.

### 24.1. Registry Type

CentralNic operates a "thick" registry in which the registry maintains copies of all information associated with registered domains. Registrars maintain their own copies of registration information, thus registry-registrar synchronization is required to ensure that both registry and registrar have consistent views of the technical and contact information associated with registered domains. The Extensible Provisioning Protocol (EPP) adopted supports the thick registry model. See Q25 for further details.

### 24.2. Architecture

Figure 24.1 provides a diagram of the overall configuration of the SRS. This diagram should be viewed in the context of the overall architecture of the registry system described in Q32.

The SRS is hosted at CentralNic's primary operations centre in London. It is connected to the public Internet via two upstream connections, one of which is provided by Qube. Figure 32.1 provides a diagram of the outbound network connectivity. Interconnection with upstream transit providers is via two BGP routers which connect to the firewalls which implement access controls over registry services.

Within the firewall boundary, connectivity is provided to servers by means of resilient gigabit ethernet switches implementing Spanning Tree Protocol.

The registry system implements two interfaces to the SRS: the standard EPP system (described in Q25) and the Registrar Console (described in Q31). These systems interact with the primary registry database (described in Q33). The database is the central repository of all registry data. Other registry services also interact with this database.

An internal "Staff Console" is used by CentralNic personnel to perform management of the registry system.

### 24.3. EPP System Architecture

A description of the characteristics of the EPP system is provided in Q25. This response describes the infrastructure which supports the EPP system.

A network diagram for the EPP system is provided in Figure 24.2. The EPP system is hosted at the primary operations centre in London. During failover conditions, the EPP system operates from the Isle of Man Disaster Recovery site (see Q34). CentralNic's EPP system has a two-layer logical and physical architecture, consisting of load balancers and a cluster of application servers. Each layer can be scaled horizontally in order to meet demand.

Registrars establish TLS-secured TCP connections to the load balancers on TCP port 700. Load is balanced using DNS round-robin load balancing.

The load balancers pass sessions to the EPP application servers. Load is distributed using a weighted-least-connections algorithm. The protocol servers run the Apache web server with the mod\_epp module. These servers implement the EPP state diagram and handle registrar commands using application code.

Each component of the system is resilient: multiple inbound connections, redundant power, high availability firewalls, load balancers and application server clusters enable seamless operation in the event of component failure. This architecture also allows for arbitrary horizontal scaling: commodity hardware is used throughout the system and can be rapidly added to the system, without disruption, to meet an unexpected growth in demand.

The EPP system will comprise of the following systems:

- \*3x load balancers (1U rack mount servers with quad-core Intel processors, 16GB RAM, 40GB solid-state disk drives, running the CentOS operating system using the Linux Virtual Server [see <http://www.linuxvirtualserver.org/>])

- \*12x EPP protocol servers (1U rack mount servers with dual-core Intel processors, 16GB RAM, solid-state disk drives, running the CentOS operating system using Apache and mod\_epp)

#### 24.3.1. mod\_epp

mod\_epp is an Apache server module which adds support for the EPP transport protocol to Apache. This permits implementation of an EPP server using the various features of Apache, including CGI scripts and other dynamic request handlers, reverse proxies, and even static files. mod\_epp was originally developed by Nic.at, the Austrian ccTLD registry. Since its release, a large number of ccTLD and other registries have deployed it and continue to support its development and maintenance. Further information can be found at <http://sourceforge.net/projects/aepps>. CentralNic uses mod\_epp to manage EPP sessions with registrar clients, and to convert EPP commands into HTTP requests which can then be handled by backend application code.

### 24.4. Performance

CentralNic performs continuous remote monitoring of its EPP system, and this monitoring includes measuring the performance of various parts of the system. As of writing, the average round-trip times (RTTs) for various functions of the EPP system were as follows:

- \*connect time: 40ms
- \*login time: 20ms
- \*hello time: 7ms
- \*check time: 15ms
- \*logout time: 6ms

These figures include an approximate latency of 3.2ms due to the distance between the monitoring site and the EPP system. They were recorded during normal weekday operations during the busiest time of the day (around 1300hrs UTC) and compare very favourably to the requirement of 4,000ms for session commands and 2,000ms for query commands defined in the new gTLD Service Level Agreement. RTTs for overseas registrars will be higher than this due to the greater distances involved, but will remain well within requirements.

### 24.5. Scaling

Horizontal scaling is preferred over vertical scaling. Horizontal scaling refers to the introduction of additional nodes into a cluster, while vertical scaling involves using more powerful equipment (more CPU cores, RAM etc) in a single system. Horizontal scaling also encourages effective mechanisms to ensure high-availability, and eliminate single points of failure in the system.

Vertical scaling leverages Moore's Law: when units are depreciated and replaced, the new equipment is likely to be significantly more powerful. If the average lifespan of a server in the system is three years, then its replacement is likely to be around four times as powerful as the old server.

For further information about Capacity Management and Scaling, please see Q32.

### 24.6. Registrar Console

The Registrar Console is a web-based registrar account management tool. It provides a secure and easy-to-use graphical

interface to the SRS. It is hosted on a virtual platform at the primary operations centre in London. As with the rest of the registry system, during a failover condition it is operated from the Isle of Man. The virtual platform is described in Figure 24.3.

The features of the Registrar Console are described in Q31.

The virtual platform is a utility platform which supports systems and services which do not operate at significant levels of load, and which therefore do not require multiple servers or the additional performance that running on "bare metal" would provide. The platform functions as a private cloud, with redundant storage and failover between hosts.

The Registrar Console currently sustains an average of 6 page requests per minute during normal operations, with peak volumes of around 8 requests per minute. Volumes during weekends are significantly lower (fewer than 1 requests per minute). Additional load resulting from this and other new gTLDs is expected to result in a trivial increase in Registrar Console request volumes, and CentralNic does not expect additional hardware resources to be required to support it.

#### **24.7. Quality Assurance**

CentralNic employs the following quality assurance (QA) methods:

1. 24x7x365 monitoring provides reports of incidents to NOC
2. Quarterly review of capacity, performance and reliability
3. Monthly reviews of uptime, latency and bandwidth consumption
4. Hardware depreciation schedules
5. Unit testing framework
6. Frequent reviews by QA working group
7. Schema validation and similar technologies to monitor compliance on a real-time, ongoing basis
8. Revision control software with online annotation and change logs
9. Bug Tracking system to which all employees have access
10. Code Review Policy in place to enforce peer review of all changes to core code prior to deployment
11. Software incorporates built-in error reporting mechanisms to detect flaws and report to Operations team
12. Four stage deployment strategy: development environment, staging for internal testing, OT&E deployment for registrar testing, then finally production deployment
13. Evidence-based project scheduling
14. Specification development and revision
15. Weekly milestones for developers
16. Gantt charts and critical path analysis for project planning

Registry system updates are performed on an ongoing basis, with any user-facing updates (ie changes to the behaviour of the EPP interface) being scheduled at specific times. Disruptive maintenance is scheduled for periods during which activity is lowest.

#### **24.8. Billing**

CentralNic operates a complex billing system for domain name registry services to ensure registry billing and collection services are feature rich, accurate, secure, and accessible to all registrars. The goal of the system is to maintain the integrity of data and create reports which are accurate, accessible, secured, and scalable. The foundation of the process is debit accounts established for each registrar. CentralNic will withdraw all domain fees from the registrar's account on a per-transaction basis. CentralNic will provide fee-incurring services (e.g., domain registrations, registrar transfers, domain renewals) to a registrar for as long as that registrar's account shows a positive balance.

Once ICANN notifies DotSite Inc. that a registrar has been issued accreditation, CentralNic will begin the registrar onboarding process, including setting up the registrar's financial account within the SRS.

#### **24.9. Registrar Support**

CentralNic provides a multi-tier support system on a 24x7 basis with the following support levels:

\*1st Level: initial support level responsible for basic customer issues. The first job of 1st Level personnel is to gather the customer's information and to determine the customer's issue by analyzing the symptoms and figuring out the underlying problem.

\*2nd Level: more in-depth technical support level than 1st Level support containing experienced and more knowledgeable personnel on a particular product or service. Technicians at this level are responsible for assisting 1st Level personnel solve basic technical problems and for investigating elevated issues by confirming the validity of the problem and seeking for known solutions related to these more complex issues.

\*3rd Level: the highest level of support in a three-tiered technical support model responsible for handling the most difficult or advanced problems. Level 3 personnel are experts in their fields and are responsible for not only assisting both 1st and 2nd level personnel, but with the research and development of solutions to new or unknown issues.

CentralNic provides a support ticketing system for tracking routine support issues. This is a web based system (available via the Registrar Console) allowing registrars to report new issues, follow up on previously raised tickets, and read responses

from CentralNic support personnel.

When a new trouble ticket is submitted, it is assigned a unique ID and priority. The following priority levels are used: n

1. Normal: general enquiry, usage question, or feature enhancement request. Handled by 1st level support.
2. Elevated: issue with a non-critical feature for which a work-around may or may not exist. Handled by 1st level support.
3. Severe: serious issue with a primary feature necessary for daily operations for which no work-around has been discovered and which completely prevents the feature from being used. Handled by 2nd level support.
4. Critical: A major production system is down or severely impacted. These issues are catastrophic outages that affect the overall Registry System operations. Handled by 3rd level support.

Depending on priority, different personnel will be alerted to the existence of the ticket. For example, a Priority 1 ticket will cause a notification to be emailed to the registrar customer support team, but a Priority 4 ticket will result in a broadcast message sent to the pagers of senior operations staff including the CTO. The system permits escalation of issues that are not resolved within target resolution times.

#### **24.10. Enforcement of Eligibility Requirements**

The SRS supports enforcement of eligibility requirements, as required by specific TLD policies.

Figure 24.4 describes the process by which registration requests are validated. Prior to registration, the registrant's eligibility is validated by a Validation Agent. The registrant then instructs their registrar to register the domain. The SRS returns an "Object Pending" result code (1001) to the registrar.

The request is sent to the Validation Agent by the registry. The Validation Agent either approves or rejects the request, having reconciled the registration information with that recorded during the eligibility validation. If the request has been approved, the domain is fully registered. If it is rejected, the domain is immediately removed from the database. A message is sent to the registrar via the EPP message queue in either case. The registrar then notifies the registrant of the result.

#### **24.11. Interconnectivity With Other Registry Systems**

The registry system is based on multiple resilient stateless modules. The SRS, Whois, DNS and other systems do not directly interact with each other. Interactions are mediated by the database which is the single authoritative source of data for the registry as a whole. Individual modules perform "CRUD" (create, read, update, delete) actions upon the database. These actions then affect the behaviour of other registry systems: for example, when a registrar adds the "clientHold" status to a domain object, this is recorded in the database. When a query is received for this domain via the Whois service, the presence of this status code in the database results in the "Status: CLIENT HOLD" appearing in the whois record. It will also be noted by the zone generation system, resulting in the temporary removal of the delegation of the domain name from the DNS.

#### **24.12. Resilience**

The SRS has a stateless architecture designed to be fully resilient in order to provide an uninterrupted service in the face of failure or one or more parts of the system. This is achieved by use of redundant hardware and network connections, and by use of continuous "heartbeat" monitoring allowing dynamic and high-speed failover from active to standby components, or between nodes in an active-active cluster. These technologies also permit rapid scaling of the system to meet short-term increases in demand during "surge" periods, such as during the initial launch of a new TLD.

##### **24.12.1. Synchronisation Between Servers and Sites**

CentralNic's system is implemented as multiple stateless systems which interact via a central registry database. As a result, there are only a few situations where synchronisation of data between servers is necessary:

1. replication of data between active and standby servers (see Q33). CentralNic implements redundancy in its database system by means of an active/standby database cluster. The database system used by CentralNic supports native real-time replication of data allowing operation of a reliable hot standby server. Automated heartbeat monitoring and failover is implemented to ensure continued access to the database following a failure of the primary database system.
2. replication is used to synchronise the primary operations centre with the Disaster Recovery site hosted in the Isle of Man (see Q34). Database updates are replicated to the DR site in real-time via a secured VPN, providing a "hot" backup site which can be used to provide registry services in the event of a failure at the primary site.

#### **24.13. Operational Testing and Evaluation (OT&E)**

An Operational Testing and Evaluation (OT&E) environment is provided for registrars to develop and test their systems. The OT&E system replicates the SRS in a clean-room environment. Access to the OT&E system is unrestricted and unlimited: registrars can freely create multiple OT&E accounts via the Registrar Console.

#### 24.14. Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to more than one full-time post.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q24

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25. Extensible Provisioning Protocol (EPP): provide a detailed description of the interface with registrars, including how the applicant will comply with EPP in RFCs 3735 (if applicable), and 5730-5734.

If intending to provide proprietary EPP extensions, provide documentation consistent with RFC 3735, including the EPP templates and schemas that will be used.

Describe resourcing plans (number and description of personnel roles allocated to this area).

A complete answer is expected to be no more than 5 pages. If there are proprietary EPP extensions, a complete answer is also expected to be no more than 5 pages per EPP extension.

Except where specified this answer refers to the operations of DotSite Inc.'s outsource Registry Service Provider, CentralNic. The Extensible Provisioning Protocol (EPP) is an application layer client-server protocol for the provisioning and management of objects stored in a shared central repository. EPP defines generic object management operations and an extensible framework that maps protocol operations to objects. EPP has become established as the common protocol by which domain registrars can manage domains, nameservers and contact details held by domain registries. It is widely deployed in the gTLD and ccTLD registry space.

CentralNic has operated its EPP system since 2005, and it currently operates at significant load in terms of registrars, sessions and transaction volumes. CentralNic's EPP system is fully compliant with the following RFC specifications:

- \*5730 - Base Protocol
- \*5731 - Domains
- \*5732 - Host Objects
- \*5733 - Contact Objects
- \*5734 - TCP Transport
- \*3735 - Extension Guidelines
- \*3915 - RGP Extension
- \*5910 - DNSSEC Extension

#### 25.1. Description of Interface

EPP is a stateful XML protocol layered over TCP (see RFC 3734 (<http://tools.ietf.org/html/rfc3734>)). Protected using lower-layer security protocols, clients exchange identification, authentication, and option information, and engage in a series of client-initiated command-response exchanges. All EPP commands are atomic (there is no partial success or partial failure) and designed so that they can be made idempotent (executing a command more than once has the same net effect on system state as successfully executing the command once).

EPP provides four basic service elements: service discovery, commands, responses, and an extension framework that



supports definition of managed objects and the relationship of protocol requests and responses to those objects. EPP servers respond to client-initiated communication (which can be either a lower-layer connection request or an EPP service discovery message) by returning a greeting to a client. The server then responds to each EPP command with a coordinated response that describes the results of processing the command. EPP commands fall into three categories: session management, queries, and transform commands. Session management commands are used to establish and end persistent sessions with an EPP server. Query commands perform read-only object information retrieval operations. Transform commands perform read-write object management operations. Commands are processed by a server in the order they are received from a client. The protocol includes features that allow for offline review of transform commands before the requested action is completed. In such situations, the response clearly notes that the command has been received but that the requested action is pending. The corresponding object then reflects processing of the pending action. The server will also notify the client when offline processing of the action has been completed. Object mappings describe standard formats for notices that describe completion of offline processing. EPP uses XML namespaces to provide an extensible object management framework and to identify schemas required for XML instance parsing and validation. These namespaces and schema definitions are used to identify both the base protocol schema and the schemas for managed objects.

### 25.1.1. Objects supported

Registrars may create and manage the following object types in the CentralNic EPP system:

- \*domains (RFC 5731 (<http://tools.ietf.org/html/rfc5731>))
- \*host objects (RFC 5732 (<http://tools.ietf.org/html/rfc5732>))
- \*contact objects (RFC 5733 (<http://tools.ietf.org/html/rfc5733>))

### 25.1.2. Commands supported

CentralNic supports the following EPP commands:

- \*<hello> - retrieve the <greeting> from the server
- \*<login> and <logout> - session management
- \*<poll> - message queue management
- \*<check> - availability check
- \*<info> - object information
- \*<create> - create object
- \*<update> - update object
- \*<renew> - renew object
- \*<delete> - delete object
- \*<transfer> - manage object transfer

## 25.2. EPP state diagram

Figure 25.1 describes the state machine for the EPP system. Clients establish a connection with the server, which sends a greeting. Clients then authenticate, and once a login session is established, submits commands and receive responses until the server closes the connection, the client sends a logout command, or a timeout is reached.

## 25.3. EPP Object Policies

The following policies apply to objects provisioned via the EPP system:

### 25.3.1. domains

1. domains must comply with the syntax described in RFC 1035 (<http://tools.ietf.org/html/rfc1035>) §2.3.1. Additionally, the first label of the name must be between 3 and 63 characters in length.
2. domains must have a registrant attribute which is associated with a contact object in the database.
3. domains must have an administrative contact attribute which is associated with a contact object in the database.
4. domains must have a technical contact which attribute is associated with a contact object in the database.
5. domains may have a billing contact attribute which is associated with a contact object in the database.
6. domains may have between 0 (zero) and 13 DNS servers. A domain with no name servers will not resolve and no records will be published in the DNS
7. the host object model for domains is used rather than the host attribute model.
8. domains may have a number of status codes. The presence of certain status codes indicates the domain's position in the lifecycle, described further in §27.
9. where policy requires, the server may respond to a <domain:create> command with an "Object Pending" (1001) response. When this occurs, the domain is placed onto the pendingCreate status while an out-of-band validation process takes place.
10. when registered, the expiry date of a domain may be set up to ten years from the initial date of

registration. Registrars can specify registration periods in one-year increments from one to ten.

11. when renewed, the expiry date of a domain may be set up to ten years from the current expiry date. Registrars can specify renewal periods in one-year increments from one to ten. domains which auto-renew are renewed for one year at a time.
12. domains must have an authInfo code which is used to authenticate inter-registrar transfer requests. This authInfo code may contain up to 48 bytes of UTF-8 character data.
13. domains may have one or more DS records associated with them. DS records are managed via the secDNS EPP extension, as specified in RFC 5910 (<http://tools.ietf.org/html/rfc5910>).
14. only the sponsoring registrar of the domain may submit <update>, <renew> or <delete> commands for the domain.

### 25.3.2. Host objects

1. host names must comply with RFC 1035 (<http://tools.ietf.org/html/rfc1035>). The maximum length of the host name may not exceed 255 characters.
2. in-bailiwick hosts must have at least one address of either type (IPv4 or IPv6). Any number of additional addresses of either type may be provided
3. sponsorship of hosts is determined as follows: if an object is in-bailiwick (ie child of a domain in the database, and therefore also child to a TLD in the system), then the sponsor is the sponsor of the parent domain. If the object is out-of-bailiwick, the sponsor is the registrar which created the contact.
4. if a registrar submits a change to the name of a host object, if the new host name is subordinate to an in-bailiwick domain, then that registrar must be the sponsor of the new parent domain.
5. registrars are not permitted to create hosts that are subordinate to a non-existent in-bailiwick domain, or to change the name of a host object so that it is subordinate to a non-existent in-bailiwick domain.
6. a host cannot be deleted if one or more domains are delegated to it (the registry deletes hosts to remove orphan glue, see §28).
7. inter-registrar transfers are not permitted.
8. only the sponsoring registrar of the host may submit <update> or <delete> commands for the object.

### 25.3.3. Contact objects

1. contact IDs may only contain characters from the set [A-Z, 0-9, . (period), - (hyphen) and \_ (underscore)] and are case-insensitive.
2. phone numbers and email addresses must be valid as described in RFC 5733 (<http://tools.ietf.org/html/rfc5733>) §2.5 and §2.6.
3. contact information is accepted and stored in "internationalized" format only: that is, contact objects only have a single <contact:postalInfo> element and the type attribute is always "int".
4. the <contact:org>, <contact:sp>, <contact:pc>, <contact:phone> and <contact:fax> elements are optional.
5. contacts must have an authInfo code which is used in inter-registrar transfers. This code may contain up to 48 bytes of UTF-8 character data.
6. a contact cannot be deleted if one or more domains are associated with it.
7. only the sponsoring registrar of the contact may submit <update> or <delete> commands for the object.

## 25.4. EPP Extensions

CentralNic supports the following EPP extensions. CentralNic's implementations fully comply with the required specifications.

### 25.4.1. Registry Grace Period Mapping

Various grace periods and hold periods are supported by the Registry Grace Period mapping, as defined in RFC 3915 (<http://tools.ietf.org/html/rfc3915>). This is described further in §27.

### 25.4.2. DNSSEC Security Extensions Mapping

Registrars may submit Delegation Signer (DS) record information for domains under their sponsorship. This permits the establishment of a secure chain-of-trust for DNSSEC validation.

CentralNic supports the specification defined in RFC 5910 (<http://tools.ietf.org/html/rfc5910>). This supports two interfaces: the DS Data Interface and Key Data Interface. CentralNic supports the former interface (DS Data), where registrars submit the keytag, algorithm, digest type and digest for DS records as XML elements, rather than as key data. Key data is stored if provided as a child element of the <secDNS:dsData> element. The maxSigLife element is optional in the specification and is not currently supported.

### 25.4.3. Launch Phase Extension

CentralNic has assisted development of a standard EPP extension for registry "launch phases" (ie Sunrise and Landrush

periods), during which the steady-state mode of "first-come, first-served" operation does not apply. This extension permits registrars to submit requests for domains with claimed rights such as a registered trademark. The extension is currently described in an Internet-Draft (see <http://tools.ietf.org/html/draft-tan-epp-launchphase-00>). It is hoped that this draft will eventually be published as an RFC which can be implemented by other registries and registrars.

CentralNic's system implements this extension and will support the most recent version of the draft during the initial launch of the TLD. Once the TLD enters General Availability, this extension will no longer be available for use by registrars. Example frames describing the use of this extension are included in Appendix 25.2.

If and when this extension is published as an RFC, CentralNic will update the implementation so that it is compliant with the final specification

#### **25.4.4. IDN Extension**

The IDN extension allows registrars to specify the IDN table associated with an IDN domain at the point of registration. It also extends the <domain:info> response to return the IDN table associated with an IDN domain. This extension is specified at <http://tools.ietf.org/html/draft-obispo-epp-idn>.

If and when this extension is published as an RFC, CentralNic will update the implementation so that it is compliant with the final specification.

#### **25.4.5. Fee Extension**

This extension allows registrars to query for the fees charged by the registry for certain transactions. The server response provides a hint as to the fees charged to the registrar for the requested action. The extension extends the "check" command frame to include a currency, action (ie create, renew, transfer, restore) and period for a given transaction (in addition to the object specified in the main request). The response frame is extended to include the fee associated with the requested transaction.

This extension is specified at the following URL, which includes example request and response frames, and an EPP schema: <http://tools.ietf.org/html/draft-brown-epp-fees>

CentralNic's implementation will be updated as the specification develops and will be finalized upon publication of the RFC.

### **25.5. Registrar Credentials and Access Control**

Registrars are issued with a username (their registrar ID) and a password. This password cannot be used to access any other service and only this password can be used to access the EPP system. Registrar officers with the "Management" access level can change their EPP password via the Registrar Console.

RFC 5730 (<http://tools.ietf.org/html/rfc5730>) requires "mutual, strong client-server authentication". CentralNic requires that all registrars connect using an SSL certificate. This certificate may be obtained from a recognised certificate authority, or it may be a self-signed certificate registered with CentralNic via the Registrar Console. Registrar officers with the "Management" access level can upload SSL certificates for their account.

### **25.6. Session Limits and Transaction Volumes**

There are no limits on the number of active sessions a registrar can maintain with the server. Similarly, there are no limits on the volume of transactions a registrar may send. However the system is fully capable of imposing connection limits and this measure may be used in future to ensure equal access amongst registrars.

### **25.7. Transaction Logging and Reporting**

All "transform" commands are logged. Transform commands are: <create>, <renew>, <update>, <delete> and <transfer>. The system logs the time and date when the command was received, the registrar which submitted it, the request and response frames, the result code and message. All commands, whether successful or not, are logged.

The transaction log is stored in the primary registry database. Registrars have access to the log for their account via the Registrar Console. The log viewer permits filtering by command, object type, object ID (domain, host name, contact ID), result code and timestamp.

Query commands (<check>, <info>, <poll op="req">) and session commands (<login>, <logout> and <hello>) are not logged due to the large volume of such queries (particularly <check> queries). The EPP system uses counters for these commands to facilitate generation of monthly reports.

### **25.8. EPP Message Queue**

The EPP protocol provides a message queue to provide registrars with notifications for out-of-band events. CentralNic currently supports the following EPP message notifications:

- \*approved inbound transfer
- \*rejected inbound transfer
- \*new outbound transfer
- \*cancelled outbound transfer
- \*approved or rejected domain registration request (where TLD policy requires out-of-band approval of



<domain:create> requests)

### 25.9. Registrar Support, Software Toolkit

CentralNic has supported EPP for many years. CentralNic has released a number of open source client libraries for several popular programming languages. These are used by registrars and registries around the world. CentralNic maintains the following open source EPP libraries:

\*Net::EPP, a general purpose EPP library for Perl. See <http://code.google.com/p/perl-net-epp/>

\*Preppi, a graphical EPP client written in Perl. See <https://www.centralnic.com/company/labs/preppi>

\*Net\_EPP, a PHP client class for EPP. See <https://github.com/centralnic/php-epp>

\*Simpleepp, a Python client class for EPP. See <https://bitbucket.org/milosn/simpleepp>

\*tx-epp-proxy, a EPP reverse proxy for shared-nothing client architectures written in Python. See <https://bitbucket.org/milosn/tx-epp-proxy>

These libraries are available for anyone to use, at no cost. CentralNic develops these libraries, and accepts submissions and bug reports from users around the world.

### 25.10. Quality Assurance, RFC Compliance

To ensure that its EPP system fully complies with the relevant specifications documents, CentralNic has implemented the following:

#### 25.10.1. Schema Validation

The EPP system automatically validates all response frames against the XSD schema definitions provided in the RFCs. Should a non-validating response be sent to a registrar, an alert is raised with the NOC to be investigated and corrected. By default, this feature is disabled in the production environment but it is enabled in all other environments (as described below).

#### 25.10.2. Multi-stage Deployment and Testing

EPP system code is developed, tested and deployed in a multi-stage environment:

1. Developers maintain their own development environment in which new code is written and changes are prepared. Development environments are configured with the highest level of debugging and strictness to provide early detection of faults.
2. All changes to the EPP system are subjected to peer review: other developers in the team must review, test and sign off the changes before being committed (or, if developed on a branch, being merged into the stable branch).
3. Changes to EPP system code are then deployed in the OT&E environment. Registrars continually test this system as part of their own QA processes, and this additional phase provides an additional level of quality assurance.

#### 25.10.3. Registrar Feedback

Registrars are provided with an easy way to report issues with the EPP system, and many perform schema validation on the responses they receive. When issues are detected by registrars, they are encouraged to submit bug reports so that developers can rectify the issues.

### 25.11. EPP System Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to more than one full-time person. CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the

staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q25

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## 26. Whois: describe

- how the applicant will comply with Whois specifications for data objects, bulk access, and lookups as defined in Specifications 4 and 10 to the Registry Agreement;
- how the Applicant's Whois service will comply with RFC 3912; and
- resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

A complete answer should include, but is not limited to:

- A high-level Whois system description;
- Relevant network diagram(s);
- IT and infrastructure resources (e.g., servers, switches, routers and other components);
- Description of interconnectivity with other registry systems; and

Frequency of synchronization between servers.

To be eligible for a score of 2, answers must also include:

- Provision for Searchable Whois capabilities; and
- A description of potential forms of abuse of this feature, how these risks will be mitigated, and the basis for these descriptions

A complete answer is expected to be no more than 5 pages.

Except where specified this answer refers to the operations of DotSite Inc.'s outsource Registry Service Provider, CentralNic. Whois is one of the oldest Internet protocols still in use. It allows interested persons to retrieve information relating to Internet resources (domain names and IP addresses). Whois services are operated by the registries of these resources, namely TLD registries and RIRs.

Whois is described by RFC 3912 (<http://tools.ietf.org/html/rfc3912>), which serves as a description of existing systems rather than requiring specific behaviours from clients and servers. The protocol is a query-response protocol, in which both the query and the response are opaque to the protocol, and their meanings are known only the server and to the human user who submits a query. Whois has a number of limitations, but remains ubiquitous as a means for obtaining information about name and number resources.

### 26.1. Compliance

The Whois service for the TLD will comply with RFC3912 and Specifications 4 and 10 of the New gTLD Registry Agreement. The service will be provided to the general public at no cost. If ICANN specify alternative formats and protocols (such as RDAP) then CentralNic will implement these as soon as reasonably practicable.

CentralNic will monitor its Whois system to confirm compliance. Monitoring stations will check the behaviour and response of the Whois service to ensure the correctness of Whois records. CentralNic will maintain a public Whois contact to which bug reports and other questions about the Whois service can be directed.

### 26.2. Domain Name

By default, any query is assumed to be a domain name unless a keyword is prepended to the query. If the domain exists, then registration is returned, including the following fields:

- \*Domain ROID
- \*Domain Name
- \*Domain U-label (if IDN)
- \*Creation Date
- \*Last Updated
- \*Expiration Date
- \*EPP status codes
- \*Registrant Contact Information
- \*Administrative Contact Information

- \*Technical Contact Information
- \*Billing Contact Information (if any)
- \*Sponsoring Registrar ID
- \*Sponsoring Registrar Contact Information
- \*DNS servers (if any)
- \*DNSSEC records (if any)

An example of a domain whois response is included in Appendix 26.1. The Domain ROID is the Repository Object Identifier as described in RFC 5730 (<http://tools.ietf.org/html/rfc5730>), Q2.8. The ROID field corresponds to the <domain:roid> element of EPP <info> responses.

A domain may be associated with one or more status codes. These are represented in Whois responses as phrases rather than EPP mnemonics. A domain may have any of the following status codes:

- \*PENDING CREATE - a <domain:create> command has been received through the SRS, but the registration has not yet been finalised as an out-of-band review process has not yet been completed.
- \*ADD PERIOD - the domain is in the Add Grace Period
- \*CLIENT HOLD - the registrar has added the clientHold status
- \*DELETE PROHIBITED - this may be present if the domain has either clientDeleteProhibited or serverDeleteProhibited (or both)
- \*INACTIVE - the domain has no DNS servers
- \*PENDING DELETE - the domain has left the Redemption Grace Period and is scheduled for deletion
- \*PENDING DELETE RESTORABLE - the domain is in the Redemption Grace Period
- \*PENDING RESTORE - a restore request has been received, but the Restore Report has not been received
- \*PENDING TRANSFER - there is an active inter-registrar transfer for the domain
- \*RENEW PERIOD - the domain is either in the Renew Grace Period or the Auto-Renew Grace Period
- \*RENEW PROHIBITED - this may be present if the domain has either clientRenewProhibited or serverRenewProhibited (or both)
- \*SERVER HOLD - the registry has added the serverHold status
- \*TRANSFER PERIOD - the domain is in the Transfer Grace Period
- \*TRANSFER PROHIBITED - this may be present if the domain has either clientTransferProhibited or serverTransferProhibited (or both)
- \*UPDATE PROHIBITED - this may be present if the domain has either clientUpdateProhibited or serverUpdateProhibited (or both)
- \*OK - present if none of the above apply.

The Registrant, Administrative, Technical and Billing Contact sections of the Whois record display the contact information for the contact objects that are associated with the domain. The information displayed replicates the information showed for a contact query (see below). The server shows similar information for the sponsoring registrar.

Domains may have 0-13 DNS servers. If a domain name has no DNS servers, then the "INACTIVE" status code appears in the Status section. If the registrant provided DS records for their DNSSEC-signed domain, then these are included. For each DS record, then the key tag, algorithm, digest type and digest are displayed.

### 26.3. Contact

Users can query for information about a contact by submitting a query of the form "contact [ID]", where "[ID]" is the contact ID equivalent to the <contact:id> element in EPP <info> responses. This is also the ID used when referring to contacts in domain responses.

The following information is included in Contact records:

- \*Contact ID
- \*Sponsoring Registrar
- \*Creation Date
- \*Last Updated Date
- \*EPP Status Codes
- \*Contact Name
- \*Organisation
- \*Street Address (1-3 fields)
- \*City
- \*State/Province
- \*Postcode
- \*Country Code (2 character ISO-3166 code)
- \*Phone number (e164a format)
- \*Fax number (e164a format)
- \*Email address

An example of a contact object whois response is included in Appendix 26.2. A contact object may be associated with one or more status codes. These are represented in Whois responses as phrases rather than EPP code mnemonics. A contact object may have any of the following status codes:

- \*DELETE PROHIBITED - present if the contact object has either clientDeleteProhibited or serverDeleteProhibited (or both)

- \*TRANSFER PROHIBITED - present if the contact object has either clientTransferProhibited or serverTransferProhibited (or both)
- \*UPDATE PROHIBITED - present if the contact object has either clientUpdateProhibited or serverUpdateProhibited (or both)
- \*PENDING TRANSFER - there is an active inter-registrar transfer for the contact object
- \*LINKED - the contact object is associated with one or more domain names. A LINKED contact object automatically has the DELETE PROHIBITED status

#### 26.4. Host Objects

Users can query for information about a host object by submitting a query of the form "nameserver [HOST]". The following information is included in host records:

- \*Server Name
- \*IPv4 address (if any)
- \*IPv6 address (if any)
- \*EPP status codes
- \*Sponsoring Registrar
- \*Creation Date
- \*Referral URL (if any)

\*An example of a host whois response is included in Appendix 26.3. A host object may have an IPv4 or IPv6 address if the host is "in-bailiwick", ie subordinate to a domain name within a TLD operated by the registry. IP address information is not shown for "out-of-bailiwick" hosts.

Host objects may only have two status codes:

- \*INACTIVE - the host is not associated with any domain names
- \*LINKED - the host is associated with one or more domain names

The Referral URL is the website of the Sponsoring Registrar for this host. If the host is subordinate to a domain name in the TLD, this will be the sponsoring registrar of the parent name. If the host is out-of-bailiwick, then the sponsoring registrar is the registrar who issued the original <create> request.

#### 26.5. Character Encoding

Responses are encoded as UTF-8. Queries are assumed to be encoded in UTF-8.

#### 26.6. IDN Support

The Whois service supports Internationalised Domain Names. Users may submit queries for IDN domains using either the U-label or the A-label.

#### 26.7. Bulk Access

CentralNic will provide up-to-date registration data to ICANN on a weekly basis (the day to be designated by ICANN). CentralNic will provide the following data for all registered domain names: domain name, repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars it will provide: registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar. Data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the above.

At ICANN's request, CentralNic will provide ICANN with up-to-date data for the domain names of de-accredited registrar to facilitate a bulk transfer. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. CentralNic will provide the data within 2 business days.

#### 26.8. Load Projections

As described in Q31, CentralNic's existing Whois system receives an average of 0.36 queries per day for each domain name in the registry, including misses for non-existent objects as well as hits.

The number of daily queries per domain for each existing gTLD was calculated using figures for the month of November 2011 published by ICANN. This analysis may be found in Appendix 26.6. It shows little correlation between the number of domains in the TLD and the number of queries that each domain receives. Smaller gTLDs such as .aero and .museum receive more queries per domain than larger gTLDs, but .jobs (which is much larger than either .aero or .museum) received more queries per domain than either. It should be noted that the high volumes observed for .XXX are very likely due to activities surrounding the Landrush and initial launch of that TLD.

CentralNic believes that the query rate observed for its own registry system is mainly affected by its efforts to deter abuse, and outreach to registrars, who often use whois to perform availability checks, to encourage them to EPP instead.

CentralNic believes this query rate will also apply for the TLD. A projection of query load for the Whois system for the first 24 months of operation can be found in Appendix 26.4. This model also includes data transit rates and bandwidth

projections for the same period. As can be seen, the data and bandwidth requirements are relatively small compared to those for the Shared Registry System and authoritative DNS.

## 26.9. Technical Implementation

A diagram describing the infrastructure supporting the Whois service may be found in Figure 26.1. During normal operations, the Whois service is operated at the primary operations centre in London. During failover conditions, it is operated at the Disaster Recovery site in the Isle of Man (see Q34).

Queries pass through the firewalls to one of two front-end load balancers. Round-robin DNS distributes queries between the devices. Load balancers are configured in High Availability mode so that if one a server fails, the other will resume service on its IP address until the server can be restored. Queries are distributed to backend application servers via weighted least connections algorithm.

### 26.9.1. Application Server Architecture

Application servers are built on commodity hardware running CentOS. The service is provided using the mod\_whoisng Apache module (see <https://www.centralnic.com/registry/labs/mod-whois>) which causes Apache to listen on port 43 and accept queries, which are then handled using a PHP script, which generates and returns the response.

### 26.9.2. Caching

Application servers use caching to reduce database load. Subsequent identical queries are returned a cached record until the cache expires, after which a new record is generated. Records are currently cached for 600 seconds (ten minutes), so if a domain is updated immediately after its Whois record has been cached, the updated record will be visible after ten minutes. This compares favourably to the 60 minute requirement in the gTLD Service Level Agreement. Records are cached in a shared Memcached server. Memcached is a high-performance caching server used by some of the largest sites in the world, including Wikipedia, Flickr, Wordpress.com and Craigslist.

### 26.9.2. Database

The Whois service draws data directly from the primary database. The query volume required to sustain the Whois service is comparable to that of a modest web application such as a small e-commerce site, and as a result a dedicated database for the Whois system is not required. As can be seen in Figure 26.1, a separate logging database is used to aggregate log data for use with the rate limiting system.

## 26.10. Web based Whois Service

CentralNic provides a web interface to the Whois service on its website. In addition, DotSite Inc. will provide a similar service on the TLD registry website. The web Whois acts as a proxy to the port 43 Whois service: users enter a query into a form, and a server-side process submits the query to the Whois server, and displays the response. This service will not be subjected to the rate limiting described above, but users will be required to complete a CAPTCHA to prevent high-volume automated access.

## 26.11. Anti-Abuse Mechanisms

CentralNic has implemented measures to mitigate the threat of abuse of the Whois service. The primary threat to the Whois service are so-called "dictionary" attacks, where an attacker attempts to enumerate the database by flooding the server with queries for domains taken from a precompiled list: as zone files are easy to obtain, this presents a threat to the privacy of contact information in the registry database. The information harvested can be used to compile email databases for spamming, or to send domain renewal scam letters, for example.

The Whois service implements rate-limiting to impede dictionary attacks. For each query, a counter associated with the client IP address is incremented. For subsequent queries, this counter determines the number of queries received within the previous hour. If the number of queries exceeds a pre-set maximum (currently 240 queries per hour), then the server returns an error, warning the user that they have exceeded the permitted query rate. If the user stops sending queries, then eventually the query rate will drop below the limit, and subsequent queries will be permitted. If the user continues to send queries, and the query rate exceeds the limit by a further 25% (300 queries per hour), then the IP address is permanently blocked. For queries over IPv6 (where an attacker might have access to billions of IP addresses), the enclosing /48 will be blocked.

Experience indicates that is an effective mechanism for preventing abuse of the Whois. The rate limit has been tuned to ensure that legitimate uses of the Whois are allowed, but abusive use of the whois is restricted to levels which are unappealing for attackers.



CentralNic keeps a "white list" of IP addresses used by legitimate users of the Whois service, including law enforcement agencies and other research and anti-abuse entities. Registrar access lists are also incorporated into the white list, and IP addresses registered on ICANN's RADAR system will also be included. Queries from IP addresses that appear on the white list are not rate-limited. Interested parties can request addition to the white list by contacting CentralNic's public customer service team.

The web-based Whois does not implement rate-limiting, but users of this service must complete a CAPTCHA to access Whois records.

#### **26.11.1. Denial-of-Service attacks**

The rate-limiting system in place provides protection against DoS and DDoS attacks, as any host that attempts to flood the Whois service with queries will be quickly blocked. However, a DDoS attack could still saturate upstream links requiring filtering at the edges of CentralNic's network, as well as their upstream providers. Continuous surveillance and monitoring of the Whois system (see Q42) proactively detects these threats. As the Whois service directly queries the primary SRS database, CentralNic rate-limits on the database backend to prevent an attack against the Whois service from disrupting the SRS.

#### **26.12. Monitoring and Logging**

Remote monitoring is used to verify the availability of the service and to record the round-trip times for different queries (warm hit, warm miss). Local monitoring records query volumes.

#### **26.13. Resourcing**

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to almost one full-time person (83%). CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

The Abuse and Compliance functions will be outsourced to the Abuse and Compliance team (20 staff) of the Directi Group. The Directi Group and CentralNic teams provide abuse monitoring detection mechanisms to block data mining. Additionally the support team in conjunction with both the Compliance teams administer requests for listing on the Whitelist.

A detailed list of the Abuse and Compliance desk of Directi is provided in Q28. The Directi Group is protected against loss of staff due to its scale of operations. This is described in further detail in Q39

This completes our answers to Q26.

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27. Registration Life Cycle: provide a detailed description of the proposed registration lifecycle for domain names in the proposed gTLD. The description must:

- explain the various registration states as well as the criteria and procedures that are used to change state;
- describe the typical registration lifecycle of create/update/delete and all intervening steps such as pending, locked, expired, and transferred that may apply;

- clearly explain any time elements that are involved - for instance details of add-grace or redemption grace periods, or notice periods for renewals or transfers; and
- describe resourcing plans for this aspect of the criteria (number and description of personnel roles allocated to this area).

The description of the registration lifecycle should be supplemented by the inclusion of a state diagram, which captures definitions, explanations of trigger points, and transitions from state to state. If applicable, provide definitions for aspects of the registration lifecycle that are not covered by standard EPP RFCs.

A complete answer is expected to be no more than 5 pages.

Except where specified this answer refers to the operations of DotSite Inc.'s outsource Registry Service Provider, CentralNic. The lifecycle of a domain in the registry is described in Figure 27.1, and closely follows that of domain names in existing gTLD registries. The lifecycle is described below.

### **27.1. Available**

The domain is not registered. No delegation (or any other records) exist in the DNS, and the whois system will return a "NOT FOUND" response to queries. An EPP <check> command will return an "avail" status of 1.

### **27.2. Registered**

A registrar submits an EPP <create> command or registers the domain name via the Registrar Console. The registration fee is deducted from the registrar's balance. The initial registration period may be any whole number of years between one (1) and ten (10).

For five (5) calendar days after the registration of the domain, the registrar can delete the domain and receive a credit for the registration fee (subject to the Add Grace Period Limits Policy).

While the domain is registered, it is delegated to the specified name servers and will resolve normally. During this time, the registrar may update the domain name's DNS settings, lock statuses and contact associations, and may extend the registration period (subject to a maximum of ten (10) years) by submitting a <renew> EPP command or using the Registrar Console.

The domain may also be transferred to a different sponsoring registrar. Upon such transfer the domain name is automatically renewed for one year.

### **27.3. Expired**

When the expiry date is reached, the domain name is automatically renewed for a period of one year, and the renewal fee is deducted from the registrar's account.

For forty-five (45) days after the auto-renewal (Auto-Renew Grace Period), the registrar can delete the domain and receive a credit for the renewal fee.

### **27.4. Redemption Grace Period**

Should the registrar delete the domain, the domain enters the Redemption Grace Period. During this period, the domain name will no longer resolve as all delegation information is removed from the TLD zone.

For the first thirty (30) days after receipt of the delete request, the domain is in the "Pending Delete Restorable" state. During this time, the registrar may submit an RGP restore request via EPP or the Registrar Console. The domain is then placed into the "Pending Restore" state.

The registrar must then submit an RGP Restore Report detailing the reason why the restore request has been submitted. If the Restore Report is received within five (5) calendar days of the original restore request, then the domain is restored. However, if the Restore Report is not received within this period, then the domain falls back into the "Pending Delete Restorable" state.

### **27.5. Redemption Period State Diagram**

Figure 27.2 describes the state diagram for domain names in the Redemption Grace Period. This diagram is taken from RFC 3915 (<http://tools.ietf.org/html/rfc3915>).

### **27.6. Pending Delete**

Forty (40) days after the receipt of the delete request, the domain leaves the "Pending Delete Restorable" and enters the "Pending Delete" status. The registrar cannot submit a Restore Request during this period.

### **27.7. Released**

Five (5) days after the domain enters the "Pending Delete" status the domain name is purged from the database and is once again available for registration.

### **27.8. Other Grace Periods**

The registry also implements the following grace periods. In general, these grace periods allow registrars to delete domain names following billable transactions and receive a refund.

#### **27.8.1. Add Grace Period**

As described above, the Add Grace Period (AGP) is the five (5) calendar days following the initial registration of the domain.

#### **27.8.2. Auto-renew Grace Period**

As described above, the Auto-renew Grace Period is the forty five (45) calendar days following the auto-renewal of the domain.

#### **27.8.3. Renew Grace Period**

The Renew Grace Period is the five (5) calendar days following the renewal of the domain via an EPP <renew> command, or via the Registrar Console.

#### **27.8.4. Transfer Grace Period**

The Transfer Grace Period is the five (5) calendar days following the successful completion of an inter-registrar transfer.

### **27.9. Hold Periods**

The registry implements the following hold periods:

#### **27.9.1. Registration Hold Period**

The Registration Hold Period forbids inter-registrar transfers of domain names within sixty (60) days of initial registration.

#### **27.9.2. Transfer Hold Period**

The Transfer Hold Period forbids transfers of domain names within sixty (60) days of a previous inter-registrar transfer. This Hold Period does not affect disputed transfers that are undone by the registry following the outcome of a Transfer Dispute Resolution process.

### **27.10. Lock Statuses**

The registry system permits the following lock statuses for domain names:

#### **27.10.1. clientHold**

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. Domains with this status are removed from the DNS and will not resolve.

#### **27.10.2. clientDeleteProhibited**

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to delete the domain using an EPP <delete> command will be refused with EPP response code 2304 (Status Prohibits Operation). Registrars must remove the code using an EPP <update> command before they can delete the domain.

#### **27.10.3. clientRenewProhibited**

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to renew the domain using an EPP <renew> command will be refused with EPP response code 2304 (Status Prohibits Operation). Registrars must remove the code using an EPP <update> command before they can renew the domain.

#### **27.10.4. clientUpdateProhibited**

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to update the domain using an EPP <update> command will be refused with EPP response code 2304 (Status Prohibits Operation), unless the <update> request frame includes a <rem> element to remove this status. Once the status has been removed, subsequent <update> commands will succeed.

#### **27.10.5. clientTransferProhibited**



This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by other registrars to submit a transfer request for the the domain using an EPP <transfer> command, or via the Registrar Console, will be refused with EPP response code 2304 (Status Prohibits Operation). The sponsoring registrar must remove this status before any other registrar can submit a transfer request.

#### **27.10.6. serverHold**

This status is set by the registry in accordance with policy. It cannot be removed by registrars. Domains with this status are removed from the DNS and will not resolve.

#### **27.10.7. serverDeleteProhibited**

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to delete the domain using an EPP <delete> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### **27.10.8. serverUpdateProhibited**

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to update the domain using an EPP <update> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### **27.10.9. serverRenewProhibited**

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to renew the domain using an EPP <renew> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### **27.10.10. serverTransferProhibited**

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to transfer the domain using an EPP <transfer> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### **27.11. Lifecycle Processing**

Domain names move through the lifecycle in one of two ways: in real-time as a result of registrar activity, or during daily billing runs.

Billing runs take place once per day. The billing run performs the following batch jobs:

- \*auto-renewal of expired domains
- \*processing of registration and renewal fees for domains that move outside their grace periods
- \*processing of domains in the RGP state (from restorable to not restorable, checking for missing restore reports, etc)
- \*purging of domains scheduled for deletion

The billing runs also perform registrar account management functions such as generation of invoices, sending balance warnings, and generation of internal reports.

#### **27.12. Inter-Registrar Transfer Period**

When a transfer request is received, the action date of the transfer is set to five (5) calendar days from the moment of the original request. Successful transfers are approved at the end of this period.

#### **27.13. pendingCreate Status**

The Registry system supports the "pendingCreate" status for domain names, as described in RFC 5731 (<http://tools.ietf.org/html/rfc5731>), Q3.3. Domains in this state are fully registered in the database (subsequent <create> commands would fail with an Object Exists error) but are not present in the DNS.

This status is used when a particular TLD implements a policy whereby registration requests are verified by a third party such as a Sponsoring Organisation or Validation Agent. Following out-of-band review of the request, the registration may be approved or denied.

If a request is denied, then the domain is immediately purged from the registry system, and the registrar notified via email and the EPP message queue. The registrar also receives a credit for the registration fee. If approved, then the pendingCreate status is removed from the domain which begins to resolve.

#### **27.14. Resourcing**

The domain registration lifecycle is managed through automated backend processes that generally require no human intervention, and real-time business logic implemented in Shared Registry System application code. Operations personnel

will be responsible for maintaining and developing the computing infrastructure which supports the lifecycle processing systems. Backend systems are hosted on a flexible virtual infrastructure hosted at the primary operations centre at the Goswell Road Data Centre in London.

The domain registration lifecycle does have customer and registrar support requirements, so a proportion of the time of the Operations Manager, Support Manager and Support Agent has been dedicated to this area. This time primarily relates to dealing with questions and comments from registrars and registrants about the status of their domain names.

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to 30% of a full time person. Because of the maturity and stability of this system (which has been in use for more than 16 years), only 5% of time of a technical developer has been allocated to this area.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

The Abuse and Compliance functions will be outsourced to the Abuse and Compliance team (20 staff) of the Directi Group. The Compliance team outsourced to the Directi Group is responsible for any abuse of the registration policies within .site. Most manual tasks fall to the Abuse and Compliance teams of the Directi Group, with staff experienced in development of policy for policy rich TLD environments. They have the required legal and industry background to perform this function. A detailed list of the Abuse and Compliance desk of Directi is provided in Q28. The Directi Group is protected against loss of staff due to its scale of operations. This is described in further detail in Q39.

This completes our answer to Q27.

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28. Abuse Prevention and Mitigation: Applicants should describe the proposed policies and procedures to minimize abusive registrations and other activities that have a negative impact on Internet users. A complete answer should include, but is not limited to:

- An implementation plan to establish and publish on its website a single abuse point of contact responsible for addressing matters requiring expedited attention and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller;
- Policies for handling complaints regarding abuse;
- Proposed measures for removal of orphan glue records for names removed from the zone when provided with evidence in written form that the glue is present in connection with malicious conduct (see Specification 6); and
- Resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

To be eligible for a score of 2, answers must include measures to promote Whois accuracy as well as measures from one other area as described below.

- Measures to promote Whois accuracy (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to:

- Authentication of registrant information as complete and accurate at time of registration. Measures to accomplish this could include performing background checks, verifying all contact information of principals mentioned in registration data, reviewing proof of establishment documentation, and other means
- Regular monitoring of registration data for accuracy and completeness, employing authentication methods, and establishing policies and procedures to address domain names with inaccurate or incomplete Whois data; and
- If relying on registrars to enforce measures, establishing policies and procedures to ensure compliance, which may include audits, financial incentives, penalties, or other means. Note that the requirements of the RAA will continue to apply to all ICANN-accredited registrars.
- A description of policies and procedures that define malicious or abusive behavior, capture metrics, and establish Service Level Requirements for resolution, including service levels for responding to law enforcement requests. This may include rapid takedown or suspension systems and sharing information regarding malicious or abusive behavior with industry partners;
- Adequate controls to ensure proper access to domain functions (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to:
  - Requiring multi-factor authentication (i.e., strong passwords, tokens, one-time passwords) from registrants to process update, transfers, and deletion requests;
  - Requiring multiple, unique points of contact to request and/or approve update, transfer, and deletion requests; and
  - Requiring the notification of multiple, unique points of contact when a domain has been updated, transferred, or deleted.

A complete answer is expected to be no more than 20 pages.

DotSite Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (including ResellerClub.com and BigRock.com) and Web Hosting companies. The Directi Group manages centralized functions for all its businesses. We have outsourced our Abuse and Compliance functions to the Directi Group and our Abuse and Compliance desk will be staffed as a cost center by them.

This response aims to provide a 360 degree perspective on our policies and processes to prevent abusive activities, and ensure swift mitigation when abuse does occur. We have prepared this plan based on over a decade's experience of fighting abuse as a Registrar, learnings through active industry participation, best-practices from existing registry operators and expert inputs from our back-end technical partner CENTRALNIC.

## 1. ABUSE MITIGATION EXPERIENCE AND CAPABILITIES

With over four million active domain names registered through its registrars, Directi has significant experience (over 10 years) of managing domain names and is fully cognizant of the threat that stems from their abuse.

As one of the world's top ten registrars, we equally understand our ability to make a sizable contribution towards curbing internet abuse, and believe that mitigating this threat is one of our foremost responsibilities. By instituting policies, processes and services which go significantly above and beyond our obligation as a registrar, Directi has taken various initiatives to make the Internet a safer ground.

To drive this effort, Directi has a committed function working towards identifying abusive domain names and enforcing its policies. Our Abuse Desk functions 24/7 and takes prompt and effective action (both reactively and proactively) against domains reported or co-networked to be involved in any sort of online abuse. Complaints ranging from phishing, spam, malware perpetration, 419 scams, child pornography, copyright infringement and varied forms of abuse are subject to investigation at our Abuse Desk on a daily basis. The nature of abuse and the types of complaints received are varied in nature and intensity, and are documented in more detail further.

On average we already address, 15000 reported or detected abuse cases per year. Abuse cases are addressed within pre-determined SLAs, and our team is committed to ensure that each incident is resolved satisfactorily. The Directi abuse team has been heralded on many occasions by various security groups, law enforcement organizations and the general anti-abuse community for the manner in which abuse mitigation has been handled by us. Additionally, we have always become highly involved,

and continue to remain committed to industry-wide efforts to address organized abuse such as botnets (see below) and large scale phishing attacks, and any other malfeasances.

### 1.1 NOTABLE INSTANCES OF DIRECTI'S SUCCESSFUL ABUSE MITIGATION INITIATIVES

Our abuse mitigation team has developed strong relationships with many security groups and individuals in the abuse mitigation community, with the aim of sharing intelligence and facilitating quick action on abusive domain names. These sources provide us actionable intelligence on domains bought through our registrar. We have also participated in coordinated takedowns with such agencies in the past and are committed to doing so in the future. Please refer to Attachment 'Q28\_Recommendations' which showcases letters from several global agencies including the IRS, commending our work and cooperation on several fronts. Following are some examples of cases where our efforts paid great results in abuse mitigation -

#### 1.1.1 MARIPOSA WORKING GROUP

Directi was part of the Mariposa Working Group which was responsible for taking down the largest known botnet network at the time.

(Ref: [http://defintel.com/docs/Mariposa\\_White\\_Paper.pdf](http://defintel.com/docs/Mariposa_White_Paper.pdf))

"Directi is BY FAR THE BEST registrar we have ever worked with at taking down criminal domains in a timely, efficient and professional manner. Your team was absolutely key to the Mariposa Working Group taking down one of the largest Botnets in the history of the Internet. You and your team should be VERY proud of that :)" -- Christopher Davis, Former CEO of Defence Intelligence

#### 1.1.2 IM WORM BOTNET TAKEDOWN COORDINATED BY IID

Since 1996, IID (Internet Identity) has been providing technology and services that secure the Internet presence for an organization and its extended enterprise. It recently introduced a number of unique approaches to secure organizations' use of Internet infrastructure with ActiveTrust® BGP, ActiveTrust DNS, and ActiveTrust Resolver with TrapTrace. Directi worked with IID, acting against problematic domain names and sharing intelligence to take down a notorious botnet that was plaguing the internet for quite some time.

"Thank you for your exceptional coordination with our team and the other providers ... during the simultaneous shutdown. We wanted to follow up with you and let you know that despite the last minute unanticipated scramble, the takedown was a success and the botnet has been shutdown." -- Lauren Lamp, Manager / Service Delivery -internetidentity.com

#### 1.1.3 FAKE PHARMACY TAKEDOWNS COORDINATED BY LEGITSCRIPT

LegitScript is the leading source of information for patients, Internet users, physicians, businesses and other third parties who need to know if an Internet pharmacy is acting in accordance with the law and accepted standards of ethics and safety. LegitScript is identified by the National Association of Boards of Pharmacy as the only Internet pharmacy verification service that adheres to its standards. After affiliating with LegitScript, we have witnessed a steep downfall in fake pharma-related registrations. ResellerClub (referred below) is our wholesale registrar brand.

(Ref:<http://legitscriptblog.com/2009/03/directi-no-safe-haven-for-rogue-internet-pharmacies/>)

"Some registrars claim that they cannot shut down dangerous 'no-prescription-required' and fake online pharmacies. ResellerClub has proven that this is not true. By refusing to profit from dangerous, criminal activity at the expense of Internet users, ResellerClub has established itself as a responsible example for the rest of the Internet community." John Horton, President, LegitScript.com

We have enclosed a commendation letter from LegitScript in Attachment 'Q28\_Recommendations', which speaks of our leadership in fighting fake and rouge pharmacies.

#### 1.1.4 419 FEEDBACK LOOP WITH ARTISTS AGAINST 419 (AA419.ORG)

An honorary member of the APWG (Anti-Phishing Working Group), Artists Against 419 is a premier organization with expertise in identifying, cataloging, and terminating fraud sites. Our tie-up with them has been greatly successful in eliminating fraudulent registrations within our portfolio. (Ref: <http://blog.aa419.org/?p=134>)

"Many registrars do respond to abuse reports and take action against them. However none do it as quickly and efficiently as Directi. If all registrars and hosters take this approach, it might then be possible to reduce internet fraud." -- aa419.org



We have enclosed a letter from Artists Against 419 in Attachment 'Q28\_Recommendations', commending the speed and impact of our proactive abuse mitigation activities.

## 2. PROPOSED ABUSE POLICY FOR .SITE

We have fully adopted the definition of abuse developed by the Registration Abuse Policies Working Group (Registration Abuse Policies Working Group Final Report 2010).

Our abuse policies described in this section apply to initial and ongoing domain registrations, ie any domain name must comply with these policies during registration and throughout its tenure.

Abusive behaviour in a TLD may relate can be categorized into:

### 2.1. REGISTRATION POLICY VIOLATIONS

.Site adopts certain Registration policies and any violations of these policies would be treated as an Abuse.

#### 2.1.1. SUNRISE POLICY VIOLATION

.Site will have a sunrise period as described in the response to Question 29. Our sunrise policy will have an overarching goal to protect interests of IP holders globally, and be based on best practices seen in previous TLD launches. We will implement the Trademark Claim Service and partner with experienced service providers to run the TM verification, Sunrise Challenge and Auction processes. All Sunrise domain names will be validated before they are activated. Hence the possibility of a Sunrise policy violation is low. However the Sunrise process provides for a Sunrise Dispute Resolution Policy, and any disputes that fall within its scope will be referred to the Sunrise Dispute Resolution provider. If the abuse desk receives any complaints concerning a sunrise domain which violates the Sunrise eligibility policy the abuse desk will direct the complainant to the Sunrise Dispute Resolution provider

#### 2.1.2. WHOIS INACCURACY

.Site requires Whois accuracy as per its contracts. Any domain name with inaccurate whois information will be deemed to be in violation of its contract and hence will be deemed as an abuse and handled in the manner described ahead.

#### 2.1.3. TRADEMARK INFRINGEMENT VIOLATION AND UDRP

.Site requires registrants to abide by UDRP. If the abuse desk receives any complaints concerning a domain name which infringes upon the trademark right of a 3rd party, the abuse desk will direct the complainant to the Uniform Dispute Resolution provider.

All names registered under .Site will be subject to the UDRP and URS processes. We believe that URS will deter cybersquatting, and some malicious activities that illegitimately use brand names. We will seek to expeditiously process all URS cases, and are already equipped with mature processes and tracking systems to manage and keep track of all cases.

The URS process will be run by our compliance team, who has significant experience in processing UDRP complaints for our Registrar businesses.

While Registrars will be responsible for processing all UDRP cases related to the .Site, we will reserve the right to act on their behalf when necessary, and process all court orders that are directed to us.

### 2.2. ACCEPTABLE USAGE RELATED VIOLATIONS

.Site adopts certain Content and Acceptable usage policies and any violations of these would be treated as an Abuse. The following are deemed as violations of our content and acceptable usage policy

#### 2.2.1. Intellectual property, Trademark, Copyright, and Patent violations, including piracy

Intellectual property (IP) is a term referring to a number of distinct types of creations of the mind for which a set of exclusive rights are recognized—and the corresponding fields of law. Under

intellectual property law, owners are granted certain exclusive rights to a variety of intangible assets, such as musical, literary, and artistic works; discoveries and inventions; and words, phrases, symbols, and designs. Common types of intellectual property rights include copyrights, trademarks, patents, industrial design rights and trade secrets in recognized jurisdictions. Any act resulting in theft, misuse, misrepresentation or any other harmful act by any individual or a company is categorized as Intellectual Property violation.

#### 2.2.2. SPAMMING

The use of electronic messaging systems to send unsolicited bulk messages. The term applies to e-mail spam and similar abuses such as instant messaging spam, mobile messaging spam, and the spamming of Web sites and Internet forums. Unsolicited emails advertising legitimate and illegitimate products, services, and/or charitable requests and requests for assistance are also considered as spam.

#### 2.2.3. PHISHING (and various forms of identity theft)

Fraudulent web services and applications meant to represent/confuse or mislead internet users into believing they represent services or products for nefarious purposes, such as illegally gaining login credentials to actual legitimate services.

#### 2.2.4. PHARMING AND DNS HIJACKING

Redirection of DNS traffic from legitimate and intended destinations, by compromising the integrity of the relevant DNS systems. This leads unsuspecting Internet users to fraudulent web services and applications for nefarious purposes, such as illegally gaining login credentials to actual legitimate services.

#### 2.2.5. DISTRIBUTION OF VIRUSES OR MALWARE

Most typically the result of a security compromised web service where the perpetrator has installed a virus or "malevolent" piece of software meant to infect computers attempting to use the web service in turn. Infected computers are then security compromised for various nefarious purposes such as gaining stored security credentials or personal identity information such as credit card data. Additionally compromised computers can sometimes be remotely controlled to inflict harm on other internet services (see botnet below).

#### 2.2.6. CHILD PORNOGRAPHY

Child pornography refers to images or films (also known as child abuse images) and, in some cases, writings depicting sexually explicit activities involving a minor.

#### 2.2.7. USING FAST FLUX TECHNIQUES

A methodology for hiding multiple source computers delivering malware, phishing or other harmful services behind a single domain hostname, by rapidly rotating associated IP addresses of the sources computers through related rapid DNS changes. This is typically done at DNS zones delegated below the level of a TLD DNS zone.

#### 2.2.8. RUNNING BOTNET COMMAND AND CONTROL OPERATIONS

A Botnet is a significant coordinated net of compromised (sometimes tens of thousands) computers running software services to enact various forms of harm - ranging from unsanctioned spam to placing undue transaction traffic on valid computer services such as DNS or web services. Command and control refers to a smaller number of computers that issue/distribute subsequent commands to the Botnet. Compromised botnet computers will periodically check in with a command and control computer that hides behind a list of date triggered, rotating domain registrations, which are pre-loaded in the compromised computer during its last check-in.

Registries play a key role in breaking this cycle of pre-determined domain registrations by deactivating said registrations prior to the compromised computers being able to use them to contact the command and control computer. Successful intervention results in the botnet losing contact with their command and control computers, leaving them inactive and reducing potential harms.

#### 2.2.9. HACKING

Hacking constitutes illegally accessing computers, accounts, or networks belonging to another party, or attempting to penetrate security measures of other individuals. Also includes any activity that might be used as a precursor to an attempted system penetration.

### 2.2.10. FINANCIAL AND OTHER CONFIDENCE SCAMS

Financial scams, including but not limited to the cases defined below, are operated by fraudsters to lure investors into fraudulent money making schemes. Prominent examples that will be treated as abusive are -

1. Ponzi Schemes. A Ponzi scheme is essentially an investment fraud wherein the operator promises high financial returns or dividends that are not available through traditional investments. Instead of investing victims' funds, the operator pays "dividends" to initial investors using the principle amounts "invested" by subsequent investors. The scheme generally falls apart when the operator flees with all of the proceeds, or when a sufficient number of new investors cannot be found to allow the continued payment of "dividends."
2. Money Laundering. Money laundering, the metaphorical "cleaning of money" with regard to appearances in law, is the practice of engaging in specific financial transactions in order to conceal the identity, source, and/or destination of money, and is a main operation of the underground economy.
- 3.419 Scams. "419" scam (aka "Nigeria scam" or "West African" scam) is a type of fraud named after an article of the Nigerian penal code under which it is prosecuted. It is also known as "Advance Fee Fraud". The scam format is to get the victim to send cash (or other items of value) upfront by promising them a large amount of money that they would receive later if they cooperate.

### 2.2.11. ILLEGAL PHARMACEUTICAL DISTRIBUTION

Distribution and promotion of drugs, locally within a nation or overseas, without prescription and appropriate licenses as required in the country of distribution are termed illegal.

### 2.2.12. OTHER VIOLATIONS

Other violations that will be expressly prohibited under the .Site include

- \* Network attacks
- \* Violation of applicable laws, government rules and other usage policies

## 3. PROCEDURES TO MINIMIZE ABUSIVE REGISTRATIONS

### 3.1. BUILDING A ZERO-TOLERANCE REPUTATION

Our Anti-Abuse Policy will put Registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for abusive purposes. The policy will be made easily accessible on the Abuse page of our Registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

Directi has vast experience in minimizing abusive registrations. Our zero tolerance procedures and aggressive proactive takedown measures as a Domain Registrar have resulted in a white-hat reputation discouraging abusive registrations to begin with. We intend on following the same approach with respect to Registry operations for .Site. Our proactive abuse procedures are geared towards building a reputation that discourages miscreants and malicious intent. Once it is known that abusive registrations and registrations in violation of our policies are suspended rapidly, both abusive registrations and abusive behavior will be discouraged.

Our Abuse policies described in section 2 above apply to new and ongoing registrations.

### 3.2. BUILDING AWARENESS OF OUR ANTI-ABUSE POLICY

The Abuse Policy will be published on the abuse page of our Registry website which will be accessible and have clear links from the home page. The abuse page of our Registry website will emphasize and evidence our commitment to combating abusive registrations by clearly identifying what our policy on abuse is and what effect our implementation of the policy may have on registrants. We anticipate that the clear message, which communicates our commitment to combating abusive registrations, will further serve to minimize abusive registrations in our TLD.

### 3.3. ICANN PRESCRIBED MEASURES

In accordance with our obligations as a Registry Operator we will comply with all requirements in the 'gTLD Applicant Guidebook'. In particular, we will comply with the following measures prescribed by ICANN which serve to mitigate the potential for abuse in the TLD:

- \* DNSSEC deployment, which reduces the opportunity for pharming and other man-in-the-middle attacks.

We will encourage registrars and Internet Service Providers to deploy DNSSEC capable resolvers in addition to encouraging DNS hosting providers to deploy DNSSEC in an easy to use manner in order to facilitate deployment by registrants. DNSSEC deployment is further discussed in the context of our response to Question 43;

\* Prohibition on Wild Carding as required by section 2.2 of specification 6 of the Registry Agreement

\* Removal of Orphan Glue records: ICANN requires a policy and procedure to take action to remove orphan glue records from the zone when provided with evidence that the glue is indeed present and aiding malicious conduct.

CentralNic's registry system includes effective measures to prevent the abuse of orphan glue records.

Firstly, the Shared Registry System will reject any request to create host object that is the child of a non-existent domain name. That is, if EXAMPLE.SITE does not exist, then NS0.EXAMPLE.SITE cannot be created.

If the parent domain name does exist, then only the sponsoring registrar of that domain is permitted to create child host objects.

CentralNic's registry system currently follows the third model described in the SAC 048 report: orphan glue records are deleted from the registry and removed from the DNS when the parent domain name is deleted. If other domains in the database are delegated to orphan hosts that are removed, then the delegation is also removed from these domains.

The removal of glue records upon removal of the delegation point NS record mitigates the potential for use of orphan glue records in an abusive manner

### 3.4. REGISTRANT DISQUALIFICATION

Abusive domain registration has historically attracted a small number of individuals and organisations that engage in high volume registrations, driven by the marginal profitability of individual abusive registrations. As specified in our Anti-Abuse Policy, we reserve the right to deny registration of a domain name to a Registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

Registrants, their agents or affiliates found through the application of our Anti-Abuse Policy to have repeatedly engaged in abusive registration will be disqualified from maintaining any registrations or making future registrations. This will be triggered when our records indicate that a Registrant has had action taken against it an unusual number of times through the application of our Anti-Abuse Policy.

Registrant disqualification provides an additional disincentive for qualified registrants to maintain abusive registrations in that it puts at risk even otherwise non-abusive registrations through the possible loss of all registrations.

In addition, name servers that are found to be associated only with fraudulent registrations will be added to a local blacklist and any existing or new registration that uses such fraudulent NS record will be investigated.

The disqualification of 'bad actors' and the creation of blacklists mitigates the potential for abuse by preventing individuals known to partake in such behaviour from registering domain names.

### 3.5. PROACTIVE DETERMINATION OF POTENTIAL ABUSE

There are several tell-tale signs which are indicative of abusive intent. The following are examples of the data variables will serve as indicators that we will monitor with the help of our registry technical partner.

\* Unusual Domain Name Registration Practices: practices such as registering hundreds of domains at a time, registering domains which are unusually long or complex or include an obvious series of numbers tied to a random word (abuse40, abuse50, abuse60) may when considered as a whole be indicative of abuse

\* An Unusual Number of Changes to the NS record: the use of fast-flux techniques to disguise the location of web sites or other Internet services, to avoid detection and mitigation efforts, or to host illegal activities is considered abusive in the TLD. Fast flux techniques use DNS to frequently change the location on the Internet to which the domain name of an Internet host or name server resolves. As such an unusual number of changes to the NS record may be indicative of the use of fast-flux techniques given that there is little, if any, legitimate need to change the NS record for a



domain name more than a few times a month.

\* Results of Monthly Checks: The random monthly checks to promote Whois accuracy (described ahead) are not limited to serving that purpose but may also be used to identify abusive behaviour given the strong correlation between inaccurate Whois data and abuse.

\* Analysis of Cross Validation of Registrant Whois data against Whois Data Known to be Fraudulent.

\* Analysis of Domain Names belonging to Registrant subject to action under the Anti-Abuse policy: in cases where action is taken against a registrant through the application of our Anti-Abuse policy, we will also investigate other domain names by the same registrant (same name, nameserver IP address, email address, postal address etc).

#### 4. PROCEDURES FOR HANDLING COMPLAINTS

##### 4.1 MECHANISMS FOR REPORTING COMPLAINTS

In order to make it easy for security agencies, law enforcement bodies and vigilant users to report incidents of abusive behavior within .Site, we shall enable several channels of communication.

###### 4.1.1 SINGLE POINT OF CONTACT

In accordance with section 4.1 of specification 6 of the Registry Agreement we will establish a single abuse point of contact (SAPOC) responsible for addressing and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller. Complaints may be received from members of the general public, other registries, registrars, LEA (Law Enforcement Agencies), government and quasi governmental agencies and recognised members of the anti-abuse community.

The SAPOC's accurate contact details (email, fax and mailing address) will be provided to ICANN and published on the abuse page of our Registry website. The SAPOC will in turn represent the entire compliance desk operated by the Directi group on behalf of .Site as an outsourced function.

The Registry website will additionally also include:

- \* All public facing policies in relation to the TLD including the Anti-Abuse Policy described in section 2
- \* A web based submission service for reporting inaccuracies in Whois information
- \* Registrant Best Practices
- \* Conditions that apply to proxy registration services and direction to the SAPOC to report domain names that violate the conditions

As such, the SAPOC may receive complaints regarding a range of matters concerning the abuse policy defined in section 2

The SAPOC will be the primary method by which we will receive notification of abusive behaviour from third parties. It must be emphasised that the SAPOC will be the initial point of contact following which other processes will be triggered depending on the identity of the reporting organization and the type of abuse. Accordingly, separate processes for identifying abuse will exist for reports by LEA/government and quasi governmental agencies and members of the general public.

When any party makes a report via the Abuse POC e-mail address or the abuse web form, he or she will receive back a ticket number from a ticketing system. Our abuse team will then examine these reports, and use a ticketing system to track each issue. This process will leverage a dedicated software that we have used for handling abuse reports to our registrar businesses. It is our goal to provide a timely response to all abuse complaints concerning domains registered in the TLD, as per the SLAs defined by us.

###### 4.1.2 LAW ENFORCEMENT AGENCIES

We recognise that LEA, governmental and quasi governmental agencies may be privy to information beyond the reach of others which may prove critical in the identification of abusive behaviour in our TLD. As such, we will provide an expedited process which serves as a channel of communication for law enforcement, government and quasi-governmental agencies to, amongst other things, report illegal conduct in connection with the use of the TLD.

The process will involve prioritization and prompt investigation of reports identifying abuse from those organizations. The steps in the expedited process are summarised as follows:

1. We will identify relevant LEA, government and quasi governmental agencies who may take part in the expedited process
2. We will establish back channel communication with each of the identified agencies in order to obtain information that may be used to verify the identity of the agency upon receipt of a report utilising the expedited process;
3. We will publish contact details on the abuse page of the Registry website for the SAPOC to be utilised by only those taking part in the expedited process;
4. All calls to this number will be responded to by a member of our <sup>24/7</sup> Compliance Team
5. We will verify the identity of the reporting agency employing methods specific to that agency established during back channel communication;
6. Upon verification of the reporting agency, we will obtain the details necessary to adequately investigate the report of abusive behaviour in the TLD;
7. Reports from verified agencies may be provided in the Incident Object Description Exchange Format (IODEF) as defined in RFC 5070. Provision of information in the IODEF will improve our ability to resolve complaints by simplifying collaboration and data sharing
8. The report identifying abuse will then be dealt with in accordance to our process defined in subsequent sections of this answer

#### 4.2. EVALUATION OF COMPLAINTS

The next step is for our abuse desk staff to review each complaint. The abuse team looks at the facts of each complaint in order to verify the complaint. The goals are accuracy, good record-keeping, and a zero false-positive rate so as not to harm innocent registrants while at the same time, taking timely action to mitigate abusive behaviour and to minimize impact.

Evaluation of complaints thus forms a very important part of the process. The following factors are considered for each case:

\* Type, Severity and immediacy of the abuse: Upon initial review, all incoming complaints will face an initial evaluation on the basis of severity and harm caused due to the abuse. While we will adhere to the SLAs laid down for our abuse mitigation processes, regardless of the type of complaint, there will be some complaints that will be considered relatively more severe and of greater malicious impact than others. Complaints with a higher severity/malicious impact and immediacy will be processed with greater urgency than others.

\* Determining the origin of the complaint: a credible complainant e.g. a law enforcement agency, a security group etc. automatically lends genuineness to a complaint while a complaint from a previously unknown source will require a background check to ensure that the complaint is not from a miscreant looking to create unnecessary trouble for a domain owner. Thus while we may take immediate action complaints from reliable sources, those from other sources, not backed by enough evidence, may require further due-diligence before action is taken.

\* Evaluating proof submitted along with a complaint: A complaint is also evaluated based on the supporting evidence provided which further determines the validity of a complaint. At this stage we will also attempt to establish a clear link between the activity reported and the alleged type of abusive behaviour. This is done to ensure that addressing the reported activity will address the abusive behaviour. In some cases the abuse is evident, which will result in immediate processing of the complaint from our side without much further due-diligence. In some cases, where the abuse may not be evident upfront, our desk will rely on supplementary evidence provided by the complainant which may be further ratified. While not limited to this list, supporting evidence could range from links, screen-shots of websites, copy right / trademark details, emails, email headers, whois information, ID proof etc.

\* Evaluating historical data: As mentioned before, we will maintain a log of all complaints received, including the contact details of complainants, the whois details of the abusers, the nameservers of abusive domain registrations, the type of domain names, the IPs of spamming domains etc. This will further help us in establishing trends for further action as required. A registration that re-sounds alarms from previously seen abusive trends will ascertain the necessary pre-emptive mitigation processes.

Assessing abuse reports requires good judgment, and we will rely upon our, specially trained abuse desk staff.

While we recognise that each incident of abuse represents a unique security threat and should be mitigated accordingly, we also recognise that prompt action justified by objective criteria are key to ensuring that mitigation efforts are effective. With this in mind, we have categorised the actions that we may take in response to various types of abuse by reference to the severity and immediacy of harm. This categorisation will be applied to each validated report of abuse and actions will be taken accordingly. It must be emphasised that the actions to mitigate the identified type of abuse in the

section/s below are merely intended to provide a rough guideline and may vary upon further investigation.

#### 4.3. CATEGORIZATION OF COMPLAINTS

Each confirmed case of abuse is bucketed into one of the following categories

##### 4.3.1. CATEGORY 1

Probable Severity or Immediacy of Harm - Low

Examples of types of abusive behaviour -Small Scale Spam, Whois Inaccuracy

Mitigation steps -

1. Preliminary Investigation
2. Delegate to Registrar
3. Monitor response time-frame vis-à-vis SLA
4. Take direct action in case of Registrar non-conformance.

##### 4.3.2. CATEGORY 2

Probable Severity or Immediacy of Harm - Medium

Examples of types of abusive behaviour - Medium scale spam, inactive botnets and other forms of abuse which have a higher degree of impact than the ones bucketed as category 1, but still relatively limited in terms of potential damage.

Mitigation steps -

1. Preliminary Investigation
2. Delegate to Registrar
3. Monitor response time-frame vis-à-vis SLA
4. Take direct action in case of Registrar non-conformance.

##### 4.3.3. CATEGORY 3

Probable Severity or Immediacy of Harm - High

Examples of types of abusive behaviour - Fast Flux Hosting, Phishing, Large scale hacking, Pharming, Botnet command and control, Child Pornography and all other cases deemed to carry a very high risk of large scale impact

Mitigation steps for Abuse policy violation -

1. Suspend domain name
2. Investigate
3. Restore or terminate domain name

#### 4.4. MITIGATION OF COMPLAINTS

The mitigation steps for each category will now be described:

##### 4.4.1. CATEGORY 1

Types of abusive behaviour that fall into this category include those that represent a low severity or immediacy of harm to registrants and internet users. These generally include behaviours that result in the dissemination of unsolicited information or the publication of illegitimate information. While undesirable, these activities do not generally present such an immediate threat as to justify suspension of the domain name in question. Each of these cases will be delegated down to the Registrar and the registrar's performance, in terms of response and resolution rate, will be monitored and recorded by us. In case of non-conformance by the Registrar, we will take-over the issue.

We will also continually monitor the issue to track possible increases in the severity of harm. In case the threat level is above what was originally anticipated, we will escalate the issue to category two or three and act in accordance

##### 4.4.2. CATEGORY 2

Types of abusive behaviour that fall into this category include those that represent a medium severity or immediacy of harm to registrants and internet users. These generally include medium scale spam, network intrusion, inactive botnets etc. Following the notification of the existence of such behaviours, our compliance team will delegate the issue to registrars and invoke the more aggressive

SLAs that apply to this category of risk.

As was the case with category 1, we will continue to monitor the registrar's conformance with the SLAs and take direct action when necessary. We will also check for possible increases in risk levels and escalate the abuse category if required.

#### 4.4.3. CATEGORY 3

Highly serious, sensitive and large scale issues like phishing, child pornography and large-scale botnet are considered to be a serious violation of the Anti-Abuse Policy owing to its fraudulent exploitation of consumer vulnerabilities, high level of risk and far-reaching consequences. Given the direct relationship between the uptime of these activities, and extent of harm caused, we recognise the urgency required to execute processes that handle these cases directly, without any delegation. As soon as the abuse is substantiated, we will proceed to suspend the domain name pending further investigation to determine whether the domain name should be unsuspending or cancelled. Cancellation will result if upon further investigation, the behaviour is determined to be one of the types of abuse defined in the Anti Abuse Policy.

In some cases we may change the nameservers associated with the domain and/or use EPP prohibited statuses in appropriate combinations to restrict activity against the domain such as contact updates, deletes or transfers.

In the past we have modified Nameservers to sinkhole malicious domains, so research partners can measure botnets and monitor malware activity. We believe this to be an extremely effective mechanism which takes down large scale attacks from the source, and assists researchers to build processes and tools which prevent future attacks from the same source. Our team will follow the same process for domains belonging to our registry.

We have built special systems to suspend individual and bulk batches of domains. This will allow us to quickly take care of cases where criminals have obtained bulk batches of domain names. This will be of use if malware designers use generation algorithms to register domains.

Reactivation of the domain name will result where further investigation determines that abusive behaviour, as defined by the Anti Abuse Policy, does not exist and that the domain name is not causing any harm.

#### 4.5. PROPOSED RESOLUTION METRICS AND SERVICE LEVEL AGREEMENTS

##### SLA RESPONSE CONSIDERATIONS FOR REPORTED ABUSE CASES

As described earlier, each abuse case and goes into one of three response categories depending on the severity and immediacy of the harm caused by the abuse. In the case of any failed SLA responses, the Registry reserves the right to act directly to suspend and/or lock the domains associated with a given abuse case. Additionally, highly serious, sensitive and large scale issues are ranked as category 3 and prioritized above all other cases.

Attachment 'Q28\_Abuse Mitigation SLA', shows the flowchart and SLA response for each category of abuse complaint

##### 4.5.1. CATEGORY 1

Some examples of abuses cases that will be categorized as 1 include:

- \* Low scale Spam
- \* Whois Inaccuracy
- \* Low scale Malware
- \* Any other abuse case deemed as low risk

##### RESPONSE SLA COMMITMENTS:

- \* Initial Registry Response to Complainant 2 business days from the time of receipt of the complaint
- \* Registry Notification to Registrar: 2 business days from the time of receipt of the complaint
- \* Initial Response from Registrar: 3 business days from the time that the complaint notification is sent to the Registrar
- \* Update from Registrar as action taken or intended: 7 business days from the time that the complaint notification is sent to the Registrar
- \* Final Resolution: 15 business days from the time the issue was reported to us

#### 4.5.2. CATEGORY 2

Some examples of abuses cases that will be categorized as 2 include:

- \* Medium scale Spam
- \* Confirmed but inactive botnet domains
- \* All other abuse cases deemed as medium scale

#### RESPONSE SLA COMMITMENTS:

- \* Initial Registry Response to Complainant: 2 business days from the time of receipt of the complaint
- \* Registry Notification to Registrar: 2 business days from the time of receipt of the complaint
- \* Initial Response from Registrar: 2 business days from the time that the complaint notification is sent to the Registrar by the Registry
- \* Update from Registrar as action taken or intended: 3 business days from the time that the complaint notification is sent to the Registrar by the Registry
- \* Final Resolution: 8 business days from the time of receipt of the complaint

#### 4.5.3. CATEGORY 3

Some examples of abuses cases that will be categorized as 3 include:

- \* Confirmed Cases of child pornography
- \* Confirmed cases of Phishing
- \* Confirmed and active botnets domains
- \* Any other case deemed as large scale

#### RESPONSE SLA COMMITMENTS:

- \* Initial Registry Response to Complainant: 1 business day from the time of receipt of the complaint
- \* Registry time to direct takedown: 3 business days from the time of receipt of the complaint

#### 4.6. Follow-up and Capture of Metrics

The abuse staff will track each abuse complaint ticket to resolution. Our ticketing system allows us to capture many metrics. We will measure resolution times, and we can see what percentage of abuse reports could be confirmed. We will also capture how many domains were suspended, and we will break down statistics by registrar in the TLD. This will help us identify registrars that have regular problems, and we can work with them to systematically identify and act against bad actors.

#### 4.7. CONTRACTUAL PROVISIONS

As the registry operator, we will use the Registry-Registrar Agreement (RRA) to establish the registry's right to act against abusive registrations as described in the preceding sections. We will also use the contract to impose certain obligations on the registrars, and make some obligations binding on the registrants by obligating specific terms in the registrar-registrant contract. The contract will be a mandatory part of the Registrar accreditation process with the Registry. Production access to the Registry will not be granted until the contract is duly signed AND the registrar has provided copy of their Registry Registrant Agreement to demonstrate the inclusion of any required pass-through provisions. The registrar is also fully obligated to their accreditation contracts with ICANN (via the RAA) which includes elements such as the UDRP.

In general, the contracts will establish that the registry operator may reject a registration request, or can delete, revoke, update, suspend, cancel, or transfer a registration for violations of our anti-abuse policies. The terms in our proposed agreement will empower us to take necessary action including, but not limited to:

- \* Discretionary action against domain names that are not accompanied by complete and accurate information as required by ICANN Requirements and/or Registry Policies or where required information is not updated and/or corrected as required by ICANN Requirements and/or Registry Policies;
- \* Action as may be required to protect the integrity and stability of the Registry, its operations, and the TLD system;
- \* Action as may be required to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the Registry;

- \* Action as may be required to establish, assert, or defend the legal rights of the Registry or a third party or to avoid any civil or criminal liability on the part of the Registry and/or its affiliates, subsidiaries, officers, directors, representatives, employees, contractors, and stockholders;
- \* Action as may be required to correct mistakes made by the Registry or any Accredited Registrar in connection with a registration; or
- \* Enforcement of Registry policies and ICANN requirements; each as amended from time to time;
- \* Actions as otherwise provided in the Registry-Registrar Agreement and/or the Registry-Registrant Agreement.

Below are some additional points that we will look to cover in the RRA. These clauses will enable us to enforce some additional, proactive measures to curb and deter abuse:

- \* We will reserve the right to deny registration of a domain name to a registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.
- \* We will reserve the right to place upon registry lock, hold or similar status a domain name during resolution of a dispute.
- \* We may amend or otherwise modify this policy to keep abreast of changes in consensus policy or new and emerging types of abusive behaviour in the Internet.
- \* Relevant language that enforces Registrars to conform with the SLAs provided for abuse cases delegated to them and provides the Registry with rights to take relevant actions in those cases.
- \* Relevant language for sanctions against a Registrar leading to termination with respect to repeated offences and violations of their obligations with respect to abuse mitigation.
- \* Relevant language that requires Registrars to provide for the following in their agreement with the Registrants
  - \*\* Whois accuracy provisions
  - \*\* Acceptable content and usage policy
  - \*\* Sunrise policy and submission to SDRP
  - \*\* UDRP
  - \*\* Rights granted to the Registrar and Registry to take necessary action wrt abuse prevention including sharing information with regulatory bodies and LEA and domain takedowns where appropriate
  - \*\* Indemnification

All of the contracts above will be regularly reviewed (atleast once a year) based on the experience gained by the Registry during actual operation and any relevant changes required to mitigate abuse will be appropriately introduced in consultation with ICANN and the Registrars

#### 4.8. ADDITIONAL MITIGATION MEASURES

Based on our experience of running a leading Registrar, we have also devised some powerful mechanisms which will prevent possible abuse, and quickly diffuse abusive domains. These mechanisms include:

##### 4.8.1. PROFILING & BLACKLISTING

This process, currently in practice for our registrar businesses within the Directi Group, is used for gathering intelligence on known offenders. We maintain abuse ratios for each of the 1,000,000 plus registrants and 65,000 plus resellers who use Directi.

Experience has enabled us to use these ratios accurately to uncover registrants who are known and repeated offenders. Expert offenders rarely reuse the same registrant profile and often maintain a myriad number of profiles to mask their true identity. Through pattern mapping we try and group registrant profiles that we believe belong to the same operator

The same process is followed at the reseller level too, to identify those resellers who are knowingly harboring offenders, or are themselves involved in abuse.

When a registrant profile is confirmed to be involved in organized abuse, including but not limited to cybersquatting, phishing, pharming etc., our immediate step is to suspend that customer's control over his abusive domain portfolio. Our compliance team then carefully analyzes each domain name to identify those which are abusive and not already taken-down. The necessary action is undertaken to diffuse any



ongoing abuse.

We plan to adopt the 'Profiling and Blacklisting' process within our registry operations. Since all of our compliance resources will be trained and experienced in running this process, its implementation into .Site will be simple. Specifics of this policy and process, as it applies to our registry business, will be drawn out.

#### 4.8.2. PROACTIVE QUALITY REVIEW

As a preventive safeguard against abusive domain registration, we follow a consistent review process for domain registrations on our registrar, where a sample of newly registered domain names are analyzed for potential abusive activity. Coupled with our profiling process (described above), it enables us to take proactive measures against domain names that are registered solely to perpetrate malicious activities such as phishing, or otherwise infringe on the rights of others. This helps us curb abusive activity before it can affect too many Internet users. We shall seek to implement similar safeguards for .Site, and encourage registrars to incorporate this practice as part of their abuse mitigation processes.

#### 4.9. INDUSTRY COLLABORATION AND INFORMATION SHARING

Upon obtaining Registry Accreditation, we will join the Registry Internet Safety Group (RISG), whose mission is to facilitate data exchange and promulgate best practices to address internet identity theft, especially phishing and malware distribution. In addition, Directi coordinates with the Anti-Phishing Working Group (APWG), other DNS abuse prevention organizations and is subscribed to the NXdomain mailing list.

Directi's strong participation in the industry facilitates collaboration with relevant organizations on abuse related issues and ensures that Directi is responsive to new and emerging domain name abuses.

The information shared as a result of this industry participation will be used to identify domain names registered or used for abusive purposes. Information shared may include a list of registrants known to partake in abusive behavior in other TLDs. While presence on such lists will not directly constitute grounds for registrant disqualification, we will investigate domain names registered to those listed registrants and take appropriate action. In addition, information shared regarding practices indicative of abuse will facilitate detection of abuse by our own monitoring activities.

#### 5. PROMOTING AND ENSURING WHOIS ACCURACY

All registrants shall be required, via required language in every Registrar - Registrant Agreement, to provide accurate Registrar Data Directory Services, RDDS (WHOIS) contact details, and to keep those details current. Additionally, Registrars shall have direct responsibility to ensure Whois accuracy through their accreditation contracts with ICANN. Whois Data Reminder Policy or WDRP is an example of a direct Registrar/ICANN contractual obligation to monitor that RDDS (WHOIS) information is accurate and up to date - it includes requiring Registrars to notify their registrants at least once a year to ensure their RDDS (WHOIS) data is correct and up to date.

The threat of inaccurate Whois information significantly hampers the ability to enforce policies in relation to abuse in the TLD by allowing the registrant to remain anonymous. In addition, LEA's rely on the integrity and accuracy of Whois information in their investigative processes to identify and locate wrongdoers.

In recognition of this, we propose that .Site have the following measures to promote RDDS (WHOIS) accuracy.

##### 5.1. WHOIS INACCURACY REPORTING SYSTEM

On the abuse page of our Registry website, we will provide a web based submission service for reporting Whois accuracy issues. Each of these issues will then be resolved as per the process detailed in the previous sections.

##### 5.2. REGULAR MONITORING & SAMPLING

Registrants of randomly selected domain names will be contacted by telephone using the provided Whois information by a member of our team in order to verify the phone number and confirm other Whois information. Where the registrant is not contactable by telephone, alternative contact details (email, postal address) will be used to contact the registrant who must then provide a contact number that is verified by our team. In the event that the registrant is not able to be contacted by any of the methods provided in Whois, the domain name will be cancelled following five contact attempts or one month after the initial contact attempt (based on the premise that a failure to respond is indicative

of inaccurate Whois information and is grounds for terminating the registration agreement)

### 5.3. ANALYSIS OF REGISTRY DATA

We will adopt some processes to identify patterns and correlations indicative of inaccurate Whois (e.g. repetitive use of fraudulent details).

### 5.4. PROMOTING ACCURATE WHOIS DATA

WDRP (Whois Data Reminder Policy) implemented by ICANN at the Registrar level, mandates regular e-mail communication to registrants reminding them to keep their whois data accurate and updated. In addition, we will also identify effective mediums to remind registrants to update Whois information and inform them of the ramifications of a failure to respond to our random monthly checks. Ramifications include but are not limited to termination of the registration agreement.

### 5.5. ENFORCEMENT AT REGISTRAR LEVEL

Registrars will also be contractually required to promptly investigate reports of RDDS (WHOIS) accuracy submitted to them, and resolve each case within a predefined time-frame stipulated through our SLA.

For all cases where inaccuracy is confirmed, we will record the registrar from whom the domain was sourced. We will use this data to capture the ratio of inaccuracies as a percentage of total domains managed, and identify the registrars that seem to attract an abnormally high number of inaccuracy issues. We will then work with those registrars to find potential ways in which they can progressively reduce the number of whois inaccuracy incidents.

The measures to promote Whois accuracy described above strike a balance between the need to maintain the integrity of the Whois service, which facilitates the identification of those taking part in illegal or fraudulent behaviour, and the operating practices of the Registry Operator and Registrars which aim to offer domain names to registrants in an efficient and timely manner.

Awareness among registrants that we will actively take steps to maintain the accuracy of Whois information mitigates the potential for abuse in the TLD. It deters abusive behaviour given that registrants may be identified, located and held liable for all actions in relation to their domain name.

### 5.6. PROXY / PRIVACY PROTECTION

We have designed a policy that will maximize the legitimate use of proxy and privacy services, and will minimize use by criminals and abusers.

.Site will allow the use of proxy and privacy services, where permitted by ICANN policies and requirements. These services have legitimate uses. Millions of registrants use them to protect their privacy and personal data from spammers and other parties that mine zone files and RDDS (WHOIS) data.

It is undeniable that criminals also use whois proxy services, to hide their true identities. To deter that practice, our policy will require that:

- \* Registrants must use only a privacy/proxy service operated, contracted or owned by the domain's sponsoring registrar, and cannot use third-party proxy services unaffiliated with the domain's sponsoring registrar. This means that a domain's sponsoring registrar will always be in possession of the underlying contact data.
- \* Registrars and resellers must provide the underlying registrant information to the registry operator upon request, and/or upon a legitimate law-enforcement request, within 24 hours. The registry operator will keep this data confidential, unless #3 below applies.
- \* Registrars and resellers must remove the proxy protection and publish the underlying registrant information in the RDDS (WHOIS) if it is determined by the registry operator and/or the registrar that the registrant has breached any terms of service, such as anti-abuse policies.

The registrar obligations outlined above shall apply with equal force to all registrations sponsored by a registrar, whether those registrations were placed directly with the registrar or through a reseller.

These conditions will be implemented contractually by inclusion of corresponding clauses in the RRA as well as being published on the abuse page of our Registry website. Individuals and organisations will



be encouraged through our abuse page to report any domain names they believe violate the restriction on the availability of proxy registrations, following which appropriate action may be taken by us. Publication of these conditions on the abuse page of our Registry website ensures that registrants are aware that despite utilisation of a proxy registration service, actual Whois information will be provided to LEA upon request in order to hold registrants liable for all actions in relation to their domain name. The certainty of Whois disclosure of domain names which draw the attention of LEA, deters those seeking to register domain names for abusive purposes.

## 6. CONTROLS FOR PROPER ACCESS TO DOMAIN FUNCTIONS

We realize that registrants often do not willfully use their domain names for abusive purposes, but domain names end up being compromised because of a lapse in security. Though this cannot always be controlled or mitigated by the registry, we are nevertheless committed to ensure that adequate safeguards are implemented to prevent domain names from being compromised and thereby making them prone to abuse.

### 6.1. MULTI-FACTOR AUTHENTICATION AND SECURE CONNECTIVITY FOR REGISTRARS

Through the contractual agreement with the registry, registrars will be expected to develop and employ in their domain name registration business, all necessary technology and restrictions to ensure that their connection to the registry is secure. All data exchanged between the registrar's system and the registry shall be protected to avoid unintended disclosure of information. Each EPP session shall be authenticated and encrypted using two-way secure socket layer ("SSL") protocol. Registrars will also agree to authenticate every EPP client connection with the registry using both an X.509 server certificate issued by a commercial Certification Authority identified by the registry and their registrar password, disclosed only to their respective employees on a need-to-know basis. Registrars will also access the SRS Web interface by utilizing an additional two-factor authentication token. Further details on this is provided in the response to Question 24 and 25

### 6.2. ENFORCEMENT OF STRONG AUTHCODES

Every domain name will have a strong authorization (authinfo) code, composed of alphabets, numerals, and special characters. An inter-registrar domain name transfer will not be permitted unless the registrant provides this authorization code at the time of executing the transfer process.

### 6.3. NOTIFICATION FOR EVERY UPDATE

We plan to notify the domain name holder upon any update made to a domain name. The notification will be committed through email to either or both of the registrant and technical contact of the domain name.

### 6.4. REGISTRY LOCK

Certain mission-critical domain names such as transactional sites, email systems and site supporting applications may warrant a higher level of security. 'Registry locking' is a feature which allows registrants to prohibit any updates at the Registry Operator level. This service will be available programmatically via EPP, so all registrars will be able to offer it in real-time to their registrants. The feature will prevent unintentional transfer, modification or deletion of the domain name, and mitigates the potential for abuse by prohibiting any unauthorised updates that may be associated with fraudulent behaviour. For example, an attacker may update name servers of a mission critical domain name, thereby redirecting customers to an illegitimate website without actually transferring control of the domain name. This is described in detail in our response to Question 27

### 6.5. AWARENESS PROGRAMS

In accordance with our commitment to operating a secure and reliable TLD, we will attempt to improve registrant awareness of the threats of domain name hijacking, registrant impersonation and fraud, and emphasize the need for registrants to keep registration information accurate and confidential. Awareness will be raised by:

- \* Publishing the necessary information on the Abuse page of our Registry website in the form of videos, presentations and FAQs;

- \* Developing and providing to registrants, resellers and Registrars Best Common Practices that describe appropriate use and assignment of domain auth info codes and risks of misuse when the uniqueness property of this domain name password is not preserved.

## 7. RESOURCING PLANS

## 7.1. PERSONNEL

Functions described herein will be performed by -

- \* Directi Group staff under contract with us -
- \*\* Abuse & Compliance Team
- \* Dispute Resolution Service Providers that are selected wrt UDRP and SDRP

Directi Group possesses an exemplary track record of diffusing abuse on 4 million plus domains under their Registrar. The abuse mitigation function of our Registry will be handled by the same team that currently manages this process for the registrar businesses.

The existing compliance team comprises of:

- \* 1 Compliance Manager
- \* 1 Team Supervisor
- \* 4 Cyber Security Analysts
- \* 9 Compliance Officers

The compliance function is staffed on a  $24/7/365$  basis and capable of handling up to a peak of 52,800 unique abuse incidents per year. Each incident by itself can relate to a few to hundreds of domain names.

While this team is trained to investigate and verify all types of issues, they can also fall back on support from our technical staff when required. Similarly, abuse cases following new or unexpected parameters may also be escalated to legal support staff for expert counsel.

Our estimates of resource sizing are directly derived from the abuse case incident volumes currently experienced. On a base of 4 million domains across our Registrar businesses within Directi, each year we experience approximately:

- \* 6000 malware related abuses
- \* 1600 phishing abuses
- \* 1200 spam cases
- \* 600 pharmacy related abuses
- \* 5600 large botnet related abuse cases annually

This averages an incident rate of approximately 15,000 cases of abuse per year or 3.75 incidents per 1000 names

Since registries delegate a large portion of their abuse responsibilities to registrars, it is fair to assume that our registry's abuse incident ratio will be lower than what we experience as registrars. In fact, even in our case  $2/3$  categories of incidents will be delegated to the registrar and our direct involvement is expected in only 25%-35% of all incidents. However, given our proactive approach, importance on ensuring a clean and secure namespace, and aggressive SLAs, we choose to be conservative by assuming that we will be involved in 75% of the incidents.

Based on our projections, we expect .Site to reach 258,839 domain names at the end of the 3rd year. Extrapolating from our current rate of 3.75 incidents per 1000 names, we can expect around 971 abuse incidents yearly and be involved in 728 (75%) of them. Including the estimated 43 RPM incidents (details in our response to Q29) brings our total projected incident count to 771. This conservative estimate also accounts for the aggressive SLAs at multiple levels, law enforcement interfacing and having a single POC available at all times.

The Compliance desk works as a centralized team and all team members are responsible for all abuse complaints across all businesses of Directi. Costs of the Compliance team are then allocated to each business based on the % utilization of the compliance team by each business. We have assumed 15% of two compliance officers' time towards .Site. Given that our 15 people team has the capacity to handle 52,800 incidents yearly, 2 officers with 15% of their time, will have a total capacity to handle 1056 incidents annually. It is important to point out that 15% of the 2 officers is merely a cost allocation method and in actuality all 15 members and more of the Compliance team will be available to resolve abuse issues for TLD.

Our planning provides us redundant capacity of 231% in Y1, 75% in Y2 and 37% in Y3, to handle both abuse as well as RPM related cases such as those involving URS. This leaves substantial headroom for rapid growth of domains under management, or a sudden surge in abuse incident rates per domain.

It is also important to note that there exist some economies of scale in our operations since a large number of these cases are dealt with in bulk, or large batches, as they relate to the same

instigator(s).

The abuse team has a structured training program in place which enables them to rapidly scale-up resources when required. Typically a team of recruits are given four weeks of training and two weeks on the floor before they are fully activated.

Given the rapid growth rate of Directi businesses, Directi will continue to hire and maintain a sizable buffer over and above anticipated growth.

## 7.2. FINANCIAL CONSIDERATIONS

The usage of Directi Group's staff is included in our contract with Directi attached to Q46 ('Q46\_References: Service and Facilities Commitment Agreement'). This cost is shown in the financial answers.

This completes our answer to Q28.

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29. Rights Protection Mechanisms: Applicants must describe how their registry will comply with policies and practices that minimize abusive registrations and other activities that affect the legal rights of others, such as the Uniform Domain Name Dispute Resolution Policy (UDRP), Uniform Rapid Suspension (URS) system, and Trademark Claims and Sunrise services at startup.

A complete answer should include:

- A description of how the registry operator will implement safeguards against allowing unqualified registrations (e.g., registrations made in violation of the registry's eligibility restrictions or policies), and reduce opportunities for behaviors such as phishing or pharming. At a minimum, the registry operator must offer a Sunrise period and a Trademark Claims service during the required time periods, and implement decisions rendered under the URS on an ongoing basis; and
- A description of resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

>To be eligible for a score of 2, answers must also include additional measures specific to rights protection, such as abusive use policies, takedown procedures, registrant pre-verification, or authentication procedures, or other covenants.

A complete answer is expected to be no more than 10 pages.

DotSite Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (including ResellerClub.com and BigRock.com) and Web Hosting companies. At Directi, through our decade long experience as a domain name registrar, we have consciously strived to ensure that domain registrations through our platform do not violate the intellectual property or other rights of any person or organization.

Our experience as a domain name registrar gives us insight into the necessity and importance of rights protection, and the mechanisms that must be employed to assure it. With .Site, we shall leverage our experience to implement a comprehensive set of policies and procedures that will uphold intellectual property rights to the greatest possible extent.

The protection of trademark rights is a core goal of .Site. .Site will have a professional plan for rights protection. It will incorporate best practices of existing TLDs, going above and beyond the ICANN mandated RPMs to prevent abusive registrations and rapidly take-down abuse when it does occur.

## 1. PREVENT ABUSIVE REGISTRATIONS

We will put into place the following measures to ensure prevention of registrations that infringe the IP rights of others

### 1.1. SUNRISE PROCESS

Our sunrise registration service will provide trademark holders with at least a 30-day priority period in which to register their trademarks as domain names.

Sunrise Timeline -

Day 1: Single sunrise round opens  
Day 30: Sunrise round closes  
Day 31: Sunrise allocation begins and Sunrise period ends

#### 1.1.1.1. SUNRISE POLICY SUMMARY AND SDRP SUMMARY

This section provides a summary of our Sunrise Policy and SDRP. We have formulated our policies and processes based on existing guidance concerning Sunrise and TMCH provided by ICANN. Any additional guidance in the future that requires changes to our process and policies will be implemented.

Through our Sunrise Policy we will offer at least one 30-day sunrise round in which trademark holders satisfying the Sunrise eligibility requirements proposed in the 'gTLD Applicant Guidebook' will be eligible to apply for a domain name. This sunrise period will be the first opportunity for registration of domain names in .Site. Trademarks upon which sunrise applications are based must meet the criteria defined in the 'gTLD Applicant Guidebook' and be supported by an entry in the TMCH.

Sunrise allocation will start at the end of the 30-day sunrise period. If one validated application is received for a domain name, the same will be allocated to the applicant in the 10-day period following the end of the sunrise period. Where multiple validated applications are received for a domain name, the name will be allocated by auction. Domain names registered during the sunrise period will have a term of 2 yrs.

We will adopt a Sunrise Dispute Resolution Policy ('SDRP') to allow any party to raise a challenge on the four grounds identified in the 'gTLD Applicant Guidebook'. All registrants will be required to submit to proceedings under the SDRP. SDRP claims may be raised at any time after registration of a domain name.

#### 1.1.2. IMPLEMENTATION

##### 1.1.2.1. SUNRISE PRICING

We plan to charge a non-refundable Sunrise application fee or validation fee of \$80 for every Sunrise application. We have arrived at the fee to offset the cost of the trademark validation and other administrative over-heads.

##### 1.1.2.2. SUNRISE IMPLEMENTATION PLAN

1. Prior to sunrise, trademark holders should apply for inclusion of their marks in the TMCH database.
2. Our Sunrise Policy and SDRP will be published on our website.
3. A trademark holder satisfying the sunrise eligibility requirements will pay the non-refundable sunrise application fee and submit its application corresponding to its TMCH entry to a registrar along with evidence of the corresponding TMCH entry.
4. Registrars will send the sunrise applications to CENTRALNIC. They will be charged the application fee at this time.
5. CENTRALNIC will perform standard checks to ensure that the domain name is technically valid and hold the application for subsequent allocation.
6. Upon conclusion of the 30-day sunrise period, CENTRALNIC will allocate the applied-for names as follows:

- \* Where a single sunrise application exists for a particular domain name CentralNic will allocate the domain to the sponsoring registrar and will charge the sunrise registration fee to the registrar.
- \* Where multiple sunrise applications exist for a domain name, CentralNic will compile and communicate to a 3rd-party auction services provider appointed by us a list of competing applicants, who will be invited to participate in an auction for the domain name.

7. The auction services provider will facilitate the auction process and upon completion of the auction will notify all participants of the outcome and collect the auction payment from the winning participant.

8. Upon payment of the auction bid, the auction services provider will communicate to CentralNic the details of the winning auction participant and will submit the revenue collected to CentralNic. CentralNic will validate the communication from the auction services provider and allocate the domain name to the sponsoring registrar of the winning application.

9. Sometime during this process CentralNic will identify all sunrise applications which constitute an 'Identical Match' (as defined in the 'gTLD Applicant Guidebook') with a TMCH entry and provide notice to the TMCH via the List of Registered Domain Names (LORDN).

### 1.1.1.3. SDRP IMPLEMENTATION PLAN

When a domain is awarded and granted to a registrant, that domain will be available for lookup in the public WHOIS.

After a Sunrise name is awarded it will also remain under a "Sunrise Lock" status for at least 60 days. During this period the domain will not resolve and cannot be modified, transferred, or deleted by the sponsoring registrar. A domain name will be unlocked at the end of that lock period only if it is not the subject of a Sunrise Challenge. Challenged domains will remain locked until the dispute resolution provider has issued a decision, which the registry operator will promptly execute.

SDRP filings will be handled by an appropriate service provider as per ICANN guidance and policy.

### 1.1.1.4. IMPLEMENTATION THROUGH CONTRACTUAL RELATIONSHIPS

The following features of the Sunrise and SDRP implementation plans described above will be executed by the inclusion of corresponding clauses in our RRA, which will require inclusion in registrars' Domain Name Registration Agreements:

- \* By making a sunrise application the applicant agrees to purchase the domain name if that name is allocated to the applicant.
- \* The sunrise application fee is non-refundable.
- \* All sunrise applicants must submit to proceedings under the SDRP.

## 1.2. TRADEMARK CLAIMS SERVICE

For at least 60 days during general availability we will offer the trademark claims service as described in the 'gTLD Application Guidebook'.

### 1.2.1. IMPLEMENTATION

#### 1.2.1.1. TRADEMARK CLAIMS SERVICE IMPLEMENTATION PLAN

This process will be executed for at least the first 60 days of general availability:

1. an applicant will make an application to a registrar for a domain name.
2. Registrars will be required to communicate land rush application information to our registry backend provider - CENTRALNIC.
3. CENTRALNIC or Registrars (as prescribed) will interface with the TMCH to determine whether an applied-for domain name constitutes an 'Identical Match' with a trademark in the TMCH. If an 'Identical Match' is identified, the registrar will provide to the land rush applicant a Trademark Claims Notice in the form prescribed by the 'gTLD Applicant Guidebook'. Following receipt of this notice a land rush applicant must communicate to the registrar its decision either to proceed with or abandon the registration.
4. CENTRALNIC or Registrar (as prescribed) will interface with the TMCH to promptly notify relevant mark holders of the registration of a domain name constituting an 'Identical Match' to their TMCH entry.

#### 1.2.1.2. IMPLEMENTATION THROUGH CONTRACTUAL RELATIONSHIPS

The following features of our Trademark Claims Service Implementation Plan described above will be executed by the inclusion of corresponding clauses in our RRA:

- \* Registrars must comply with the TMCH as required by ICANN and the TMCH Service Provider/s.
- \* Registrars must not in their provision of the trademark claims service make use of any other trademark information aggregation, notification or validation service other than the TMCH.
- \* In order to prevent a chilling effect on registration, registrars must ensure that land rush applicants are not prevented from registering domain names considered an 'Identical Match' with a mark in the TMCH.
- \* Registrars must provide clear notice in the specific form provided by the 'gTLD Applicant Guidebook' to the prospective registrant of relevant entries in the TMCH.
- \* Registrars must interface with the TMCH as prescribed to relevant mark holders of the registration of a domain name constituting an 'Identical Match' to their TMCH entry.



## 2. ONGOING RIGHTS PROTECTION AND ABUSE PREVENTION

Below we describe ongoing RPMs which we will implement to mitigate cybersquatting and other types of abusive behaviour such as phishing and pharming.

### 2.1. UNIFORM RAPID SUSPENSION (URS)

The URS (Uniform Rapid Suspension) procedure is a new RPM the implementation of which is mandated in all new gTLDs. Understanding that a fundamental aim of the URS is expediency, all of the steps in our Implementation Plan below will be undertaken as soon as practical but without compromising security or accuracy.

#### 2.1.1. IMPLEMENTATION

##### 2.1.1.1. URS IMPLEMENTATION PLAN

1. We will provide to each URS provider an email address to which URS-related correspondence can be sent. On an ongoing basis, our compliance desk will monitor this email address for receipt of communications from URS providers, including the Notice of Complaint, Notice of Default, URS Determination, Notice of Appeal and Appeal Panel Findings.
2. We will validate correspondence from a URS provider to ensure that it originates from the URS Provider.
3. We will within 24 hours of receipt of a URS Notice of Complaint lock the domain name/s the subject of that complaint by restricting all changes to the registration data, including transfer and deletion of the domain name. The domain name will continue to resolve while in this locked status.
4. We will immediately notify the URS provider in the manner requested by the URS provider once the domain name/s have been locked.
5. Upon receipt of a favourable URS Determination we will unlock the domain name and redirect the nameservers to an informational web page provided by the URS provider. While a domain name is locked, our backend provider - CENTRALNIC - will continue to display all of the WHOIS information of the original registrant except for the redirection of the nameservers and the additional statement that the domain name will not be able to be transferred, deleted or modified for the life of the registration.
6. Upon receipt of notification from the URS provider of termination of a URS proceeding we will promptly unlock the domain name and return full control to the registrant.
7. Where a default has occurred (because a registrant has not submitted an answer to a URS complaint in accordance with the 'gTLD Applicant Guidebook') and a Determination has been made in favour of the complainant, in the event that we receive notice from a URS provider that a Response has been filed in accordance with the 'gTLD Applicant Guidebook', we will as soon as practical restore a domain name to resolve to the original IP address while preserving the domain's locked status until a Determination from de novo review is notified to us.
8. We will ensure that no changes are made to the resolution of a registration the subject of a successful URS Determination until expiry of the registration or the additional registration year unless otherwise instructed by a UDRP provider.
9. We will make available to successful URS complainants an optional extension of the registration period for one additional year.

##### 2.1.1.2. IMPLEMENTATION OF THE URS THROUGH CONTRACTUAL RELATIONSHIPS

The following features of our URS Implementation Plan described above will be executed by the inclusion of corresponding clauses in our RRA:

- \* In the event that a Registrant does not submit an answer to a URS complaint in accordance with the 'gTLD Applicant Guidebook', registrars must prevent registrants from making changes to the WHOIS information of a registration while it is in URS default.
- \* Registrars must prevent changes to a domain name when a domain is in locked status to ensure that both the Registrar's systems and Registry's systems contain the same information for the locked domain name.
- \* Registrars must not take any action relating to a URS proceeding except as in accordance with a validated communication from us or a URS provider.

## 2.2. UDRP

The UDRP (Uniform Domain Name Dispute Resolution Policy) is applicable to domain name registrations in all new gTLDs. It is available to parties with rights in valid and enforceable trade or service marks and is actionable on proof of all of the following three grounds:

1. the registrant's domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights.
2. the registrant has no rights or legitimate interests in respect of the domain name.
3. the registrant's domain name has been registered and is being used in bad faith.

The remedies offered by the UDRP are cancellation of a domain name or transfer of a domain name registration to a successful UDRP claimant.

## 2.2.1. IMPLEMENTATION

### 2.2.1.1. UDRP IMPLEMENTATION PLAN

We have two responsibilities in order to facilitate registrars' implementation of the UDRP -

1. Our backend provider – CENTRALNIC - will maintain awareness of UDRP requirements and is capable of taking action when required and sufficiently skilled and flexible to respond to any changes to UDRP policy arising from future consensus policy reviews.
2. We will provide EPP and the SRS web interfaces to enable registrars to perform required UDRP functions in accordance with the Policy on Transfer of Registrations between Registrars.

### 2.2.1.2. IMPLEMENTATION OF THE UDRP THROUGH CONTRACTUAL RELATIONSHIPS

The UDRP is applicable to domain name registrations in all new gTLDs by force of a contractual obligation on Registry Operators to use only ICANN-accredited registrars, who in turn are contractually required to incorporate the UDRP in their Domain Name Registration Agreements.

## 3. ADDITIONAL RIGHTS PROTECTION MECHANISMS

The protection of trademark rights is a core goal of .Site. Our Right Protection Mechanisms, policies and procedures go significantly above and beyond the minimum mandated RPMs to prevent abusive registrations, rapidly take-down abuse when it occurs, and foster a clean namespace for .Site

This section describes several other RPMs that .Site will implement that exceed the minimum requirements for RPMs and align with our goal of creating a namespace that provides maximum protection to trademark holders.

### 3.1. PROFILING & BLACKLISTING

This process, currently in practice for our registrar businesses within the Directi Group, is used for gathering intelligence on known offenders. We maintain abuse ratios for each of the 1,000,000 plus registrants and 65,000 plus resellers who use Directi.

Experience has enabled us to use these ratios accurately to uncover registrants who are known and repeated offenders. Expert offenders rarely reuse the same registrant profile and often maintain a myriad number of profiles to mask their true identity. Through pattern mapping we try and group registrant profiles that we believe belong to the same operator.

The same process is followed at the reseller level too, to identify those resellers who are knowingly harboring offenders, or are themselves involved in abuse.

When a registrant profile is confirmed to be involved in organized abuse, including but not limited to cybersquatting, phishing, pharming etc., our immediate step is to suspend that customer's control over his abusive domain portfolio. Our compliance team then carefully analyzes each domain name to identify those which are abusive and not already taken-down. The necessary action is undertaken to diffuse any ongoing abuse.

We plan to adopt the 'Profiling and Blacklisting' process within our registry operations. Since all of our compliance resources will be trained and experienced in running this process, its implementation into .Site will be simple. Specifics of this policy and process, as it applies to our registry business, will be drawn out.

### 3.2.PROACTIVE DOMAIN QUALITY ASSURANCE

As a preventive safeguard against abusive domain registration, we follow a consistent review process for domain registrations on our registrar, where a sample of newly registered domain names are analyzed for potential abusive activity. Coupled with our profiling process (described above), it enables us to take proactive measures against domain names that are registered solely to perpetrate malicious activities such as phishing, or otherwise infringe on the rights of others. This helps us curb abusive activity before it can affect too many Internet users. We shall seek to implement similar safeguards for .Site, and encourage registrars to incorporate this practice as part of their abuse mitigation processes.

### 3.3.INDUSTRY COLLABORATION

#### 3.3.1.ACTIVE INVOLVEMENT WITH SECURITY AGENCIES

In order to mitigate abuse of domain names on our registrar business, our abuse team has active involvement in helping security vendors and researchers fight domain abuse. They provide us a constant feed of abuse instances and help us identify domain names involved in activities like phishing or pharming. Some of the prominent organizations we work with include PhishLabs (phishing), LegitScript (illegal pharmaceutical distribution), Artists Against 419 (financial scams), Knujon (spam) etc. We will leverage these relationships to ensure oversight for all domain names registered within .Site.

#### 3.3.2.APWG REVIEW

Every six months, the Anti-Phishing Working Group (APWG) publishes its latest Global Phishing Survey [See <http://www.apwg.org/resources.html#apwg>]. This study contains an analysis of phishing per TLD. We will review the performance of our anti-abuse program against the APWG reports, and other metrics created by the security community. We will work closely with APWG to combat phishing within .Site

#### 3.3.3.MESSAGE OF ZERO TOLERANCE

Our Anti-Abuse Policy will put Registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for abusive purposes. The policy will be made easily accessible on the Abuse page of our Registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

The Directi Group has vast experience in minimizing abusive registrations. Our zero tolerance procedures and aggressive proactive takedown measures as a Domain Registrar have resulted in a white-hat reputation discouraging abusive registrations to begin with. We intend on following the same approach with respect to Registry operations for .Site. Our proactive abuse procedures are geared towards building a reputation that discourages miscreants and malicious intent. Once it is known that abusive registrations and registrations in violation of our policies are suspended rapidly, this will directly result in discouraging abusive registrations and creating a clean namespace. While following this path will mean a higher compliance and abuse vigilance cost for us, we believe this effort will pay us long term rewards through abusers keeping away and .Site becoming recognized as a reputable namespace.

### 4.REDUCING PHISHING AND PHARMING

All of the measures we have described in the preceding sections significantly reduce phishing and pharming within .Site. These include RPMs like URS and UDRP.

Over and above this our coordination with APWG, Industry Collaboration, Profiling and Blacklisting processes and Proactive measures described in Section 3 above will go a long way in ensuring a clean namespace for .Site and considerably reduced phishing and pharming activities.



## 5. PREVENTING TRADEMARK INFRINGEMENT IN OPERATING THE REGISTRY

We take seriously our responsibilities in running a registry and we understand that while offering a sunrise registration service and the trademark claims service during start-up of our TLD and the URS and UDRP on an ongoing basis serves to minimise abuse by others, this does not necessarily serve to minimise trademark infringement in our operation of the TLD. This responsibility is now clearly expressed and imposed upon registries through the new Trademark PDDRP [Post-Delegation Dispute Resolution Procedure], which targets infringement arising from the Registry Operator's manner of operation or use of its TLD.

Whilst we will as required under the Registry Agreement agree to participate in all Trademark PDDRP procedures and be bound by the resulting determinations, we will also have in place procedures to identify and address potential conflicts before they escalate to the stage of a Trademark PDDRP claim.

### 5.1. IMPLEMENTATION

1. We will notify to the Trademark PDDRP provider/s contact details to which communications regarding the Trademark PDDRP can be sent.
2. We will publish our Anti-Abuse Policy on a website specifically dedicated to abuse handling in our TLD.
3. Using the single abuse point of contact discussed in detail in our response to Q28, a complainant can notify us of its belief that that one or more of its marks have been infringed and harm caused by our manner of operation or use of our TLD
4. We will receive complaints submitted through the single abuse point of contact.
5. The Compliance Team will acknowledge receipt of the complaint and commence investigation of the subject matter of the complaint and good faith negotiations with the complainant in accordance with the 'gTLD Applicant Guidebook'.
6. On an ongoing basis, our Compliance Team will monitor the email address notified to the Trademark PDDRP provider/s for all communications from the Trademark PDDRP provider, including the threshold determination, Trademark PDDRP complaint, complainant's reply, notice of default, expert panel determinations, notice of appeal and determinations of an appeal panel.
7. In the event that a complaint cannot be resolved and a Trademark PDDRP claim is made, we will do the following:
  - \* file a response to the complaint in accordance with Trademark PDDRP policy section 10 (thus avoiding, whenever possible, a default situation).
  - \* where appropriate, make and communicate to the Trademark PDDRP provider decisions regarding the Trademark PDDRP proceeding, including whether to request a three-person Trademark PDDRP Expert Panel, request discovery, request and attend a hearing, request a de novo appeal, challenge an ICANN-imposed Trademark PDDRP remedy, initiate dispute resolution under the Registry Agreement, or commence litigation in the event of a dispute arising under the Trademark PDDRP.
  - \* where appropriate, undertake discovery in compliance with Trademark PDDRP policy section 15, attend hearings raised under section 16 if required, and gather evidence in compliance with sections 20.5 and 20.6.
8. We will upon notification of an Expert Panel finding in favour of the Claimant (Trademark PDDRP policy section 14.3), reimburse the Trademark PDDRP Claimant.
9. We will implement any remedial measures recommended by the expert panel pursuant to Trademark PDDRP policy and take all steps necessary to cure violations found by the expert panel and notified by ICANN.

## 6. RESOURCING PLANS

### 6.1. PERSONNEL

Functions described herein will be performed by -

- \* Direct Group Abuse and Compliance team under contract with us -
- \*\* Overseeing Sunrise process
- \*\* URS
- \*\* Abuse complaints concerning RPM
- \* CENTRALNIC's backend Registry
- \* Service Providers that are selected wrt TMCH, UDRP, URS, and SDRP
- \* Director of Technology at .Site & Account Management staff at .Site
- \*\* Overseeing Sunrise process

## \*\* Communication of the sunrise process to Registrars

Directi Group possesses an exemplary track record of diffusing abuse on 4 million plus domains under their Registrar business. The Rights protection and abuse mitigation function of our Registry will be handled by the same team that currently manages this process for the registrar businesses.

The existing compliance team comprises of:

- \* 1 Compliance Manager
- \* 1 Team Supervisor
- \* 4 Cyber Security Analysts
- \* 9 Compliance Officers

The compliance function is staffed on a 24/7 basis and capable of handling up to a peak of 52,800 unique abuse incidents per year. Each incident by itself can relate to a few to hundreds of domain names.

While this team is trained to investigate and verify all types of issues, they can also fall back on support from our technical staff when required. Similarly, abuse cases following new or unexpected parameters may also be escalated to legal support staff for expert counsel.

Our estimates of resource sizing are directly derived from the abuse case incident volumes currently experienced. On a base of 4 million domains as a Registrar, we experience approximately the following incidents per year:

- \* UDRP Cases - 200
- \* Other RPM incidents - 20 cases

This averages an incident rate of approximately 220 cases of abuse per year or 0.055 incidents per 1000 names. Given that this is based on a more mature base of names, it would be prudent to assume a higher rate of activity for .Site. Based on our experience we have assumed the increase in activity rate to be three fold (300% of the current rate) and increase it to 0.165 per 1000 names.

Based on our projections, we expect .Site to reach 258,839 domain names at the end of the third year. Extrapolating from our estimated rate of 0.165 incidents per 1000 names, we can expect around 43 incidents yearly. Including the estimated 728 Abuse incidents that the registry will be involved in (details in our response to Q28), brings our total projected incident count to 771.

The Compliance desk works as a centralized team and all team members are responsible for all abuse complaints across all businesses of Directi. Costs of the Compliance team are then allocated to each business based on the % utilization of the compliance team by each business. We have assumed 15% of two compliance officers' time towards .Site. Given that our 15 people team has the capacity to handle 52,800 incidents yearly, 2 officers with 15% of their time, will have a total capacity to handle 1056 incidents annually which is more than adequate for the Registry. It is important to point out that 15% of the 2 officers is merely a cost allocation method and in actuality all 15 members and more of the Compliance team will be available to resolve abuse issues for TLD.

Our planning provides us redundant capacity of 232% in Y1, 75% in Y2 and 37% in Y3, to handle both abuse as well as RPM related cases such as those involving URS. This leaves substantial headroom for rapid growth of domains under management, or a sudden surge in abuse incident rates per domain.

It is also important to note that there exist some economies of scale in our operations since a large number of these cases are dealt with in bulk, or large batches, as they relate to the same instigator(s).

The Abuse and Compliance team has a structured training program in place which enables them to rapidly scale-up resources when required. Typically a team of recruits are given four weeks of training and two weeks on the floor before they are fully activated.

Given our rapid growth rate and business expansion plans, we will continue to hire and maintain a sizable buffer over and above anticipated growth.

## 6.2. FINANCIAL COSTS

The usage of Directi Group's staff is included in our contract with Directi attached to Q46. This cost is shown in the financial answers.

This completes our answer to Q29.

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30A. Security Policy: provide a summary of the security policy for the proposed registry, including but not limited to:

- indication of any independent assessment reports demonstrating security capabilities, and provisions for periodic independent assessment reports to test security capabilities;
- description of any augmented security levels or capabilities commensurate with the nature of the applied for gTLD string, including the identification of any existing international or industry relevant security standards the applicant commits to following (reference site must be provided);
- list of commitments made to registrants concerning security levels.

To be eligible for a score of 2, answers must also include:

- Evidence of an independent assessment report demonstrating effective security controls (e.g., ISO 27001).

A summary of the above should be no more than 20 pages. Note that the complete security policy for the registry is required to be submitted in accordance with 30(b).

Except where specified this answer refers to the operations of DotSite Inc.'s outsource Registry Service Provider, CentralNic.

### 30(a).1. Introduction

CentralNic's Information Security Management System (ISMS) has been certified against ISO 27001. A copy of the certificate issued by Lloyd's Register Quality Assurance (LRQA), a UKAS accredited certifier, is provided as Appendix 30.1.1. The ISMS is part of a larger Management System which includes policies and procedures compliant to ISO 9001.

### 30(a).2. Independent Assessment

As part of ISO 27001 compliance, CentralNic's security policies are subject to biannual external audit. Further details can be found in Q30(b).

### 30(a).3. Augmented Security Levels

DotSite Inc. believes that the TLD requires no additional security levels above those expected of any gTLD registry operator. Nevertheless, DotSite Inc. and CentralNic will operate the TLD to a high level of security and stability in keeping with its status as a component of critical Internet infrastructure.

Registry systems are hardened against attack from external and internal threats. Access controls are in place and all systems are monitored and audited to mitigate the risk of unauthorised access, distribution or modification of sensitive data assets. The Authoritative DNS System has been designed to meet the threat of Distributed Denial-of-Service (DDoS) attacks by means of over-provisioning of network bandwidth, and deployment of Shared Unicast ("Anycast") addresses on nameservers. Whois services have been designed with built-in rate limiting and include mechanisms for protection of personal information. The stability of the registry is supported by use of high-availability technologies including a "hot" Disaster Recovery site in the Isle of Man, as well as a backup provider relationship with GMO Registry in Japan.

### 30(a).4. Commitments to Registrars

DotSite Inc. and CentralNic will make the following commitments to the TLD registrars:

- \*The SRS will be operated in a secure manner. Controls will be in place to prevent unauthorised access and modification of registry data.
- \*The Whois service will prevent unauthorised bulk access to domain name registration data, and provide tools to protect personal information.
- \*The DNS system will be designed to provide effective defence against DDoS attacks. The registry will proactively monitor the DNS system to provide early warning against threats to the stability of the TLD.

\*The DNSSEC system will be operated in accordance with best practices and recommendations as described in the relevant RFC documents (described in Q43).

\*Security incidents reported by registrars, registrants and other stakeholders will be acted upon in accordance with the Security Incident Response Policy (see below).

\*Security vulnerabilities reported to the registry will be acknowledged and remediated as quickly as possible.

\*Registrars will be promptly notified of all incidents that affect the security and stability of the registry system and their customers, and will be kept informed as incidents develop.

### **30(a).5. Access Controls**

CentralNic operates an access control policy for the registry system. For example, the web-based Staff Console which is used to administer the SRS and manage registrar accounts supports a total of ten different access levels, ranging from "Trainee", who have read-only access to a subset of features, to "System Administrator" who have full access to all systems.

Underlying server and network infrastructure is also subjected to access control. A centralised configuration manager is used to centrally control access to servers. Individual user accounts are created, managed and deleted via the configuration server. Access to servers is authenticated by means of SSH keys: only authorised keys may be used to access servers. Operations personnel can escalate privileges to perform administration tasks (such as updating software or restarting daemons) using the "sudo" command which is logged and audited as described below.

Only operations personnel have access to production environments. Development personnel are restricted to development, staging and OT&E environments.

### **30(a).6. Security Enforcement**

Security controls are continually monitored to ensure that they are enforced. Monitoring includes use of intrusion detection systems on firewalls and application servers. Attempted breaches of access controls (for example, port scans or web application vulnerability scans) trigger NOC alerts and may result in the execution of the Security Incident Response Policy (see below).

Since CentralNic operates a centralised logging and monitoring system (see Q42), access logs are analysed in order to generate access reports which are then reviewed by NOC personnel. This includes access to servers via SSH, to web-based administration systems, and to security and networking equipment. Unexpected access to systems is investigated with a view to correcting any breaches and/or revoking access where appropriate.

### **30(a).8. Security Incident Response Policy**

CentralNic operates a Security Incident Response Policy which applies to all events and incidents as defined by the policy, and to all computer systems and networks operated by CentralNic.

The Policy provides a mechanism by which security events and incidents are defined (as observable change to the normal behaviour of a system attributable to a human root cause). It also defines the conditions under which an incident may be defined as escalated (when events affect critical production systems or requires that implementation of a resolution that must follow a change control process) and emergencies (when events impact the health or safety of human beings, breach primary controls of critical systems, or prevent activities which protect or may affect the health or safety of individuals).

The Policy established an Incident Response Team which regularly reviews status reports and authorises specific remedies. The IST conduct an investigation which seeks to determine the human perpetrator who is the root cause for the incident. Very few incidents will warrant or require an investigation. However, investigation resources like forensic tools, dirty networks, quarantine networks and consultation with law enforcement may be useful for the effective and rapid resolution of an emergency incident.

The Policy makes use of CentralNic's existing support ticketing and bug tracking systems to provide a unique ID for the event, and means by which the incident may be escalated, information may be reported, change control processes put into effect, and ultimately resolved. The Policy also describes the process by which an incident is escalated to invoke an Emergency Response, which involves Lock-Down and Repair processes, monitoring and capturing of data for forensic analysis, and liaison with emergency services and law enforcement as necessary.

### **30(a).9. Role of the Network Operations Centre (NOC)**

In addition to its role in managing and operating CentralNic's infrastructure, the NOC plays a key role in managing security. The NOC responds to any and all security incidents, such as vulnerability reports received from registrars, clients and other stakeholders; monitoring operator and security mailing lists (such as the DNS-OARC lists) to obtain intelligence about new security threats; responding to security-related software updates; and acting upon security alerts raised by firewall and intrusion detection systems.

### **30(a).10. Information Security Team**

CentralNic maintains an Information Security Team (IST) to proactively manage information security.

The IST is a cross-functional team from relevant areas of CentralNic. These key members of staff are responsible for cascading rules, regulations and information to their respective departments. They are also the first port of call for their departmental staff to report potential security incidences and breaches, the IST are all members of an internal email group used to co-ordinate and discuss security related issues.

The IST is comprised of the CEO, CTO, Operations Manager, Senior Operations Engineer and Security Engineer.

IST responsibilities include:

- \*Review and monitor information security threats and incidents.
- \*Approve initiatives and methodologies to enhance information security.
- \*Agree and review the security policy, objectives and responsibilities.
- \*Review client requirements concerning information security.
- \*Promote the visibility of business support for information security company-wide.
- \*Manage changes to 3rd party services that may impact on Information Security
- \*Perform internal audits with the assistance of Blackmores.

### **30(a).11 Auditing and Review**

ISO 27001 includes processes for the auditing and review of security systems and policies. Audits are performed annually by an independent assessor. The IST periodically reviews the ISMS and conducts a gap analysis, identifying areas where performance does not comply with policy, and where the Risk Assessment has identified the need for further work.

### **30(a).12. Testing of Controls and Procedures**

CentralNic will conduct bi-annual penetration tests of its registry systems to ensure that access controls are properly enforced and that no new vulnerabilities have been introduced to the system. Penetration tests will include both "black box" testing of public registry services such as Whois and the Registrar Console, "grey box" testing of authenticated services such as EPP, and tests of physical security at CentralNic's offices and facilities.

CentralNic will retain the services of a reputable security testing company such as SecureData (who, as MIS-CDS, performed the 2009 assessment of CentralNic's security stance). The results of this test will be used in annual reviews and audits of the ISMS.

### **30(a).13. DotSite Inc. Security Policy**

In addition to the security of our technical back-end by CentralNic, we will implement the following security measures in our offices:

As explained earlier, some of our functions are outsourced to the Directi Group. The Directi Group operates offices across Mumbai, India and UAE. The office building has a 24/7 alarm system and cameras throughout the building, with a full view of entry and exits to the main areas. All critical physical and digital file storage areas are also closely monitored with controlled access.

The office doors are only accessible with access cards provided to employees. All entries and exits are recorded by the system. Access cards are de-activated as part of the employee discontinuation policy.

Access to sensitive areas are controlled by the electronic access control system managed by the IT team.

The facility is designed to have 100% power backup in case of a power failure. Currently, we have generators which are capable of providing power backup to critical requirements like servers, workstations & lights for atleast 48 hours.

With regards to our company systems and network security, we have adopted the following policies and processes:

**Password Policy:** We have policies and procedures to manage the creating, changing, and safeguarding of passwords.

- \*A password cannot contain your User Name and cannot match your first or last name
- \*A password must contain at least eight characters, and contain at least one alphabetic character and one number
- \*The last three passwords cannot be re-used when changing to a new password
- \*Account lockout after 8 failed login attempts, reset only possible after logging a ticket to internal IT help desk team
- \*Passwords are force-changed every quarter

### **Systems Security Policy:**

- \*We use well-known Anti-Virus/Malware tools that constantly run scans during off peak hours and are updated on a regular basis
- \*Automatic Screen locking systems for idle users to prevent unauthorized access
- \*Hard disk encryption with domain login password preventing data duplication if the hard drive is attached to a different system
- \*Access to information that is deemed sensitive, requires the input of the employee's password in conjunction with the password of a member from senior management
- \*Password protected BIOS in each system preventing any hardware level tampering



- \*Phishing/Malware sites blocked on all browsers by our Internet Security tools
- \*Unauthorized software is blocked and only while-listed after proper business justification and approvals
- \*We have an internal process to back-up critical data on a regular basis
- \*Redundancy for our all Critical Applications and Servers is ensured

**Network Security Policy:**

- \*The default passwords are always reset on all network devices
- \*Firewall is configured to block outbound traffic from VLAN workgroups or entire network segments that have no business establishing client connections to internet servers
- \*Requests to our internal servers are blocked unless authorized explicitly
- \*Our wireless network is encrypted using a signed certificate
- \*VPN traffic is encrypted using a CA signed certificate
- \*DMZ is implemented to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports
- \*Inbound Internet traffic is limited to servers in DMZ zone only
- \*Servers that store data are on an internal network zone are segregated from the DMZ and other untrusted networks
- \*We occasionally run intruder detection tests to identify insecure services/protocols/ports
- \*We have processes to ensure that ios/firmware/patches to switches/firewall/routers are updated regularly
- \*Tests are run regularly to ensure the internet redundancy links are working fine on our edge routers

**Intranet Security Policy:**

- \*Constant collaboration with leading security vendors and experts on specific threats
- \*Internal Mails (Webmail, SMTP, POP3, IMAP) are only accessible via VPN
- \*Internal Mail over mobile device is password protected screen locks with remote wipe supported if the device is lost
- \*Penetrating tests for each system (including virtual machine/network device) are run to check for weak passwords and security vulnerabilities
- \*SSO (Single Sign On) login for all our internal sites only work over our VPN
- \*Security audit logs are archived for a year
- \*Revoking all privileges and re-setting access details as part of the employee discontinuation process
- \*Some of the monitoring tools we use internally are:
  - \*Cacti
  - \*Nagios
  - \*Zenoss
  - \*Pingdom
  - \*Whats up gold
  - \*Observium

We are and will continue to be working with CentralNic and other security experts to enhance physical and network security measures in addition to policy development and employee training.

Given that the string is a generic TLD that does not propose to offer unique security policies beyond those detailed; we will not be making specific security commitments to our registrants. We trust that we will become known for providing a safe and secure platform for individuals and companies.

This completes our answer to Q30(a).

# **EXHIBIT AC-24**



## New gTLD Application Submitted to ICANN by: DotWebsite Inc.

Application Downloaded On: 29 Jan 2014

String: website

Application ID: 1-1050-30871

### Applicant Information

1. Full legal name

[DotWebsite Inc.](#)

2. Address of the principal place of business

Contact Information Redacted

3. Phone number

+ Contact Information Redacted

4. Fax number

+ Contact Information Redacted

5. If applicable, website or URL

<http://www.radixregistry.com>

### Primary Contact

6(a). Name

[Brijesh Joshi](#)

6(b). Title

[Director & GM](#)

6(c). Address

6(d). Phone Number

+ Contact Information Redacted

6(e). Fax Number



Contact Information Redacted

6(f). Email Address  
Contact Information Redacted

### Secondary Contact

7(a). Name  
Nimit Merchant

7(b). Title  
General Manager

7(c). Address

7(d). Phone Number  
+ Contact Information Redacted

7(e). Fax Number

7(f). Email Address  
Contact Information Redacted

### Proof of Legal Establishment

8(a). Legal form of the Applicant  
International Business Company

8(b). State the specific national or other jurisdiction that defines the type of entity identified in 8(a).  
International Business Companies Act, 1994 Republic of Seychelles

8(c). Attach evidence of the applicant's establishment.  
Attachments are not displayed on this form.

9(a). If applying company is publicly traded, provide the exchange and symbol.

9(b). If the applying entity is a subsidiary, provide the parent company.

9(c). If the applying entity is a joint venture, list all joint venture partners.

### Applicant Background

11(a). Name(s) and position(s) of all directors

Name	Position
Brijesh Joshi	Director & GM
Vishal Manjalani	Director & VP

11(b). Name(s) and position(s) of all officers and partners

Name	Position
Bhavin Turakhia	Founder
Brijesh Joshi	Director & GM
Namit Merchant	General Manager
Vishal Manjalani	Director & VP

11(c). Name(s) and position(s) of all shareholders holding at least 15% of shares

Name	Position
Radix FZC	Not Applicable

11(d). For an applying entity that does not have directors, officers, partners, or shareholders: Name(s) and position(s) of all individuals having legal or executive responsibility

## Applied-for gTLD string

13. Provide the applied-for gTLD string. If an IDN, provide the U-label.

[website](#)

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14A. If applying for an IDN, provide the A-label (beginning with "xn--").

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14B. If an IDN, provide the meaning, or restatement of the string in English, that is, a description of the literal meaning of the string in the opinion of the applicant.

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14C1. If an IDN, provide the language of the label (in English).

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14C2. If an IDN, provide the language of the label (as referenced by ISO-639-1).

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14D1. If an IDN, provide the script of the label (in English).

---

14D2. If an IDN, provide the script of the label (as referenced by ISO 15924).

---

14E. If an IDN, list all code points contained in the U-label according to Unicode form.

---

15A. If an IDN, upload IDN tables for the proposed registry. An IDN table must include:

1. the applied-for gTLD string relevant to the tables,
  2. the script or language designator (as defined in BCP 47),
  3. table version number,
  4. effective date (DD Month YYYY), and
  5. contact name, email address, and phone number.
- Submission of IDN tables in a standards-based format is encouraged.
- 

15B. Describe the process used for development of the IDN tables submitted, including consultations and sources used.

---

15C. List any variants to the applied-for gTLD string according to the relevant IDN tables.

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16. Describe the applicant's efforts to ensure that there are no known operational or rendering problems concerning the applied-for gTLD string. If such issues are known, describe steps that will be taken to mitigate these issues in software and other applications.

The string ".website" consists of 7 ASCII characters, each one of which currently occurs as part of existing and operational gTLD strings. We are not aware of any possible rendering problems concerning the string ".website".

We are aware of the issue of universal acceptability and accept that some incorrectly configured third-party software may consider ".website" to be an invalid string, in the same way that other TLDs such as ".info" and ".museum" are also at times considered "invalid." We will work to raise awareness of the issue of universal acceptance of .website and other new gTLDs. CentralNic has previously contributed to these efforts, such as by publication of TLD Verification code for the PHP programming language.

We are aware that a significant fraction of queries sent to the DNS root servers are for invalid TLDs such as ".LOCAL" or ".LAN", and that the delegation of these TLDs could cause previously undiscovered configuration errors to result in operational problems for other operators. We have reviewed the research in this area, including the SAC 045 report from ICANN's Security and Stability Advisory Committee, data from the Day In The Life of the Internet project, and other sources, and are not aware of any significant volume of invalid root server queries related to .website. Therefore we feel confident that the delegation of this string will not result in any operation problems for Internet users.

This completes our response to Q16.

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17. OPTIONAL.

Provide a representation of the label according to the International Phonetic Alphabet (<http://www.langsci.ucl.ac.uk/ipa/>).

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## 18A. Describe the mission/purpose of your proposed gTLD.

The mission of the .Website TLD is to serve as a home on the Internet for users across the world. .Website aims to be a generic TLD with no preconception of meaning whatsoever, no theme, no categorizations, no restrictions of use. .Website does not restrict its scope to businesses (.Biz), commercial websites (.Com), or organizations (.Org). Unlike country TLDs (ccTLDs), it is not associated with any country or region, .Website is a truly global TLD.

What you can do on .Website can be limited only by your imagination, which is in fact, infinite. .Website is your Home on the Internet, where you can be free, comfortable; express what you want to say, what you think. Or share interests, knowledge, or simply post information about your business, and interact with clients. .Website says nothing; it is a blank canvas for the users to paint on.

For users of the Internet, .Website brings many possibilities. Since you don't have a preconceived notion of what to expect, you can come across websites ranging from those of hobbyists, to entrepreneurs, to artists, kids, photographers, mums, geeks, what not.

Too often today, when a potential registrant goes to a registrar's site to get a new domain name, the domain name is unavailable and the registrant is presented with a long list of permutation options that are not their preferred choice - either for the name or the TLD. Our research shows that today, close to 70% of all .com 'check-availability' lookups result in names not being available (Internal Research data). The registrant is left with no choice but to register substandard names that do not exactly denote what visitors should expect to find on the website. With .Website registrants can be sure of finding a name that they like on a fresh, new namespace that is global and unrestricted.

The .Website Registry will aim to serve as an open and available-to-all namespace, which we positively believe, will invite innovation and fresh possibilities at a global level. The Mission and purpose of our TLD is also to contribute to the Internet Namespace in the following ways:

### 1.1 ENHANCE REGISTRANT CHOICE

To create a namespace that provides registrants greater choice to represent themselves online in the manner they please. Due to the saturated nature of the existing gTLD space, many Internet users have to opt for a name that does not suit their needs best. Our Registry will provide Registrants a higher probability of obtaining their desired name.

## 1.2 CREATE A CLEANER INTERNET SPACE

To create a cleaner internet experience for end users by implementing pioneering registration policies, content and usage policies, and abuse mitigation processes.

## 1.3 CREATE A STABLE AND RESILIENT INTERNET SPACE

To deliver a stable and resilient internet experience to registrants and end-users by meeting the ICANN mandated SLAs and delivering 100% resolution uptime

This completes our response to Q18(a).

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18B. How do you expect that your proposed gTLD will benefit registrants, Internet users, and others?

### 1. GOAL OF .WEBSITE

#### 1.1 SPECIALTY

\* Our goal for .Website in terms of area of specialty is to provide a blank canvas for Internet innovation. Good names, at a fair price on a secure and stable platform.

#### 1.2 SERVICE LEVELS

Our goal for .Website in terms of service levels is to go above and beyond the ICANN SLAs. ICANN provides for its expected SLA in Specification 10 in the Registry Agreement in the Applicant guidebook.

We have engaged CentralNic to deliver services for this TLD. CentralNic provides registry services for a number of TLDs including the .LA and .PW ccTLDs.

The SLAs provided by CentralNic are attached to our response to Q32 in Appendix 32.1. This appendix details the SLA we intend on achieving with this TLD. As can be seen in this appendix, we meet or exceeded the ICANN required SLA on every parameter.

Our response to Q34 and Q35 provides details on CentralNic's DNS system. This system has operated at 100% service availability since 1996 and has been developed into a secure and stable platform for domain resolution. Partnering with Community DNS, CentralNic's DNS system includes nameservers in more than forty cities, on five continents. The DNS system fully complies with all relevant RFCs and all ICANN specifications, and has been engineered to ensure resilience and stability in the face of denial-of-service attacks, with substantial overhead and geographical dispersion.

It is our objective to provide 100% uptime, a resilient global DNS infrastructure, and very low latency in terms of DNS resolution for this TLD

### 1.3 REPUTATION

Reputation of our TLD is of paramount importance to us. The reputation of our TLD directly relates to how end-users on the internet perceive our Registrants. We will ensure the highest reputation of .Website by ensuring the following -

- \* Maintaining a high quality bar with respect to Registrants in the TLD
- \* Well defined Acceptable usage and content policies
- \* Well defined dispute resolution mechanisms
- \* Ensuring Whois accuracy to support abuse mitigation
- \* Well defined and implemented abuse mitigation processes
- \* Well defined and implemented rights protection mechanisms
- \* Exceptional service levels

To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice described in considerable detail in our response to Q28 and Q29. We also commit to extremely high service levels that go beyond the stipulated service levels in the applicant guidebook.

## 2. CONTRIBUTION OF .WEBSITE TO THE NAMESPACE

### 2.1 CONTRIBUTION IN TERMS OF COMPETITION, DIFFERENTIATION, OR INNOVATION

Per ICANN's Bylaws as amended June 24, 2011, ICANN's core value number six is "Introducing and promoting competition in the registration of domain names where practicable and beneficial in the public interest."

The .Website registry will be a new direct and formidable competitor to the current group of global generic TLDs. This will be especially true in the key growing international markets. Since Directi has a rich background in the registrar business (10+ years' experience and managing over 6 million domains), we understand the nuances of domain name buying behavior. The .Website registry will leverage this unique market knowledge to design competitive offerings against other global gTLDs.

The .Website registry's differentiation will be the "blank canvas" for Internet innovation. Our branding will open, innovative and fun.

Outside of ccTLD programs, past gTLD registries have largely focused on North America and European marketplaces. Directi will be offering the language and culture agnostic .Website to international markets, with the goal of a truly global distribution of registrants.

Lastly .Website will provide registrants the option to register more desirable and shorter names as opposed to names they would have otherwise registered in existing gTLDs due to the high saturation of the existing namespaces.

Our intent is to operate .Website with a focus on integrity and quality for the .Website brand. This entails running robust abuse mitigation programs and pioneering Rights Protection

Mechanisms from initiation, which in our case not only meets ICANN's requirements, but extends significantly beyond it as described in our response to Q28 and Q29.

### 3. USER EXPERIENCE GOALS

The purpose of .Website is to allow registrants to register their name in a TLD with no overriding meaning. We are not "commercial" or "non-profit" or "information" or "network".

Registrants will have choice and the freedom use the blank name space canvas that is .Website and create their own Internet masterpiece.

.Website considers both its Registrants and the end-users that access .Website websites as its users. Our goal is to create a highly reliable namespace and provide an outstanding user experience to both Registrants and end-users of .Website.

Registrants of .Website have an assurance of a scalable, resilient registry with 100% uptime, low latency, and exemplary security standards. Registrants will have the option to register the domain name of their choice, without much saturation of the namespace. Our registration policies and abuse mitigation policies ensure that Registrants will get advantages like higher recognition, better branding and more desirable, shorter names.

Our content and acceptable use policies and abuse mitigation processes ensure that end-users are benefited from a clean namespace. These are described in further detail in our response to Q28 and Q29.

### 4. REGISTRATION POLICIES IN SUPPORT OF GOALS

#### 4.1 GENERAL NAMES

The goals of .Website are outlined in the sections above. These goals are supported by the following artifacts -

- \* Registration policies and processes

- \* Acceptable usage policies and content guidelines



- \* Abuse mitigation processes
- \* Rights protection mechanisms
- \* Dispute resolution polices

To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice. The salient aspects of all of the above are described below -

\* DotWebsite Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (ResellerClub.com and BigRock.com) and Web Hosting companies. With over four million active domain names registered through its registrars, Directi has significant experience (over 10 years) of managing domain name abuse mitigation and rights protection. Directi has been heralded as a white hat registrar and the undisputed leader with respect to abuse mitigation.

\* Our Abuse and compliance processes will be run by the Directi Group

\* We have an elaborate and detailed Accepted usage and content policy that covers over 11 macro forms of violations

\* .Website will create a zero-tolerance reputation when it comes to abuse

\* We have a defined SLA for responding to abuse complaints ensuring guaranteed turn-around time on any abuse complaint depending on its severity

\* We will work closely with LEA and other security groups to mitigate abuse within TLD by providing them with special interfaces and interacting with them regularly in terms of knowledge sharing.

\* Other abuse mitigation steps we undertake include profiling, blacklisting, proactive quality reviews, industry collaboration and information sharing, regular sampling, contractual enforcements and sanctions

\* The protection of trademark rights is a core goal of .Website. .Website will have a professional plan for rights protection. It will incorporate best practices of existing TLDs, going above and beyond the ICANN mandated RPMs to prevent abusive registrations and rapidly take-down abuse when it does occur.

\* Standard RPMs such as Sunrise, Trademarks claims service, URS, UDRP, SDRP, PDDRP, SPOC etc are all provided for. Additional RPMs such as profiling and blacklisting, proactive quality reviews, APWG Review and others will also be provided.

The above salient points barely scratch the surface in detailing the steps that .Website will take in order to build a reputation of operating a clean, secure and trusted namespace. Significant details of all of the above and more are provided in our responses to Q26, Q27, Q28 and Q29

#### 4.2. OTHER NAMES

\* We will reserve the following classes of domain names, which will not be available to registrants via the Sunrise or subsequent periods:

\*\* The reserved names required in Specification 5 of the new gTLD Registry Agreement.

\*\* The geographic names required in Specification 5 of the new gTLD Registry Agreement. See our response to Question 22 ("Protection of Geographic Names") for details.

\*\* The registry operator will reserve its own name and variations thereof, and registry operations names (such as nic.Website, registry.Website, and www.Website), so that we can point them to our Web site. Reservation of the registry operator's names was standard in ICANN's past gTLD contracts.

\*\* We will also reserve names related to ICANN and Internet standards bodies (iana.Website, ietf.Website, w3c.Website, etc.), for delegation of those names to the relevant organizations upon their request. Reservation of this type of names was standard in ICANN's past gTLD contracts. The list of reserved names will be published publicly before the Sunrise period begins, so that registrars and potential registrants will know which names have been set aside.

\* We will reserve generic names which will be set aside for distribution via special mechanisms.

#### 5. PROTECTING PRIVACY OF REGISTRANTS' OR USERS' INFORMATION

.Website is committed to providing a secure and trusted namespace to its Registrants and end-users. To that extent we will have several measures for protecting the privacy or confidential information of registrants or users -

\* Our Whois service (web-based whois, port 43 whois) all have built in abuse prevention mechanisms to prevent unauthorized access, data mining, data scraping and any other abusive behavior. Details of this are provided in our response to Q26

\* .Website will allow Registrants to use privacy protection services provided by their Registrars in the form of a Proxy whois service as long as they follow the guidelines stipulated within our response to Q28 to prevent any abuse of the same

\* As per the requirements of the new gTLD Registry Agreement (Article 2.17), we shall notify each of our registrars regarding the purposes for which data about any identified or identifiable natural person (“Personal Data”) submitted to the Registry Operator by such registrar is collected and used, and the intended recipients (or categories of recipients) of such Personal Data. (This data is basically the registrant and contact data required to be published in the WHOIS.)

\* We will also require each registrar to obtain the consent of each registrant in the TLD for such collection and use of Personal Data. As the registry operator, we shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

\* As the registry operator we shall take significant steps to protect Personal Data collected from registrars from loss, misuse, unauthorized disclosure, alteration, or destruction. In our responses to Q24, Q30 and Q38 we detail the security policies and procedures we will use to protect the registry system and the data contained there from unauthorized access and loss.

\* As registry operator we impose certain operational standards for our registrars. In order gain and maintain accreditation for our TLD, we require them to adhere to certain information technology policies designed to help protect registrant data. These include standards for access to the registry system. Please see our response to Q24, Q25 and Q30 for details.

\* We offer a “registry lock” service, designed to help protect participating registrants’ contact data from unauthorized modification, and against unauthorized domain transfers and deletions. Please see our response to Q27 for details.

\* .Website implements DNSSEC at the zone which guarantees origin authentication of DNS data, authenticated denial of existence, and data integrity. This protects end-users from a man-in-the-middle attack protecting the privacy of data of end-users.

## 6. OUTREACH AND COMMUNICATIONS

\* Our goal for .Website in terms of area of specialty is to provide a blank canvas for Internet innovation. Good names, at a fair price on a secure and stable platform. Registrants will have choice and the freedom use the blank name space canvas that is .Website and create their own Internet masterpiece.

\* To achieve this, we will emphasize distribution channels internationally - not just in one or more focused regions. One important method of outreach will involve co-marketing programs with registrars. Directi will also leverage its existing channel of 65,000 Resellers, and its strategic relationships with other ICANN Accredited Registrars.

\* We will also engage in relevant PR and outreach programs as well as ensure appropriate publication of information on our website.

\* Our outreach efforts will thus be directed towards Internet users in coordination with Registrar partners, to ensure greater adoption of the .Website TLD. One important method of outreach will involve co-marketing programs with registrars.

The communication and outreach will focus on -

\* Educating audiences regarding this new namespace which has a high availability of names, and the immense possibilities and internet innovations that it could result in.

\* Generating awareness of our Registration policies, Acceptable usage and content policies, Abuse mitigation processes and Rights protection mechanisms

This completes our answer to Q18(b)

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18C. What operating rules will you adopt to eliminate or minimize social costs (e.g., time or financial resource costs, as well as various types of consumer vulnerabilities)? What other steps will you take to minimize negative consequences/costs imposed upon consumers?

.Website considers both its Registrants and the end-users that access .Website URLs as its

users. Our goal is to create a highly reliable namespace and provide an outstanding user experience to both Registrants and end-users of .Website. To that extent it is our goal to -

- \* Reduce / minimize any incremental costs / negative consequences imposed upon our users
- \* Increase / maximize the value added to our Registrants and end-users
- \* Ensure that the net effect of .Website on its users is that of positive value creation

In this response we explore how .Website achieves a net benefit for Registrants and End-users.

## 1. MINIMIZING COSTS

### 1.1 REGISTRANTS

It is our goal to provide Registrants of .Website incremental value and minimize any negative consequences and costs associated with .Website. We address this in the following manner

#### 1.1.1 SUNRISE, TMCH, RPMs

Rights protection is a core goal of .Website. Our Right Protection mechanisms go significantly above and beyond the mandatory RPMs ensuring protection of trademark and IP rights of domain registrants and reducing the costs associated with rights protection for Registrants. Our elaborate RPMs are described in significant detail in our response to Q29. Some salient aspects of these are as follows -

- \* We offer a sunrise period to provide an opportunity for legitimate Registrants to block domain names in .Website before general availability begins, preventing unnecessary post-facto litigation

\* We will integrate with the Trademark Clearing House in the manner prescribed to provide the Trademarks claims service, so as to alert potential Registrants of any trademark violations prior to registration, as well as notify mark holders of potential mark violations

\* We will provide SDRP, URS, UDRP and PDDRP reducing litigation costs by providing legitimate Registrants the opportunity to resolve disputes through standardized arbitration proceedings.

\* Additionally we have pioneering RPMs like Profiling and Blacklisting, Proactive Quality assurance, APWG review etc - all intended to reduce rights violations and hence reduce costs for Registrants

The above salient points barely scratch the surface in detailing the steps that .Website will take in order to reduce costs of Registrants with respect to rights violations. Significant details of all of the above and more are provided in our responses to Q26, Q27, Q28 and Q29.

#### 1.1.2 MULTIPLE APPLICATIONS FOR A DOMAIN

All of the RPMs described in section 1.1.1 above ensure that applicants for domain names in .Website are legitimate right holders for the applied string.

During general availability domain names will be allocated on a first come first serve basis amongst applicants. During the initial registry launch periods of Sunrise and Landrush if multiple applications for the same domain name are received from applicants then the same will be distributed in the following manner -

\* In case of multiple sunrise applications for the same domain name, all applications will be validated against the TMCH for a valid trademark. Applications that do not qualify will be dropped.

\* All remaining applications will be distributed through a fair auction.

#### 1.1.3 COST BENEFITS FOR REGISTRANTS

The ICANN new gTLD program marks a historical event in the timeline of the Internet. It is an unprecedented event and one that will yield tremendous benefits for consumers. At this preliminary stage it is impossible to determine the true value consumers will derive from increase in competition and choice. However there is historical data to go by. Upon the launch of Domain Registrars and creation of competition amongst registrars, the Registrants benefited from reduced pricing.

With .Website our goal is to provide fair pricing for domains within .Website that reflect the value proposition derived by the Registrants of .Website. While we do not have any committed pricing plans as yet and the same will be determined during the launch process, we do anticipate providing promotional offers through the life of .Website for the purpose of customer acquisition. This is not too dissimilar from other gTLD registries currently in existence who offer ongoing promotional offers to their customer base.

#### 1.1.4 PRICE ESCALATIONS

The ICANN new gTLD program is an unprecedented event and the actual nature of pricing pressures will only be determinable once several TLDs have successfully launched. At this preliminary stage it is impossible to commit to any pricing strategy on our part. We strongly believe that ultimately, the open market will determine the viability of pricing models and dictate pricing strategy for everyone. We intend to maintain the freedom to set pricing to accommodate for the existence of 100s of TLDs and business models and create a sustainable long term business model. Our goal is to provide fair pricing for domains within .Website that reflect the value proposition derived by the Registrants of .Website.

#### 1.2 END USERS

It is our goal to provide end users of .Website incremental value and minimize any negative consequences and costs associated with .Website. We address this in the following manner

End-users bear a considerable amount of cost as a result of various forms of Internet abuse such as spam, malware, phishing, pharming, hacking, identity theft etc. Any TLD that implements policies and processes to create a clean namespace will result in a considerable reduction of these forms of abuse and hence a significant saving in terms of cost to consumers

.Website intends to set an example when it comes to abuse mitigation and preventing abuse

within .Website. To this effect we have created unprecedented Abuse mitigation policies and Rights protection mechanisms that go significantly above and beyond mandatory requirements and common practice. These are detailed in our response to Q28. We strongly believe these practices will result in a significant reduction in online abuse and considerable savings for end users of .Website. We similarly hope to set an example for other TLDs and cooperate with the industry in creating a clean internet experience for internet users.

## 2. COST BENEFIT ANALYSIS

There has been considerable debate within the community concerning the cost benefit analysis of launching new gTLDs. We strongly believe that the launch of new gTLDs and our implementation of .Website will add considerable value and result in a net positive effect on Registrants and end-users worldwide.

We recognize that there will be a post launch review of the New gTLD Program, from the perspective of assessing the relative costs and benefits achieved in the expanded gTLD space.

To this extent we would like to offer the following pointers concerning .Website as well as the general expansion of the new gTLD space in determining the net positive value generated for Registrants and end users -

\* .Website will reduce overall cost for end-users in combating fraud and other forms of online abuse by implementing pioneering processes and anti-abuse policies as described in our response to Q28. Billions of dollars are spent worldwide combating various forms of fraud such as malware, phishing, spamming etc. Our abuse policies will result in overall reduction of these forms of abuses within .Website resulting in a considerable reduction in global costs spent towards combating these abuses. We also strongly believe that introduction of new gTLDs will result in increased competition which will drive significant innovation as well as competitive pressures for everyone in the industry to improve their abuse mitigation processes resulting in overall cost reduction for end-users

\* The value of a Registrant getting the name they want is immeasurably larger than any costs resulting from expansion of the namespace. DotWebsite Inc. is a subsidiary within the Directi Group which owns and operates several ICANN Accredited Registrars. Our stats show that 70% of the users who check for a .com domain name do not get their desired name. Until this launch of the new gTLD program there were very limited alternatives and none very viable/desirable for Registrants to choose from. .Website will expand the namespace thus providing a higher probability for new Registrants to obtain names they desire

\* In general increased competition always results in pricing benefits for Registrants.



.Website will provide additional options to new Registrants resulting in overall benefits to Registrants

This completes our answer to Q 18(c)

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19. Is the application for a community-based TLD?

No

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20A. Provide the name and full description of the community that the applicant is committing to serve. In the event that this application is included in a community priority evaluation, it will be scored based on the community identified in response to this question. The name of the community does not have to be formally adopted for the application to be designated as community-based.

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20B. Explain the applicant's relationship to the community identified in 20(a).

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20C. Provide a description of the community-based purpose of the applied-for gTLD.

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20D. Explain the relationship between the applied- for gTLD string and the community identified in 20(a).

---

20E. Provide a complete description of the applicant's intended registration policies in support of the community-based purpose of the applied-for gTLD. Policies and enforcement mechanisms are expected to constitute a coherent set.

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20F. Attach any written endorsements for the application from established institutions representative of the community identified in 20(a). An applicant may submit written endorsements by multiple institutions, if relevant to the community.

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21A. Is the application for a geographic name?

No

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22. Describe proposed measures for protection of geographic names at the second and other levels in the applied-for gTLD. This should include any applicable rules and procedures for reservation and/or release of such names.

We have engaged CentralNic to deliver services for this TLD. This response describes protection of geographic names as implemented by CentralNic.

## 1. PROTECTION OF GEOGRAPHIC NAMES

In accordance with Specification 5 of the New gTLD Registry Agreement, we will initially reserve all geographic names at the second level, and at all other levels within the TLD at which the registry operator provides for registrations.

CentralNic supports this requirement by using the following internationally recognised lists to develop a comprehensive master list of all geographic names that are initially reserved:

- The 2-letter alpha-2 code of all country and territory names contained on the ISO 3166-1 list, including all reserved and unassigned codes  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm)].

- The short form (in English) of all country and territory names contained on the ISO 3166-1 list, including the European Union, which is exceptionally reserved on the ISO 3166-1 List, and its scope extended in August 1999 to any application needing to represent the name European Union  
[[http://www.iso.org/iso/support/country\\_codes/iso\\_3166\\_code\\_lists/iso-3166-1\\_decoding\\_table.htm#EU](http://www.iso.org/iso/support/country_codes/iso_3166_code_lists/iso-3166-1_decoding_table.htm#EU)].

- The United Nations Group of Experts on Geographical Names, Technical Reference Manual for the Standardisation of Geographical Names, Part III Names of Countries of the World. This lists the names of 193 independent States generally recognised by the international community in the language or languages used in an official capacity within each country and is current as of August 2006  
[[http://unstats.un.org/unsd/geoinfo/ungegn/docs/pubs/UNGEGN%20tech%20ref%20manual\\_m87\\_combined.pdf](http://unstats.un.org/unsd/geoinfo/ungegn/docs/pubs/UNGEGN%20tech%20ref%20manual_m87_combined.pdf)].

- The list of UN member states in six official UN languages prepared by the Working Group on Country Names of the United Nations Conference on the standardisation of Geographical Names  
[[http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/%E9%9F%92h-uncsgn-docs/econf/%E9%9F%92h\\_UNCSGN\\_e-conf-98-89-add1.pdf](http://unstats.un.org/unsd/geoinfo/UNGEGN/docs/%E9%9F%92h-uncsgn-docs/econf/%E9%9F%92h_UNCSGN_e-conf-98-89-add1.pdf)].

Names on this reserved list in CentralNic's registry system are prevented from registration.

A corresponding list of geographic names will also be available to the public via our website, to inform Registrars and potential registrants of reserved names. The lists noted above, are regularly monitored for revisions, therefore the reserved list (both within the registry and publicly facing) will be continually updated to reflect any changes.

In addition to these requirements, CentralNic are able to support the wishes of the Governmental Advisory Council (GAC) or any individual Government in regard to the blocking of individual terms on a case by case basis. CentralNic's registry system allows such additions to be made by appropriately authorised staff, with no further system development changes required.

The following applies to all Domain Names contained within the registry's reserved list:

- Attempts to register listed Domain Names will be rejected.
- WhoIs queries for listed Domain Names will receive responses indicating their reserved status.
- Reserved geographic names will not appear in the TLD zone file.
- DNS queries for reserved domain names will result in an NXDOMAIN response.

## 2. PROCEDURES FOR RELEASE

We understand that if we wish to release the reserved names at a later date, this will require agreement from the relevant government(s) or review by the GAC, and subsequent approval from ICANN.

This completes our answer to Q22.

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23. Provide name and full description of all the Registry Services to be provided. Descriptions should include both technical and business components of each proposed service, and address any potential security or stability concerns.

The following registry services are customary services offered by a registry operator:

- A. Receipt of data from registrars concerning registration of domain names and name servers.
- B. Dissemination of TLD zone files.
- C. Dissemination of contact or other information concerning domain name registrations (e.g., port-43 WHOIS, Web-based Whois, RESTful Whois service).
- D. Internationalized Domain Names, where offered.
- E. DNS Security Extensions (DNSSEC). The applicant must describe whether any of these registry services are intended to be offered in a manner unique to the TLD.

Additional proposed registry services that are unique to the registry must also be described.

DotWebsite Inc. has chosen CentralNic as the registry infrastructure provider for the TLD. Please see Appendix 23.1 for the acceptance letter from CentralNic. Any information regarding technical and operational capability of the proposed TLD registry (answers to questions 23 – 44) therefore refers to CentralNic's registry infrastructure systems.

DotWebsite Inc. and CentralNic hereby explicitly confirm that all registry services stated below are engineered and will be provided in a manner compliant with the new gTLD Registry Agreement, ICANN consensus policies (such as Inter-Registrar Transfer Policy and AGP Limits Policy) and applicable technical standards. Except for the registry services described above, no other services will be provided by the Registry that relate to (i) receipt of data from registrars concerning registrations of domain names and name servers; (ii) provision to registrars of status information relating to the zone servers for the TLD; (iii) dissemination of TLD zone files; (iv) operation of the Registry zone servers; or (v) dissemination of contact and other information concerning domain name server registrations in the TLD as required by the Registry Agreement.

There are no other products or services, except those described above that the Registry Operator will provide (i) because of the establishment of a Consensus Policy, or (ii) by reason of DotWebsite Inc. being designated as the Registry Operator.

Any changes to the registry services that may be required at a later time in the course of DotWebsite Inc. operating the registry will be addressed using rules and procedures established by ICANN such as the Registry Services Evaluation Policy.

DotWebsite Inc. proposes to operate the following registry services, utilising CentralNic's registry system:

### 23.1. Receipt of Data From Registrars

CentralNic will operate a Shared Registry System (SRS) for the TLD. The SRS consists of a database of registered domain names, host objects and contact objects, accessed via an Extensible Provisioning Protocol (EPP) interface, and a web based Registrar Console.

Registrars will use these interfaces to provide registration data to the registry.

The SRS will be hosted at CentralNic's primary operations centre in London, UK. The primary operations centre comprises a resilient, fault-tolerant network infrastructure with multiple high quality redundant links to backbone Internet carriers. The primary operations centre is hosted in Level 3's flagship European data centre and boasts significant physical security capabilities, including 24x7 patrols, CCTV and card-based access controls.

CentralNic's existing SRS system currently supports more than 250,000 domain names managed by over 1,500 registrars. CentralNic has effective and efficient 24x7 customer support capabilities to support these domain names and registrars, and this capability will be expanded to meet the requirements of the TLD and provide additional capacity during periods of elevated activity (such as during Sunrise periods).

The SRS and EPP systems are described more fully in Q24 and Q25. The Registrar Console is described in Q31.

EPP is an extensible protocol by definition. Certain extensions have been put in place to comply with the new gTLD registry agreement, ICANN Consensus Policies and technical standards:

1. Registry Grace Period Mapping - compliant with RFC 3915 (<http://tools.ietf.org/html/rfc3915>)
2. DNSSEC Security Extensions - compliant with RFC 5910 (<http://tools.ietf.org/html/rfc5910>)
3. Launch Phase Extension - will be only active during the Sunrise phase, before the SRS opens for the general public. The extension is compliant with the current Internet Draft <https://github.com/wil/EPP-Launch-Phase-Extension-Specification/blob/master/draft-tan-epp-launchphase.txt>

More information on EPP extensions is provided in Q25.

The SRS will implement and support all ICANN Consensus Policies and Temporary Policies, including:

- \*Uniform Domain Name Dispute Resolution Policy
- \*Inter-Registrar Transfer Policy
- \*Whois Marketing Restriction Policy
- \*Restored Names Accuracy Policy
- \*Expired Domain Deletion Policy
- \*AGP Limits Policy

### 23.2. Provision to Registrars of Status Information Relating to the Zone Servers

CentralNic will operate a communications channel to notify registrars of all operational issues and activity relating to the DNS servers which are authoritative for the TLD. This includes notifications relating to:

1. Planned and unplanned maintenance;
2. Denial-of-service attacks;
3. unplanned network outages;
4. delays in publication of DNS zone updates;
5. security incidents such as attempted or successful breaches of access controls;

6. significant changes in DNS server behaviour or features;
7. DNSSEC key rollovers.

Notifications will be sent via email (to preregistered contact addresses), with additional notifications made via an off-site maintenance site and via social media channels.

### 23.3. Dissemination of TLD Zone Files

CentralNic will make TLD zone files available via the Centralized Zone Data Access Provider according to specification 4, section 2 of the Registry Agreement.

DotWebsite Inc. will enter into an agreement with any Internet user that will allow such user to access an Internet host server or servers designated by DotWebsite Inc. and download zone file data. The agreement will be standardized, facilitated and administered by a Centralized Zone Data Access Provider (the "CZDA Provider"). DotWebsite Inc. will provide access to zone file data using the file format described in Section 2.1.4 of Specification 4 of the New gTLD Registry Agreement.

DotWebsite Inc., through the facilitation of the CZDA Provider, will request each user to provide it with information sufficient to correctly identify and locate the user. Such user information will include, without limitation, company name, contact name, address, telephone number, facsimile number, email address, and the Internet host machine name and IP address.

DotWebsite Inc. will provide the Zone File FTP (or other Registry supported) service for an ICANN-specified and managed URL for the user to access the Registry's zone data archives. DotWebsite Inc. will grant the user a non-exclusive, non-transferable, limited right to access DotWebsite Inc.'s Zone File FTP server, and to transfer a copy of the top-level domain zone files, and any associated cryptographic checksum files no more than once per 24 hour period using FTP, or other data transport and access protocols that may be prescribed by ICANN.

DotWebsite Inc. will provide zone files using a sub-format of the standard Master File format as originally defined in RFC 1035(<http://tools.ietf.org/html/rfc1035>), Section 5, including all the records present in the actual zone used in the public DNS.

DotWebsite Inc., through CZDA Provider, will provide each user with access to the zone file for a period of not less than three (3) months. DotWebsite Inc. will allow users to renew their Grant of Access.

DotWebsite Inc. will provide, and CZDA Provider will facilitate, access to the zone file to user at no cost.

### 23.4. Operation of the Registry Zone Servers

The TLD zone will be served from CentralNic's authoritative DNS system. This system has operated at 100% service availability since 1996 and has been developed into a secure and stable platform for domain resolution. Partnering with Community DNS, CentralNic's DNS system includes nameservers in more than forty cities, on five continents. The DNS system fully complies with all relevant RFCs and all ICANN specifications, and has been engineered to ensure resilience and stability in the face of denial-of-service attacks, with substantial overhead and geographical dispersion.

The DNS system is described further in Q35.

### 23.5. Dissemination of Contact and Other Information Concerning Domain Name Server Registrations

CentralNic will operate a Whois service for the TLD. The Whois service will provide information about domain names, contact objects, and name server objects stored in the Shared Registry System via a port-43 service compliant with RFC 3912 (<http://tools.ietf.org/html/rfc3912>). The Whois service will permit interested parties to obtain information about the Registered Name Holder, Administrative, Technical and Billing contacts for domain names. The Whois service will return records in a standardised format which complies with ICANN specifications.

CentralNic will provide access to the Whois service at no cost to the general public.

CentralNic's Whois service supports a number of features, including rate limiting to prevent abuse and privacy protections for natural persons. The Whois service is more fully described in Q26.

Should ICANN specify alternative formats and protocols for the dissemination of Domain Name Registration Data, CentralNic will implement such alternative specifications as soon as reasonably practicable.

### 23.6. DNSSEC

The TLD zone will be signed by DNSSEC. CentralNic uses the award-winning signer technology from Xelerance Corporation. Zone files will be signed using NSEC3 with opt-out, following a DNSSEC Practice Statement detailed in Q43.

CentralNic's DNSSEC implementation complies with RFCs 4033, 4034, 4035, 4509 and follows the best practices described in RFC 4641(<http://tools.ietf.org/html/rfc4641>). Hashed Authenticated Denial of Existence (NSEC3) will be implemented, which complies with RFC 5155(<http://tools.ietf.org/html/rfc5155>). The SRS will accept public-key material from child domain names in a secure manner according to industry best practices (specifically the secDNS EPP extension, described in RFC 5910(<http://tools.ietf.org/html/rfc5910>)). CentralNic will also publish in its website the DNSSEC Practice Statements (DPS) describing critical security controls and procedures for key material storage, access and usage for its own keys and secure acceptance of registrants' public-key material. CentralNic will publish its DPS following the format described in the "DPS-framework" Internet Draft within 180 days after that draft becomes an RFC.

### 23.7. Rights Protection Mechanisms

DotWebsite Inc. will provide all mandatory Rights Protection Mechanisms that are specified in DotWebsite Inc. Guidebook (version 11 January 2012), namely Trademark Claims Service (section 6.1) and Sunrise service (section 6.2). All the required RPM-related policies and procedures such as UDRP, URS, PDDRP and RRDRP will be adopted and used in the TLD. More information is available in Q29.

In addition to such RPMs, DotWebsite Inc. may develop and implement additional RPMs that discourage or prevent registration of domain names that violate or abuse another party's legal rights. DotWebsite Inc. will include all ICANN mandated and independently developed RPMs in the registry-registrar agreement entered into by ICANN-accredited registrars authorised to register names in the TLD.

DotWebsite Inc. shall implement these mechanisms in accordance with requirements established by ICANN each of the mandatory RPMs set forth in the Trademark Clearinghouse.

The "LaunchPhase" EPP extension (described above) will be used to implement an SRS interface during the Sunrise period for the TLD. Depending on the final specification for the Trademark Claims Service (details of which have not yet been published), an additional EPP extension may be required in order to implement this service. If this is necessary, the extension will be designed to minimise its effect on the operation of the SRS and the requirements on registrars, and will only be in place for a limited period while the Trademark Claims Service is in effect for the TLD.

### **23.8. Registrar Support and Account Management**

CentralNic will leverage its 16 years of experience of supporting over 1,500 registrars to provide high-quality 24x7 support and account management for the TLD registrars. CentralNic's experienced technical and customer support personnel will assist the TLD registrars during the on-boarding and OT&E process, and provide responsive personal support via email, phone and a web based support ticketing system.

### **23.9. Reporting to ICANN**

DotWebsite Inc. and CentralNic will compile and transmit a monthly report to ICANN relating to the TLD. This report will comply with Specification 3 of the New gTLD Registry Agreement.

### **23.10. Personnel Resources of CentralNic**

The technical, operations and support functions of the registry will be performed in-house by CentralNic's personnel. These personnel perform these functions on a full-time basis.

#### **23.10.1. Technical Operations**

Technical Operations refers to the deployment, maintenance, monitoring and security of the registry system, including the SRS and the other critical registry functions. Technical Operations staff design, build, deploy and maintain the technical infrastructure that supports the registry system, including power distribution, network design, access control, monitoring and logging services, and server and database administration. Internal helpdesk and incident reporting is also performed by the Technical Operations team. The Technical Operations team performs 24x7 monitoring and support for the registry system and mans the Network Operations Centre (NOC) from which all technical activities are co-ordinated.

CentralNic intends to maintain a Technical Operations team consisting of the following positions. These persons will be responsible for managing, developing and monitoring the registry system for the TLD on a 24x7 basis:

\*Senior Operations Engineer(s)

\*Operations Engineer(s)

\*Security Engineer

#### **23.10.2. Technical Development**

The Technical Development team develops and maintains the software which implements the critical registry functions, including the EPP, Whois, Zone file generation, data escrow, reporting, back office and web-based management systems (intranet and extranet), and open-source registrar toolkit software. All critical registry software has been developed and maintained in-house by this team.

CentralNic intends to maintain a Technical Development team consisting of the following positions. These persons will be responsible for maintaining and developing the registry software which will support the TLD:

\*Senior Technical Developer x 2

\*Technical Developer x 3

#### **23.10.3. Technical Support**

Technical Support refers to 1st, 2nd and 3rd line support for registrars and end-users. Areas covered include technical support for systems and services, billing and account management. Support personnel also deal with compliance and legal issues such as UDRP and URS proceedings, abuse reports and enquiries from law enforcement.

1st line support issues are normally dealt with by these personnel. 2nd and 3rd line support issues (relating to functional or operational issues with the registry system) are escalated to Technical Operations or Technical Development as necessary.

The Technical Support team will consist of the following positions:

\*Operations Manager

\*Support Manager

\*Support Agent(s)

Our overseas account managers also perform basic support functions, escalating to the support agents in London where necessary.

#### **23.10.4. Key Personnel**

##### **23.10.4.1. Gavin Brown - Chief Technology Officer**

Gavin has worked at CentralNic since 2001, becoming CTO in 2005. He has overall responsibility for all aspects of the SRS, Whois, DNS and DNSSEC systems. He is a respected figure in the domain industry and has been published in several professional technical journals, and co-authored a book on the Perl programming language. He also participates in a number of technical, public policy and advocacy groups and several open source projects. Gavin has a BSc (hons) in Physics from the University of Kent.

##### **23.10.4.2. Jenny White - Operations Manager**

Jenny has been with CentralNic for nine years. Throughout this time she has expertly managed customer relations with external partners, prepared new domain launch processes and documentation, managed daily support and maintenance for over 1,500 Registrars, carried out extensive troubleshooting within the registrar environment to ensure optimum usability for registrars across communication platforms, handled domain disputes (from mediation to WIPO filing), and liaised with WIPO to implement changes to the Dispute Resolution Procedure when necessary.

##### **23.10.4.3. Adam Armstrong - Senior Operations Engineer**

Adam has recently joined CentralNic as Senior Operations Engineer. In this role he is responsible for the operation and development of the system and network infrastructure for the registry system. Adam has previously worked at a number of large UK ISPs including Jersey Telecom and Packet Exchange. He is also the lead developer of Observium, a network management system used by ICANN (amongst others). Adam has brought his strong knowledge of network design, management and security to bear at CentralNic and will oversee the operation of the SRS for the TLD.

##### **23.10.4.4. Milos Negovanovic - Senior Technical Developer**

Milos has worked at CentralNic since 2009. He has a background in building rich web applications and protocol servers. His main areas of



responsibility are the Registrar Console, EPP and backoffice functions.

#### **23.10.4.5. Mary O'Flaherty - Senior Technical Developer**

Mary has worked at CentralNic since 2008. She plays an integral role in the ongoing design, development and maintenance of the registry as a whole and has specific experience with the EPP system, Registrar Console and Staff Console. Mary has a 1st class Honors degree in Computer Science from University College Cork and has previously worked for Intel and QAD Ireland.

#### **23.10.5. Job Descriptions**

CentralNic will recruit a number of new employees to perform technical duties in relation to the TLD and other gTLDs. The following job descriptions will be used to define these roles and select candidates with suitable skills and experience.

##### **23.10.5.1. Operations Engineer**

Operations Engineers assist in the maintenance and development of the network and server infrastructure of the registry system. Operations Engineers have a good knowledge of the TCP/IP protocol stack and related technologies, and are familiar with best practice in the areas of network design and management and system administration. They should be competent system administrators with a good knowledge of Unix system administration, and some knowledge of shell scripting, software development and databases. Operations Engineers have 1-2 year's relevant commercial experience. Operations Engineers report to and work with the Senior Operations Engineer, who provides advice and mentoring. Operations Engineers participate in manning the NOC on a 24x7 basis and participate in the on-call shift rota.

##### **23.10.5.2. Security Engineer**

Security Engineers enhance and assure the security of the registry system. Day-to-day responsibilities are: responding to security incidents, performing analysis and remediating vulnerabilities, conducting tests of access controls, refining system configuration to improve security, training other team members, reviewing source code, maintaining security policies and procedures, and gathering intelligence relating to threats to the registry. Security Engineers have 1-2 year's relevant commercial experience. This role reports to and works with the Senior Operations Engineer and CTO. Security Engineers participate in manning the NOC on a 24x7 basis and participate in the on-call shift rota.

##### **23.10.5.3. Technical Developer**

Technical Developers are maintain the software which supports the registry. Day-to-day responsibilities are developing new systems in response to requests from management and customers, correcting bugs in existing software, and improving its performance. Technical Developers have a good knowledge of general programming practices including use of revision control and code review systems. Developers have a good awareness of security issues, such as those described in advisories published by the oWASP Project. Developers have at least one years' commercial experience in developing applications in programming languages such as PHP, Perl, and Python, although knowledge of domain technologies such as EPP and DNS is not critical. Technical Developers work as part of a team, with advice and mentoring from the Senior Technical Developers, to whom they report.

#### **23.10.6. Resource Matrix**

To provide a means to accurately and objectively predict human resource requirements for the operation of the registry system, CentralNic has developed a Resourcing Matrix, which assigns a proportion of each employee's available time to each aspect of registry activities. These activities include technical work such as operations and development, as well as technical support, registrar account management, rights protection, abuse prevention, and financial activity such as payroll, cash collection, etc. This matrix then permits the calculation of the total HR resource assigned to each area.

A copy of the Resourcing Matrix is included as Appendix 23.2. It is important to note that the available resources cover the operation of CentralNic's entire registry operations: this includes CentralNic's own domain registry portfolio (uk.com, us.com, etc), the .LA and .PW ccTLDs, as well as the gTLDs which CentralNic will provides registry service for.

The actual proportion of human technical resources required specifically for the TLD is determined by the relative size of the TLD to the rest of CentralNic's operations. This calculation is based on the projected number of domains after three years of operation: the optimistic scenario is used to ensure that sufficient personnel is on hand to meet periods of enhanced demand. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names.

Since the optimistic projection for the number of domains registered in the TLD after three years is 260,000, the TLD will therefore require 5.78% of CentralNic's total available HR resources in order operate fully and correctly. In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires.

Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q23.

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24. Shared Registration System (SRS) Performance:  
describe

- the plan for operation of a robust and reliable SRS. SRS is a critical registry function for enabling multiple registrars to provide domain name registration services in the TLD. SRS must include the EPP interface to the registry, as well as any other interfaces intended to be provided, if they are critical to the functioning of the registry. Please refer to the requirements in Specification 6 (section 1.2) and Specification 10 (SLA Matrix) attached to the Registry Agreement; and
  - resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

A complete answer should include, but is not limited to:

- A high-level SRS system description;
- Representative network diagram(s);
- Number of servers;
- Description of interconnectivity with other registry systems;
- Frequency of synchronization between servers; and
- Synchronization scheme (e.g., hot standby, cold standby).

Except where specified, this answer refers to the operations of DotWebsite Inc.'s outsource Registry Service Provider, CentralNic.

#### 24.1. Registry Type

CentralNic operates a "thick" registry in which the registry maintains copies of all information associated with registered domains. Registrars maintain their own copies of registration information, thus registry-registrar synchronization is required to ensure that both registry and registrar have consistent views of the technical and contact information associated with registered domains. The Extensible Provisioning Protocol (EPP) adopted supports the thick registry model. See Q25 for further details.

#### 24.2. Architecture

Figure 24.1 provides a diagram of the overall configuration of the SRS. This diagram should be viewed in the context of the overall architecture of the registry system described in Q32.

The SRS is hosted at CentralNic's primary operations centre in London. It is connected to the public Internet via two upstream connections, one of which is provided by Qube. Figure 32.1 provides a diagram of the outbound network connectivity. Interconnection with upstream transit providers is via two BGP routers which connect to the firewalls which implement access controls over registry services.

Within the firewall boundary, connectivity is provided to servers by means of resilient gigabit ethernet switches implementing Spanning Tree Protocol.

The registry system implements two interfaces to the SRS: the standard EPP system (described in Q25) and the Registrar Console (described in Q31). These systems interact with the primary registry database (described in Q33). The database is the central repository of all registry data. Other registry services also interact with this database.

An internal "Staff Console" is used by CentralNic personnel to perform management of the registry system.



### 24.3. EPP System Architecture

A description of the characteristics of the EPP system is provided in Q25. This response describes the infrastructure which supports the EPP system.

A network diagram for the EPP system is provided in Figure 24.2. The EPP system is hosted at the primary operations centre in London. During failover conditions, the EPP system operates from the Isle of Man Disaster Recovery site (see Q34).

CentralNic's EPP system has a two-layer logical and physical architecture, consisting of load balancers and a cluster of application servers. Each layer can be scaled horizontally in order to meet demand.

Registrars establish TLS-secured TCP connections to the load balancers on TCP port 700. Load is balanced using DNS round-robin load balancing.

The load balancers pass sessions to the EPP application servers. Load is distributed using a weighted-least-connections algorithm. The protocol servers run the Apache web server with the mod\_epp module. These servers implement the EPP state diagram and handle registrar commands using application code.

Each component of the system is resilient: multiple inbound connections, redundant power, high availability firewalls, load balancers and application server clusters enable seamless operation in the event of component failure. This architecture also allows for arbitrary horizontal scaling: commodity hardware is used throughout the system and can be rapidly added to the system, without disruption, to meet an unexpected growth in demand.

The EPP system will comprise of the following systems:

- \*3x load balancers (1U rack mount servers with quad-core Intel processors, 16GB RAM, 40GB solid-state disk drives, running the CentOS operating system using the Linux Virtual Server [see <http://www.linuxvirtualserver.org/>])

- \*12x EPP protocol servers (1U rack mount servers with dual-core Intel processors, 16GB RAM, solid-state disk drives, running the CentOS operating system using Apache and mod\_epp)

#### 24.3.1. mod\_epp

mod\_epp is an Apache server module which adds support for the EPP transport protocol to Apache. This permits implementation of an EPP server using the various features of Apache, including CGI scripts and other dynamic request handlers, reverse proxies, and even static files. mod\_epp was originally developed by Nic.at, the Austrian ccTLD registry. Since its release, a large number of ccTLD and other registries have deployed it and continue to support its development and maintenance. Further information can be found at <http://sourceforge.net/projects/aepps>. CentralNic uses mod\_epp to manage EPP sessions with registrar clients, and to convert EPP commands into HTTP requests which can then be handled by backend application code.

#### 24.4. Performance

CentralNic performs continuous remote monitoring of its EPP system, and this monitoring includes measuring the performance of various parts of the system. As of writing, the average round-trip times (RTTs) for various functions of the EPP system were as follows:

\*connect time: 40ms

\*login time: 20ms

\*hello time: 7ms

\*check time: 15ms

\*logout time: 6ms

These figures include an approximate latency of 3.2ms due to the distance between the monitoring site and the EPP system. They were recorded during normal weekday operations during the busiest time of the day (around 1300hrs UTC) and compare very favourably to the requirement of 4,000ms for session commands and 2,000ms for query commands defined in the new gTLD Service Level Agreement. RTTs for overseas registrars will be higher than this due to the greater distances involved, but will remain well within requirements.

#### 24.5. Scaling

Horizontal scaling is preferred over vertical scaling. Horizontal scaling refers to the introduction of additional nodes into a cluster, while vertical scaling involves using more powerful equipment (more CPU cores, RAM etc) in a single system. Horizontal scaling also encourages effective mechanisms to ensure high-availability, and eliminate single points of failure in the system.

Vertical scaling leverages Moore's Law: when units are depreciated and replaced, the new equipment is likely to be significantly more powerful. If the average lifespan of a server in the system is three years, then its replacement is likely to be around four times as powerful as the old server.

For further information about Capacity Management and Scaling, please see Q32.

#### 24.6. Registrar Console

The Registrar Console is a web-based registrar account management tool. It provides a secure and easy-to-use graphical interface to the SRS. It is hosted on a virtual platform at the primary operations centre in London. As with the rest of the registry system, during a failover condition it is operated from the Isle of Man. The virtual platform is described in Figure 24.3.

The features of the Registrar Console are described in Q31.

The virtual platform is a utility platform which supports systems and services which do not operate at significant levels of load, and which therefore do not require multiple servers or the additional performance that running on "bare metal" would provide. The platform functions as a private cloud, with redundant storage and failover between hosts.

The Registrar Console currently sustains an average of 6 page requests per minute during normal operations, with peak volumes of around 8 requests per minute. Volumes during weekends are significantly lower (fewer than 1 requests per minute). Additional load resulting from this and other new gTLDs is expected to result in a trivial increase in Registrar Console request volumes, and CentralNic does not expect additional hardware resources to be required to support it.

#### 24.7. Quality Assurance

CentralNic employs the following quality assurance (QA) methods:

1. 24x7x365 monitoring provides reports of incidents to NOC
2. Quarterly review of capacity, performance and reliability
3. Monthly reviews of uptime, latency and bandwidth consumption
4. Hardware depreciation schedules
5. Unit testing framework
6. Frequent reviews by QA working group
7. Schema validation and similar technologies to monitor compliance on a real-time, ongoing basis
8. Revision control software with online annotation and change logs
9. Bug Tracking system to which all employees have access
10. Code Review Policy in place to enforce peer review of all changes to core code prior to deployment
11. Software incorporates built-in error reporting mechanisms to detect flaws and report to Operations team
12. Four stage deployment strategy: development environment, staging for internal testing, OT&E deployment for registrar testing, then finally production deployment
13. Evidence-based project scheduling
14. Specification development and revision

15. Weekly milestones for developers

16. Gantt charts and critical path analysis for project planning

Registry system updates are performed on an ongoing basis, with any user-facing updates (ie changes to the behaviour of the EPP interface) being scheduled at specific times. Disruptive maintenance is scheduled for periods during which activity is lowest.

#### 24.8. Billing

CentralNic operates a complex billing system for domain name registry services to ensure registry billing and collection services are feature rich, accurate, secure, and accessible to all registrars. The goal of the system is to maintain the integrity of data and create reports which are accurate, accessible, secured, and scalable. The foundation of the process is debit accounts established for each registrar. CentralNic will withdraw all domain fees from the registrar's account on a per-transaction basis. CentralNic will provide fee-incurring services (e.g., domain registrations, registrar transfers, domain renewals) to a registrar for as long as that registrar's account shows a positive balance.

Once ICANN notifies DotWebsite Inc. that a registrar has been issued accreditation, CentralNic will begin the registrar on-boarding process, including setting up the registrar's financial account within the SRS.

#### 24.9. Registrar Support

CentralNic provides a multi-tier support system on a 24x7 basis with the following support levels:

\*1st Level: initial support level responsible for basic customer issues. The first job of 1st Level personnel is to gather the customer's information and to determine the customer's issue by analyzing the symptoms and figuring out the underlying problem.

\*2nd Level: more in-depth technical support level than 1st Level support containing experienced and more knowledgeable personnel on a particular product or service. Technicians at this level are responsible for assisting 1st Level personnel solve basic technical problems and for investigating elevated issues by confirming the validity of the problem and seeking for known solutions related to these more complex issues.

\*3rd Level: the highest level of support in a three-tiered technical support model responsible for handling the most difficult or advanced problems. Level 3 personnel are experts in their fields and are responsible for not only assisting both 1st and 2nd level personnel, but with the research and development of solutions to new or unknown issues.

CentralNic provides a support ticketing system for tracking routine support issues. This is a web based system (available via the Registrar Console) allowing registrars to report new issues, follow up on previously raised tickets, and read responses from CentralNic support personnel.

When a new trouble ticket is submitted, it is assigned a unique ID and priority. The following priority levels are used: n

1. Normal: general enquiry, usage question, or feature enhancement request. Handled by 1st level support.
2. Elevated: issue with a non-critical feature for which a work-around may or may not exist. Handled by 1st level support.
3. Severe: serious issue with a primary feature necessary for daily operations for which no work-around has been discovered and which completely prevents the feature from being used. Handled by 2nd level support.
4. Critical: A major production system is down or severely impacted. These issues are catastrophic outages that affect the overall Registry System operations. Handled by 3rd level support.

Depending on priority, different personnel will be alerted to the existence of the ticket. For example, a Priority 1 ticket will cause a notification to be emailed to the registrar customer support team, but a Priority 4 ticket will result in a broadcast message sent to the pagers of senior operations staff including the CTO. The system permits escalation of issues that are not resolved within target resolution times.

#### 24.10. Enforcement of Eligibility Requirements

The SRS supports enforcement of eligibility requirements, as required by specific TLD policies.

Figure 24.4 describes the process by which registration requests are validated. Prior to registration, the registrant's eligibility is validated by a Validation Agent. The registrant then instructs their registrar to register the domain. The SRS returns an "Object Pending" result code (1001) to the registrar.

The request is sent to the Validation Agent by the registry. The Validation Agent either approves or rejects the request, having reconciled the registration information with that recorded during the eligibility validation. If the request has been approved, the domain is fully registered. If it is rejected, the domain is immediately removed from the database. A message is sent to the registrar via the EPP message queue in either case. The registrar then notifies the registrant of the result.

#### 24.11. Interconnectivity With Other Registry Systems

The registry system is based on multiple resilient stateless modules. The SRS, Whois, DNS and other systems do not directly interact with each other. Interactions are mediated by the database which is the single authoritative source of data for the registry as a whole. Individuals modules perform "CRUD" (create, read, update, delete) actions upon the database. These actions then affect the behaviour of other registry systems: for example, when a registrar adds the "clientHold" status to a domain object, this is recorded in the database. When a query is received for this domain via the Whois service, the presence of this status code in the database results in the "Status: CLIENT HOLD" appearing in the whois record. It will also be noted by the zone generation system, resulting in the temporary removal of the delegation of the domain name from the DNS.

## 24.12. Resilience

The SRS has a stateless architecture designed to be fully resilient in order to provide an uninterrupted service in the face of failure or one or more parts of the system. This is achieved by use of redundant hardware and network connections, and by use of continuous "heartbeat" monitoring allowing dynamic and high-speed failover from active to standby components, or between nodes in an active-active cluster. These technologies also permit rapid scaling of the system to meet short-term increases in demand during "surge" periods, such as during the initial launch of a new TLD.

### 24.12.1. Synchronisation Between Servers and Sites

CentralNic's system is implemented as multiple stateless systems which interact via a central registry database. As a result, there are only a few situations where synchronisation of data between servers is necessary:

1. replication of data between active and standby servers (see Q33). CentralNic implements redundancy in its database system by means of an active/standby database cluster. The database system used by CentralNic supports native real-time replication of data allowing operation of a reliable hot standby server. Automated heartbeat monitoring and failover is implemented to ensure continued access to the database following a failure of the primary database system.

2. replication is used to synchronise the primary operations centre with the Disaster Recovery site hosted in the Isle of Man (see Q34). Database updates are replicated to the DR site in real-time via a secured VPN, providing a "hot" backup site which can be used to provide registry services in the event of a failure at the primary site.

## 24.13. Operational Testing and Evaluation (OT&E)

An Operational Testing and Evaluation (OT&E) environment is provided for registrars to develop and test their systems. The OT&E system replicates the SRS in a clean-room environment. Access to the OT&E system is unrestricted and unlimited: registrars can freely create multiple OT&E accounts via the Registrar Console.

## 24.14. Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to more than one full-time post.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on

the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q24

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25. Extensible Provisioning Protocol (EPP): provide a detailed description of the interface with registrars, including how the applicant will comply with EPP in RFCs 3735 (if applicable), and 5730-5734.

If intending to provide proprietary EPP extensions, provide documentation consistent with RFC 3735, including the EPP templates and schemas that will be used.

Describe resourcing plans (number and description of personnel roles allocated to this area).

A complete answer is expected to be no more than 5 pages. If there are proprietary EPP extensions, a complete answer is also expected to be no more than 5 pages per EPP extension.

Except where specified this answer refers to the operations of DotWebsite Inc.'s outsource Registry Service Provider, CentralNic.

The Extensible Provisioning Protocol (EPP) is an application layer client-server protocol for the provisioning and management of objects stored in a shared central repository. EPP defines generic object management operations and an extensible framework that maps protocol operations to objects. EPP has become established as the common protocol by which domain registrars can manage domains, nameservers and contact details held by domain registries. It is widely deployed in the gTLD and ccTLD registry space.

CentralNic has operated its EPP system since 2005, and it currently operates at significant load in terms of registrars, sessions and transaction volumes. CentralNic's EPP system is fully compliant with the following RFC specifications:

\*5730 - Base Protocol

\*5731 - Domains

\*5732 - Host Objects

\*5733 - Contact Objects

\*5734 - TCP Transport

\*3735 - Extension Guidelines

\*3915 - RGP Extension

\*5910 - DNSSEC Extension

## 25.1. Description of Interface

EPP is a stateful XML protocol layered over TCP (see RFC 3734 (<http://tools.ietf.org/html/rfc3734>)). Protected using lower-layer security protocols, clients exchange identification, authentication, and option information, and engage in a series of client-initiated command-response exchanges. All EPP commands are atomic (there is no partial success or partial failure) and designed so that they can be made idempotent (executing a command more than once has the same net effect on system state as successfully executing the command once).

EPP provides four basic service elements: service discovery, commands, responses, and an extension framework that supports definition of managed objects and the relationship of protocol requests and responses to those objects.

EPP servers respond to client-initiated communication (which can be either a lower-layer connection request or an EPP service discovery message) by returning a greeting to a client. The server then responds to each EPP command with a coordinated response that describes the results of processing the command.

EPP commands fall into three categories: session management, queries, and transform commands. Session management commands are used to establish and end persistent sessions with an EPP server. Query commands perform read-only object information retrieval operations. Transform commands perform read-write object management operations.

Commands are processed by a server in the order they are received from a client. The protocol includes features that allow for offline review of transform commands before the requested action is completed. In such situations, the response clearly notes that the command has been received but that the requested action is pending. The corresponding object then reflects processing of the pending action. The server will also notify the client when offline processing of the action has been completed. Object mappings describe standard formats for notices that describe completion of offline processing.

EPP uses XML namespaces to provide an extensible object management framework and to identify schemas required for XML instance parsing and validation. These namespaces and schema definitions are used to identify both the base protocol schema and the schemas for managed objects.

### 25.1.1. Objects supported

Registrars may create and manage the following object types in the CentralNic EPP system:

\*domains (RFC 5731 (<http://tools.ietf.org/html/rfc5731>))



\*host objects (RFC 5732 (<http://tools.ietf.org/html/rfc5732>))

\*contact objects (RFC 5733 (<http://tools.ietf.org/html/rfc5733>))

### 25.1.2. Commands supported

CentralNic supports the following EPP commands:

\*<hello> - retrieve the <greeting> from the server

\*<login> and <logout> - session management

\*<poll> - message queue management

\*<check> - availability check

\*<info> - object information

\*<create> - create object

\*<update> - update object

\*<renew> - renew object

\*<delete> - delete object

\*<transfer> - manage object transfer

### 25.2. EPP state diagram

Figure 25.1 describes the state machine for the EPP system. Clients establish a connection with the server, which sends a greeting. Clients then authenticate, and once a login session is established, submits commands and receive responses until the server closes the connection, the client sends a logout command, or a timeout is reached.

### 25.3. EPP Object Policies

The following policies apply to objects provisioned via the EPP system:

### 25.3.1. domains

1. domains must comply with the syntax described in RFC 1035 (<http://tools.ietf.org/html/rfc1035>) §2.3.1. Additionally, the first label of the name must be between 3 and 63 characters in length.
2. domains must have a registrant attribute which is associated with a contact object in the database.
3. domains must have an administrative contact attribute which is associated with a contact object in the database.
4. domains must have a technical contact which attribute is associated with a contact object in the database.
5. domains may have an billing contact attribute which is associated with a contact object in the database.
6. domains may have between 0 (zero) and 13 DNS servers. A domain with no name servers will not resolve and no records will be published in the DNS
7. the host object model for domains is used rather than the host attribute model.
8. domains may have a number of status codes. The presence of certain status codes indicates the domain's position in the lifecycle, described further in §27.
9. where policy requires, the server may respond to a <domain:create> command with an "Object Pending" (1001) response. When this occurs, the domain is placed onto the pendingCreate status while an out-of-band validation process takes place.
10. when registered, the expiry date of a domain may be set up to ten years from the initial date of registration. Registrars can specify registration periods in one-year increments from one to ten.
11. when renewed, the expiry date of a domain may be set up to ten years from the current expiry date. Registrars can specify renewal periods in one-year increments from one to ten. domains which auto-renew are renewed for one year at a time.
12. domains must have an authInfo code which is used to authenticate inter-registrar transfer requests. This authInfo code may contain up to 48 bytes of UTF-8 character data.
13. domains may have one or more DS records associated with them. DS records are managed via the secDNS EPP extension, as specified in RFC 5910 (<http://tools.ietf.org/html/rfc5910>).
14. only the sponsoring registrar of the domain may submit <update>, <renew> or <delete> commands for the domain.

### 25.3.2. Host objects

1. host names must comply with RFC 1035 (<http://tools.ietf.org/html/rfc1035>). The maximum length of the host name may not exceed 255 characters.
2. in-bailiwick hosts must have at least one address of either type (IPv4 or IPv6). Any number of additional addresses of either type may be provided
3. sponsorship of hosts is determined as follows: if an object is in-bailiwick (ie child of a domain in the database, and therefore also child to a TLD in the system), then the sponsor is the sponsor of the parent domain. If the object is out-of-bailiwick, the sponsor is the registrar which created the contact.
4. if a registrar submits a change to the name of a host object, if the new host name is subordinate to an in-bailiwick domain, then that registrar must be the sponsor of the new parent domain.
5. registrars are not permitted to create hosts that are subordinate to a non-existent in-bailiwick domain, or to change the name of a host object so that it is subordinate to a non-existent in-bailiwick domain.
6. a host cannot be deleted if one or more domains are delegated to it (the registry deletes hosts to remove orphan glue, see §28).
7. inter-registrar transfers are not permitted.
8. only the sponsoring registrar of the host may submit <update> or <delete> commands for the object.

### 25.3.3. Contact objects

1. contact IDs may only contain characters from the set [A-Z, 0-9, . (period), - (hyphen) and \_ (underscore)] and are case-insensitive.
2. phone numbers and email addresses must be valid as described in RFC 5733 (<http://tools.ietf.org/html/rfc5733>) §2.5 and §2.6.
3. contact information is accepted and stored in "internationalized" format only: that is, contact objects only have a single <contact:postalInfo> element and the type attribute is always "int".
4. the <contact:org>, <contact:sp>, <contact:pc>, <contact:phone> and <contact:fax> elements are optional.
5. contacts must have an authInfo code which is used in inter-registrar transfers. This code may contain up to 48 bytes of UTF-8 character data.
6. a contact cannot be deleted if one or more domains are associated with it.

7. only the sponsoring registrar of the contact may submit <update> or <delete> commands for the object.

#### 25.4. EPP Extensions

CentralNic supports the following EPP extensions. CentralNic's implementations fully comply with the required specifications.

##### 25.4.1. Registry Grace Period Mapping

Various grace periods and hold periods are supported by the Registry Grace Period mapping, as defined in RFC 3915 (<http://tools.ietf.org/html/rfc3915>). This is described further in §27.

##### 25.4.2. DNSSEC Security Extensions Mapping

Registrars may submit Delegation Signer (DS) record information for domains under their sponsorship. This permits the establishment of a secure chain-of-trust for DNSSEC validation.

CentralNic supports the specification defined in RFC 5910 (<http://tools.ietf.org/html/rfc5910>). This supports two interfaces: the DS Data Interface and Key Data Interface. CentralNic supports the former interface (DS Data), where registrars submit the keytag, algorithm, digest type and digest for DS records as XML elements, rather than as key data. Key data is stored if provided as a child element of the <secDNS:dsData> element. The maxSigLife element is optional in the specification and is not currently supported.

##### 25.4.3. Launch Phase Extension

CentralNic has assisted development of a standard EPP extension for registry "launch phases" (ie Sunrise and Landrush periods), during which the steady-state mode of "first-come, first-served" operation does not apply. This extension permits registrars to submit requests for domains with claimed rights such as a registered trademark. The extension is currently described in an Internet-Draft (see <http://tools.ietf.org/html/draft-tan-epp-launchphase-00>). It is hoped that this draft will eventually be published as an RFC which can be implemented by other registries and registrars.

CentralNic's system implements this extension and will support the most recent version of the draft during the initial launch of the TLD. Once the TLD enters General Availability, this extension will no longer be available for use by registrars. Example frames describing the use of this extension are included in Appendix 25.2.

If and when this extension is published as an RFC, CentralNic will update the implementation so that it is compliant with the final specification

##### 25.4.4. IDN Extension

The IDN extension allows registrars to specify the IDN table associated with an IDN domain at the point of registration. It also extends the <domain:info> response to return the IDN table associated with an IDN domain. This extension is specified at <http://tools.ietf.org/html/draft-obispo-epp-idn>.

If and when this extension is published as an RFC, CentralNic will update the implementation so that it is compliant with the final specification.

#### 25.4.5. Fee Extension

This extension allows registrars to query for the fees charged by the registry for certain transactions. The server response provides a hint as to the fees charged to the registrar for the requested action. The extension extends the "check" command frame to include a currency, action (ie create, renew, transfer, restore) and period for a given transaction (in addition to the object specified in the main request). The response frame is extended to include the fee associated with the requested transaction.

This extension is specified at the following URL, which includes example request and response frames, and an EPP schema: <http://tools.ietf.org/html/draft-brown-epp-fees>

CentralNic's implementation will be updated as the specification develops and will be finalized upon publication of the RFC.

#### 25.5. Registrar Credentials and Access Control

Registrars are issued with a username (their registrar ID) and a password. This password cannot be used to access any other service and only this password can be used to access the EPP system. Registrar officers with the "Management" access level can change their EPP password via the Registrar Console.

RFC 5730 (<http://tools.ietf.org/html/rfc5730>) requires "mutual, strong client-server authentication". CentralNic requires that all registrars connect using an SSL certificate. This certificate may be obtained from a recognised certificate authority, or it may be a self-signed certificate registered with CentralNic via the Registrar Console. Registrar officers with the "Management" access level can upload SSL certificates for their account.

#### 25.6. Session Limits and Transaction Volumes

There are no limits on the number of active sessions a registrar can maintain with the server. Similarly, there are no limits on the volume of transactions a registrar may send. However the system is fully capable of imposing connection limits and this measure may be used in future to ensure equal access amongst registrars.

#### 25.7. Transaction Logging and Reporting

All "transform" commands are logged. Transform commands are: <create>, <renew>, <update>, <delete> and <transfer>. The system logs the time and date when the command was received, the registrar which submitted it, the request and response frames, the result code and message. All commands, whether successful or not, are logged.

The transaction log is stored in the primary registry database. Registrars have access to the log for their account via the Registrar Console. The log viewer permits filtering by command, object type, object ID (domain, host name, contact ID), result code and timestamp.

Query commands (<check>, <info>, <poll op="req">) and session commands (<login>, <logout> and <hello>) are not logged due to the large volume of such queries (particularly <check> queries). The EPP system uses counters for these commands to facilitate generation of monthly reports.

## 25.8. EPP Message Queue

The EPP protocol provides a message queue to provide registrars with notifications for out-of-band events. CentralNic currently supports the following EPP message notifications:

\*approved inbound transfer

\*rejected inbound transfer

\*new outbound transfer

\*cancelled outbound transfer

\*approved or rejected domain registration request (where TLD policy requires out-of-band approval of <domain:create> requests)

## 25.9. Registrar Support, Software Toolkit

CentralNic has supported EPP for many years. CentralNic has released a number of open source client libraries for several popular programming languages. These are used by registrars and registries around the world. CentralNic maintains the following open source EPP libraries:

\*Net::EPP, a general purpose EPP library for Perl. See <http://code.google.com/p/perl-net-epp/>

\*Preppi, a graphical EPP client written in Perl. See <https://www.centralnic.com/company/labs/preppi>

\*Net\_EPP, a PHP client class for EPP. See <https://github.com/centralnic/php-epp>

\*Simpleepp, a Python client class for EPP. See <https://bitbucket.org/milosn/simpleepp>

\*tx-epp-proxy, a EPP reverse proxy for shared-nothing client architectures written in Python.

See <https://bitbucket.org/milosn/tx-epp-proxy>

These libraries are available for anyone to use, at no cost. CentralNic develops these libraries, and accepts submissions and bug reports from users around the world.

#### 25.10. Quality Assurance, RFC Compliance

To ensure that its EPP system fully complies with the relevant specifications documents, CentralNic has implemented the following:

##### 25.10.1. Schema Validation

The EPP system automatically validates all response frames against the XSD schema definitions provided in the RFCs. Should a non-validating response be sent to a registrar, an alert is raised with the NOC to be investigated and corrected. By default, this feature is disabled in the production environment but it is enabled in all other environments (as described below).

##### 25.10.2. Multi-stage Deployment and Testing

EPP system code is developed, tested and deployed in a multi-stage environment:

1. Developers maintain their own development environment in which new code is written and changes are prepared. Development environments are configured with the highest level of debugging and strictness to provide early detection of faults.
2. All changes to the EPP system are subjected to peer review: other developers in the team must review, test and sign off the changes before being committed (or, if developed on a branch, being merged into the stable branch).
3. Changes to EPP system code are then deployed in the OT&E environment. Registrars continually test this system as part of their own QA processes, and this additional phase provides an additional level of quality assurance.

##### 25.10.3. Registrar Feedback

Registrars are provided with an easy way to report issues with the EPP system, and many perform schema validation on the responses they receive. When issues are detected by registrars, they are encouraged to submit bug reports so that developers can rectify the issues.

#### 25.11. EPP System Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to more than one full-time person.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

This completes our answer to Q25

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## 26. Whois: describe

- how the applicant will comply with Whois specifications for data objects, bulk access, and lookups as defined in Specifications 4 and 10 to the Registry Agreement;
- how the Applicant's Whois service will comply with RFC 3912; and
- resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

A complete answer should include, but is not limited to:

- A high-level Whois system description;
- Relevant network diagram(s);
- IT and infrastructure resources (e.g., servers, switches, routers and other components);
- Description of interconnectivity with other registry systems; and

Frequency of synchronization between servers.

To be eligible for a score of 2, answers must also include:

- Provision for Searchable Whois capabilities; and



- A description of potential forms of abuse of this feature, how these risks will be mitigated, and the basis for these descriptions

A complete answer is expected to be no more than 5 pages.

Except where specified this answer refers to the operations of DotWebsite Inc.'s outsource Registry Service Provider, CentralNic.

Whois is one of the oldest Internet protocols still in use. It allows interested persons to retrieve information relating to Internet resources (domain names and IP addresses). Whois services are operated by the registries of these resources, namely TLD registries and RIRs.

Whois is described by RFC 3912 (<http://tools.ietf.org/html/rfc3912>), which serves as a description of existing systems rather than requiring specific behaviours from clients and servers. The protocol is a query-response protocol, in which both the query and the response are opaque to the protocol, and their meanings are known only the server and to the human user who submits a query. Whois has a number of limitations, but remains ubiquitous as a means for obtaining information about name and number resources.

#### 26.1. Compliance

The Whois service for the TLD will comply with RFC3912 and Specifications 4 and 10 of the New gTLD Registry Agreement. The service will be provided to the general public at no cost. If ICANN specify alternative formats and protocols (such as RDAP) then CentralNic will implement these as soon as reasonably practicable.

CentralNic will monitor its Whois system to confirm compliance. Monitoring stations will check the behaviour and response of the Whois service to ensure the correctness of Whois records. CentralNic will maintain a public Whois contact to which bug reports and other questions about the Whois service can be directed.

#### 26.2. Domain Name

By default, any query is assumed to be a domain name unless a keyword is prepended to the query. If the domain exists, then registration is returned, including the following fields:

\*Domain ROID

\*Domain Name

\*Domain U-label (if IDN)

\*Creation Date

\*Last Updated

\*Expiration Date

\*EPP status codes

\*Registrant Contact Information

\*Administrative Contact Information

\*Technical Contact Information

\*Billing Contact Information (if any)

\*Sponsoring Registrar ID

\*Sponsoring Registrar Contact Information

\*DNS servers (if any)

\*DNSSEC records (if any)

An example of a domain whois response is included in Appendix 26.1. The Domain ROID is the Repository Object Identifier as described in RFC 5730 (<http://tools.ietf.org/html/rfc5730>), Q2.8. The ROID field corresponds to the <domain:roid> element of EPP <info> responses.

A domain may be associated with one or more status codes. These are represented in Whois responses as phrases rather than EPP mnemonics. A domain may have any of the following status codes:

\*PENDING CREATE - a <domain:create> command has been received through the SRS, but the registration has not yet been finalised as an out-of-band review process has not yet been completed.

\*ADD PERIOD - the domain is in the Add Grace Period

\*CLIENT HOLD - the registrar has added the clientHold status

\*DELETE PROHIBITED - this may be present if the domain has either clientDeleteProhibited or serverDeleteProhibited (or both)

\*INACTIVE - the domain has no DNS servers

\*PENDING DELETE - the domain has left the Redemption Grace Period and is scheduled for deletion

\*PENDING DELETE RESTORABLE - the domain is in the Redemption Grace Period

\*PENDING RESTORE - a restore request has been received, but the Restore Report has not been received

\*PENDING TRANSFER - there is an active inter-registrar transfer for the domain

\*RENEW PERIOD - the domain is either in the Renew Grace Period or the Auto-Renew Grace Period

\*RENEW PROHIBITED - this may be present if the domain has either clientRenewProhibited or serverRenewProhibited (or both)

\*SERVER HOLD - the registry has added the serverHold status

\*TRANSFER PERIOD - the domain is in the Transfer Grace Period

\*TRANSFER PROHIBITED - this may be present if the domain has either clientTransferProhibited or serverTransferProhibited (or both)

\*UPDATE PROHIBITED - this may be present if the domain has either clientUpdateProhibited or serverUpdateProhibited (or both)

\*OK - present if none of the above apply.

The Registrant, Administrative, Technical and Billing Contact sections of the Whois record display the contact information for the contact objects that are associated with the domain. The information displayed replicates the information showed for a contact query (see below). The server shows similar information for the sponsoring registrar.

Domains may have 0-13 DNS servers. If a domain name has no DNS servers, then the "INACTIVE" status code appears in the Status section. If the registrant provided DS records for their DNSSEC-signed domain, then these are included. For each DS record, then the key tag, algorithm, digest type and digest are displayed.

### 26.3. Contact

Users can query for information about a contact by submitting a query of the form "contact [ID]", where "[ID]" is the contact ID equivalent to the <contact:id> element in EPP <info> responses. This is also the ID used when referring to contacts in domain responses.

The following information is included in Dcontact records:

\*Contact ID

\*Sponsoring Registrar

\*Creation Date

\*Last Updated Date

\*EPP Status Codes

\*Contact Name

\*Organisation

\*Street Address (1-3 fields)

\*City

\*State/Province

\*Postcode

\*Country Code (2 character ISO-3166 code)

\*Phone number (e164a format)

\*Fax number (e164a format)

\*Email address

An example of a contact object whois response is included in Appendix 26.2. A contact object may be associated with one or more status codes. These are represented in Whois responses as phrases rather than EPP code mnemonics. A contact object may have any of the following status codes:

\*DELETE PROHIBITED - present if the contact object has either `clientDeleteProhibited` or `serverDeleteProhibited` (or both)

\*TRANSFER PROHIBITED - present if the contact object has either `clientTransferProhibited` or `serverTransferProhibited` (or both)

\*UPDATE PROHIBITED - present if the contact object has either `clientUpdateProhibited` or `serverUpdateProhibited` (or both)

\*PENDING TRANSFER - there is an active inter-registrar transfer for the contact object

\*LINKED - the contact object is associated with one or more domain names. A LINKED contact object automatically has the DELETE PROHIBITED status

#### 26.4. Host Objects

Users can query for information about a host object by submitting a query of the form "nameserver [HOST]". The following information is included in host records:

\*Server Name

\*IPv4 address (if any)

\*IPv6 address (if any)

\*EPP status codes

\*Sponsoring Registrar

\*Creation Date

\*Referral URL (if any)

\*An example of a host whois response is included in Appendix 26.3. A host object may have an IPv4 or IPv6 address if the host is "in-bailiwick", ie subordinate to a domain name within a TLD operated by the registry. IP address information is not shown for "out-of-bailiwick" hosts.

Host objects may only have two status codes:

\*INACTIVE - the host is not associated with any domain names

\*LINKED - the host is associated with one or more domain names

The Referral URL is the website of the Sponsoring Registrar for this host. If the host is subordinate to a domain name in the TLD, this will be the sponsoring registrar of the parent name. If the host is out-of-bailiwick, then the sponsoring registrar is the registrar who issued the original <create> request.

## 26.5. Character Encoding

Responses are encoded as UTF-8. Queries are assumed to be encoded in UTF-8.

## 26.6. IDN Support

The Whois service supports Internationalised Domain Names. Users may submit queries for IDN domains using either the U-label or the A-label.

## 26.7. Bulk Access

CentralNic will provide up-to-date registration data to ICANN on a weekly basis (the day to be designated by ICANN). CentralNic will provide the following data for all registered domain names: domain name, repository object id (roid), registrar id (IANA ID), statuses, last updated date, creation date, expiration date, and name server names. For sponsoring registrars it will provide:

registrar name, registrar repository object id (roid), hostname of registrar Whois server, and URL of registrar. Data will be provided in the format specified in Specification 2 for Data Escrow (including encryption, signing, etc.) but including only the fields mentioned in the above.

At ICANN's request, CentralNic will provide ICANN with up-to-date data for the domain names of de-accredited registrar to facilitate a bulk transfer. The data will be provided in the format specified in Specification 2 for Data Escrow. The file will only contain data related to the domain names of the losing registrar. CentralNic will provide the data within 2 business days.

## 26.8. Load Projections

As described in Q31, CentralNic's existing Whois system receives an average of 0.36 queries per day for each domain name in the registry, including misses for non-existent objects as well as hits.

The number of daily queries per domain for each existing gTLD was calculated using figures for the month of November 2011 published by ICANN. This analysis may be found in Appendix 26.6. It shows little correlation between the number of domains in the TLD and the number of queries that each domain receives. Smaller gTLDs such as .aero and .museum receive more queries per domain than larger gTLDs, but .jobs (which is much larger than either .aero or .museum) received more queries per domain than either. It should be noted that the high volumes observed for .XXX are very likely due to activities surrounding the Landrush and initial launch of that TLD.

CentralNic believes that the query rate observed for its own registry system is mainly affected by its efforts to deter abuse, and outreach to registrars, who often use whois to perform availability checks, to encourage them to EPP instead. CentralNic believes this query rate will also apply for the TLD. A projection of query load for the Whois system for the first 24 months of operation can be found in Appendix 26.4. This model also includes data transit rates and bandwidth projections for the same period. As can be seen, the data and bandwidth requirements are relatively small compared to those for the Shared Registry System and authoritative DNS.

## 26.9. Technical Implementation

A diagram describing the infrastructure supporting the Whois service may be found in Figure 26.1. During normal operations, the Whois service is operated at the primary operations centre in London. During failover conditions, it is operated at the Disaster Recovery site in the Isle of Man (see Q34).

Queries pass through the firewalls to one of two front-end load balancers. Round-robin DNS distributes queries between the devices. Load balancers are configured in High Availability mode so that if one a server fails, the other will resume service on its IP address until the server can be restored. Queries are distributed to backend application servers via weighted least connections algorithm.

### 26.9.1. Application Server Architecture

Application servers are built on commodity hardware running CentOS. The service is provided using the mod\_whoisng Apache module (see <https://www.centralnic.com/registry/labs/mod-whois>) which

causes Apache to listen on port 43 and accept queries, which are then handled using a PHP script, which generates and returns the response.

### 26.9.2. Caching

Application servers use caching to reduce database load. Subsequent identical queries are returned a cached record until the cache expires, after which a new record is generated. Records are currently cached for 600 seconds (ten minutes), so if a domain is updated immediately after its Whois record has been cached, the updated record will be visible after ten minutes. This compares favourably to the 60 minute requirement in the gTLD Service Level Agreement. Records are cached in a shared Memcached server. Memcached is a high-performance caching server used by some of the largest sites in the world, including Wikipedia, Flickr, Wordpress.com and Craigslist.

### 26.9.2. Database

The Whois service draws data directly from the primary database. The query volume required to sustain the Whois service is comparable to that of a modest web application such as a small e-commerce site, and as a result a dedicated database for the Whois system is not required. As can be seen in Figure 26.1, a separate logging database is used to aggregate log data for use with the rate limiting system.

### 26.10. Web based Whois Service

CentralNic provides a web interface to the Whois service on its website. In addition, DotWebsite Inc. will provide a similar service on the TLD registry website. The web Whois acts as a proxy to the port 43 Whois service: users enter a query into a form, and a server-side process submits the query to the Whois server, and displays the response. This service will not be subjected to the rate limiting described above, but users will be required to complete a CAPTCHA to prevent high-volume automated access.

### 26.11. Anti-Abuse Mechanisms

CentralNic has implemented measures to mitigate the threat of abuse of the Whois service. The primary threat to the Whois service are so-called "dictionary" attacks, where an attacker attempts to enumerate the database by flooding the server with queries for domains taken from a precompiled list: as zone files are easy to obtain, this presents a threat to the privacy of contact information in the registry database. The information harvested can be used to compile email databases for spamming, or to send domain renewal scam letters, for example.

The Whois service implements rate-limiting to impede dictionary attacks. For each query, a counter associated with the client IP address is incremented. For subsequent queries, this counter

determines the number of queries received within the previous hour. If the number of queries exceeds a pre-set maximum (currently 240 queries per hour), then the server returns an error, warning the user that they have exceeded the permitted query rate. If the user stops sending queries, then eventually the query rate will drop below the limit, and subsequent queries will be permitted. If the user continues to send queries, and the query rate exceeds the limit by a further 25% (300 queries per hour), then the IP address is permanently blocked. For queries over IPv6 (where an attacker might have access to billions of IP addresses), the enclosing /48 will be blocked.

Experience indicates that is an effective mechanism for preventing abuse of the Whois. The rate limit has been tuned to ensure that legitimate uses of the Whois are allowed, but abusive use of the whois is restricted to levels which are unappealing for attackers.

CentralNic keeps a "white list" of IP addresses used by legitimate users of the Whois service, including law enforcement agencies and other research and anti-abuse entities. Registrar access lists are also incorporated into the white list, and IP addresses registered on ICANN's RADAR system will also be included. Queries from IP addresses that appear on the white list are not rate-limited. Interested parties can request addition to the white list by contacting CentralNic's public customer service team.

The web-based Whois does not implement rate-limiting, but users of this service must complete a CAPTCHA to access Whois records.

#### 26.11.1. Denial-of-Service attacks

The rate-limiting system in place provides protection against DoS and DDoS attacks, as any host that attempts to flood the Whois service with queries will be quickly blocked. However, a DDoS attack could still saturate upstream links requiring filtering at the edges of CentralNic's network, as well as their upstream providers. Continuous surveillance and monitoring of the Whois system (see Q42) proactively detects these threats. As the Whois service directly queries the primary SRS database, CentralNic rate-limits on the database backend to prevent an attack against the Whois service from disrupting the SRS.

#### 26.12. Monitoring and Logging

Remote monitoring is used to verify the availability of the service and to record the round-trip times for different queries (warm hit, warm miss). Local monitoring records query volumes.

#### 26.13. Resourcing

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to almost one full-time person (83%).

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on



the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

The Abuse and Compliance functions will be outsourced to the Abuse and Compliance team (20 staff) of the Directi Group.

The Directi Group and CentralNic teams provide abuse monitoring detection mechanisms to block data mining. Additionally the support team in conjunction with both the Compliance teams administer requests for listing on the Whitelist.

A detailed list of the Abuse and Compliance desk of Directi is provided in Q28. The Directi Group is protected against loss of staff due to its scale of operations. This is described in further detail in Q39

This completes our answers to Q26.

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27. Registration Life Cycle: provide a detailed description of the proposed registration lifecycle for domain names in the proposed gTLD. The description must:

- explain the various registration states as well as the criteria and procedures that are used to change state;
- describe the typical registration lifecycle of create/update/delete and all intervening steps such as pending, locked, expired, and transferred that may apply;
- clearly explain any time elements that are involved - for instance details of add-grace or redemption grace periods, or notice periods for renewals or transfers; and
- describe resourcing plans for this aspect of the criteria (number and description of personnel roles allocated to this area).

The description of the registration lifecycle should be supplemented by the inclusion of a state diagram, which captures definitions, explanations of trigger points, and transitions from state to state.

If applicable, provide definitions for aspects of the registration lifecycle that are not covered by standard EPP RFCs.

A complete answer is expected to be no more than 5 pages.

Except where specified this answer refers to the operations of DotWebsite Inc.'s outsource Registry Service Provider, CentralNic.

The lifecycle of a domain in the registry is described in Figure 27.1, and closely follows that of domain names in existing gTLD registries. The lifecycle is described below.

#### 27.1. Available

The domain is not registered. No delegation (or any other records) exist in the DNS, and the whois system will return a "NOT FOUND" response to queries. An EPP <check> command will return an "avail" status of 1.

#### 27.2. Registered

A registrar submits an EPP <create> command or registers the domain name via the Registrar Console. The registration fee is deducted from the registrar's balance. The initial registration period may be any whole number of years between one (1) and ten (10).

For five (5) calendar days after the registration of the domain, the registrar can delete the domain and receive a credit for the registration fee (subject to the Add Grace Period Limits Policy).

While the domain is registered, it is delegated to the specified name servers and will resolve normally. During this time, the registrar may update the domain name's DNS settings, lock statuses and contact associations, and may extend the registration period (subject to a maximum of ten (10) years) by submitting a <renew> EPP command or using the Registrar Console.

The domain may also be transferred to a different sponsoring registrar. Upon such transfer the domain name is automatically renewed for one year.

#### 27.3. Expired

When the expiry date is reached, the domain name is automatically renewed for a period of one year, and the renewal fee is deducted from the registrar's account.

For forty-five (45) days after the auto-renewal (Auto-Renew Grace Period), the registrar can delete the domain and receive a credit for the renewal fee.

#### 27.4. Redemption Grace Period

Should the registrar delete the domain, the domain enters the Redemption Grace Period. During this period, the domain name will no longer resolve as all delegation information is removed from the TLD zone.

For the first thirty (30) days after receipt of the delete request, the domain is in the "Pending Delete Restorable" state. During this time, the registrar may submit an RGP restore request via EPP or the Registrar Console. The domain is then placed into the "Pending Restore" state.

The registrar must then submit an RGP Restore Report detailing the reason why the restore request has been submitted. If the Restore Report is received within five (5) calendar days of the original restore request, then the domain is restored. However, if the Restore Report is not received within this period, then the domain falls back into the "Pending Delete Restorable" state.

## 27.5. Redemption Period State Diagram

Figure 27.2 describes the state diagram for domain names in the Redemption Grace Period. This diagram is taken from RFC 3915 (<http://tools.ietf.org/html/rfc3915>).

## 27.6. Pending Delete

Forty (40) days after the receipt of the delete request, the domain leaves the "Pending Delete Restorable" and enters the "Pending Delete" status. The registrar cannot submit a Restore Request during this period.

## 27.7. Released

Five (5) days after the domain enters the "Pending Delete" status the domain name is purged from the database and is once again available for registration.

## 27.8. Other Grace Periods

The registry also implements the following grace periods. In general, these grace periods allow registrars to delete domain names following billable transactions and receive a refund.

### 27.8.1. Add Grace Period

As described above, the Add Grace Period (AGP) is the five (5) calendar days following the initial registration of the domain.

### 27.8.2. Auto-renew Grace Period

As described above, the Auto-renew Grace Period is the forty five (45) calendar days following the auto-renewal of the domain.

#### 27.8.3. Renew Grace Period

The Renew Grace Period is the five (5) calendar days following the renewal of the domain via an EPP <renew> command, or via the Registrar Console.

#### 27.8.4. Transfer Grace Period

The Transfer Grace Period is the five (5) calendar days following the successful completion of an inter-registrar transfer.

### 27.9. Hold Periods

The registry implements the following hold periods:

#### 27.9.1. Registration Hold Period

The Registration Hold Period forbids inter-registrar transfers of domain names within sixty (60) days of initial registration.

#### 27.9.2. Transfer Hold Period

The Transfer Hold Period forbids transfers of domain names within sixty (60) days of a previous inter-registrar transfer. This Hold Period does not affect disputed transfers that are undone by the registry following the outcome of a Transfer Dispute Resolution process.

### 27.10. Lock Statuses

The registry system permits the following lock statuses for domain names:

#### 27.10.1. clientHold

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. Domains with this status are removed from the DNS and will not resolve.

#### 27.10.2. clientDeleteProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to delete the domain using an EPP <delete> command will be refused with EPP response code 2304 (Status Prohibits Operation). Registrars must remove the code using an EPP <update> command before they can delete the domain.

#### 27.10.3. clientRenewProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to renew the domain using an EPP <renew> command will be refused with EPP response code 2304 (Status Prohibits Operation). Registrars must remove the code using an EPP <update> command before they can renew the domain.

#### 27.10.4. clientUpdateProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by the registrar to update the domain using an EPP <update> command will be refused with EPP response code 2304 (Status Prohibits Operation), unless the <update> request frame includes a <rem> element to remove this status. Once the status has been removed, subsequent <update> commands will succeed.

#### 27.10.5. clientTransferProhibited

This status may be set by registrars using an EPP <update> command, or via the Registrar Console. When set, all attempts by other registrars to submit a transfer request for the the domain using an EPP <transfer> command, or via the Registrar Console, will be refused with EPP response code 2304 (Status Prohibits Operation). The sponsoring registrar must remove this status before any other registrar can submit a transfer request.

#### 27.10.6. serverHold

This status is set by the registry in accordance with policy. It cannot be removed by registrars. Domains with this status are removed from the DNS and will not resolve.

#### 27.10.7. serverDeleteProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to delete the domain using an EPP <delete> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### 27.10.8. serverUpdateProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to update the domain using an EPP <update> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### 27.10.9. serverRenewProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to renew the domain using an EPP <renew> command will be refused with EPP response code 2304 (Status Prohibits Operation).

#### 27.10.10. serverTransferProhibited

This status is set by the registry in accordance with policy. It cannot be removed by registrars. When set, all attempts by the registrar to transfer the domain using an EPP <transfer> command will be refused with EPP response code 2304 (Status Prohibits Operation).

### 27.11. Lifecycle Processing

Domain names move through the lifecycle in one of two ways: in real-time as a result of registrar activity, or during daily billing runs.

Billing runs take place once per day. The billing run performs the following batch jobs:

- \*auto-renewal of expired domains

- \*processing of registration and renewal fees for domains that move outside their grace periods

- \*processing of domains in the RGP state (from restorable to not restorable, checking for missing restore reports, etc)

\*purging of domains scheduled for deletion

The billing runs also perform registrar account management functions such as generation of invoices, sending balance warnings, and generation of internal reports.

#### 27.12. Inter-Registrar Transfer Period

When a transfer request is received, the action date of the transfer is set to five (5) calendar days from the moment of the original request. Successful transfers are approved at the end of this period.

#### 27.13. pendingCreate Status

The Registry system supports the "pendingCreate" status for domain names, as described in RFC 5731 (<http://tools.ietf.org/html/rfc5731>), Q3.3. Domains in this state are fully registered in the database (subsequent <create> commands would fail with an Object Exists error) but are not present in the DNS.

This status is used when a particular TLD implements a policy whereby registration requests are verified by a third party such as a Sponsoring Organisation or Validation Agent. Following out-of-band review of the request, the registration may be approved or denied.

If a request is denied, then the domain is immediately purged from the registry system, and the registrar notified via email and the EPP message queue. The registrar also receives a credit for the registration fee. If approved, then the pendingCreate status is removed from the domain which begins to resolve.

#### 27.14. Resourcing

The domain registration lifecycle is managed through automated backend processes that generally require no human intervention, and real-time business logic implemented in Shared Registry System application code. Operations personnel will be responsible for maintaining and developing the computing infrastructure which supports the lifecycle processing systems. Backend systems are hosted on a flexible virtual infrastructure hosted at the primary operations centre at the Goswell Road Data Centre in London.

The domain registration lifecycle does have customer and registrar support requirements, so a proportion of the time of the Operations Manager, Support Manager and Support Agent has been dedicated to this area. This time primarily relates to dealing with questions and comments from registrars and registrants about the status of their domain names.

As can be seen in the Resourcing Matrix found in Appendix 23.2, CentralNic will maintain a team of full-time developers and engineers which will contribute to the development and maintenance of this aspect of the registry system. These developers and engineers will not work on specific subsystems full-time, but a certain percentage of their time will be dedicated to each area. The total HR resource dedicated to this area is equivalent to 30% of a full time person. Because of the maturity

and stability of this system (which has been in use for more than 16 years), only 5% of time of a technical developer has been allocated to this area.

CentralNic operates a shared registry environment where multiple registry zones (such as CentralNic's domains, the .LA and .PW ccTLDs, this TLD and other gTLDs) share a common infrastructure and resources. Since the TLD will be operated in an identical manner to these other registries, and on the same infrastructure, then the TLD will benefit from an economy of scale with regards to access to CentralNic's resources.

CentralNic's resourcing model assumes that the "dedicated" resourcing required for the TLD (ie, that required to deal with issues related specifically to the TLD and not to general issues with the system as a whole) will be equal to the proportion of the overall registry system that the TLD will use. After three years of operation, the optimistic projection for the TLD states that there will be 260,000 domains in the zone. CentralNic has calculated that, if all its TLD clients are successful in their applications, and all meet their optimistic projections after three years, its registry system will be required to support up to 4.5 million domain names. Therefore the TLD will require 5.78% of the total resources available for this area of the registry system.

In the event that registration volumes exceed this figure, CentralNic will proactively increase the size of the Technical Operations, Technical Development and support teams to ensure that the needs of the TLD are fully met. Revenues from the additional registration volumes will fund the salaries of these new hires. Nevertheless, CentralNic is confident that the staffing outlined above is sufficient to meet the needs of the TLD for at least the first 18 months of operation.

The Abuse and Compliance functions will be outsourced to the Abuse and Compliance team (20 staff) of the Directi Group. The Compliance team outsourced to the Directi Group is responsible for any abuse of the registration policies within .website.

Most manual tasks fall to the Abuse and Compliance teams of the Directi Group, with staff experienced in development of policy for policy rich TLD environments. They have the required legal and industry background to perform this function.

A detailed list of the Abuse and Compliance desk of Directi is provided in Q28. The Directi Group is protected against loss of staff due to its scale of operations. This is described in further detail in Q39.

This completes our answer to Q27.

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28. Abuse Prevention and Mitigation: Applicants should describe the proposed policies and procedures to minimize abusive registrations and other activities that have a negative impact on Internet users. A complete answer should include, but is not limited to:

- An implementation plan to establish and publish on its website a single abuse point of contact responsible for addressing matters requiring expedited attention and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller;
- Policies for handling complaints regarding abuse;
- Proposed measures for removal of orphan glue records for names removed from the zone when provided with evidence in written form that the glue is present in connection with malicious conduct (see Specification 6); and
- Resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).



To be eligible for a score of 2, answers must include measures to promote Whois accuracy as well as measures from one other area as described below.

- Measures to promote Whois accuracy (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to:
  - Authentication of registrant information as complete and accurate at time of registration. Measures to accomplish this could include performing background checks, verifying all contact information of principals mentioned in registration data, reviewing proof of establishment documentation, and other means
  - Regular monitoring of registration data for accuracy and completeness, employing authentication methods, and establishing policies and procedures to address domain names with inaccurate or incomplete Whois data; and
  - If relying on registrars to enforce measures, establishing policies and procedures to ensure compliance, which may include audits, financial incentives, penalties, or other means. Note that the requirements of the RAA will continue to apply to all ICANN-accredited registrars.
- A description of policies and procedures that define malicious or abusive behavior, capture metrics, and establish Service Level Requirements for resolution, including service levels for responding to law enforcement requests. This may include rapid takedown or suspension systems and sharing information regarding malicious or abusive behavior with industry partners;
- Adequate controls to ensure proper access to domain functions (can be undertaken by the registry directly or by registrars via requirements in the Registry-Registrar Agreement (RRA)) may include, but are not limited to:
  - Requiring multi-factor authentication (i.e., strong passwords, tokens, one-time passwords) from registrants to process update, transfers, and deletion requests;
  - Requiring multiple, unique points of contact to request and/or approve update, transfer, and deletion requests; and
  - Requiring the notification of multiple, unique points of contact when a domain has been updated, transferred, or deleted.

A complete answer is expected to be no more than 20 pages.

DotWebsite Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (including ResellerClub.com and BigRock.com) and Web Hosting companies. The Directi Group manages centralized functions for all its businesses. We have outsourced our Abuse and Compliance functions to the Directi Group and our Abuse and Compliance desk will be staffed as a cost center by them.

This response aims to provide a 360 degree perspective on our policies and processes to prevent abusive activities, and ensure swift mitigation when abuse does occur. We have prepared this plan based on over a decade's experience of fighting abuse as a Registrar, learnings through active industry participation, best-practices from existing registry operators and expert inputs from our back-end technical partner CentralNic.

## 1. ABUSE MITIGATION EXPERIENCE AND CAPABILITIES

With over four million active domain names registered through its registrars, Directi has significant experience (over 10 years) of managing domain names and is fully cognizant of the threat that stems from their abuse.

As one of the world's top ten registrars, we equally understand our ability to make a sizable contribution towards curbing internet abuse, and believe that mitigating this threat is one of our foremost responsibilities. By instituting policies, processes and services which go significantly above and beyond our obligation as a registrar, Directi has taken various initiatives to make the Internet a safer ground.

To drive this effort, Directi has a committed function working towards identifying abusive domain names and enforcing its policies. Our Abuse Desk functions 24/7 and takes prompt and effective action (both reactively and proactively) against domains reported or co-networked to be involved in any sort of online abuse. Complaints ranging from phishing, spam, malware perpetration, 419 scams, child pornography, copyright infringement and varied forms of abuse are subject to investigation at our Abuse Desk on a daily basis. The nature of abuse and the types of complaints received are varied in nature and intensity, and are documented in more detail further.

On average we already address, 15000 reported or detected abuse cases per year. Abuse cases are addressed within pre-determined SLAs, and our team is committed to ensure that each incident is resolved satisfactorily. The Directi abuse team has been heralded on many occasions by various security groups, law enforcement organizations and the general anti-abuse community for the manner in which abuse mitigation has been handled by us. Additionally, we have always become highly involved, and continue to remain committed to industry-wide efforts to address organized abuse such as botnets (see below) and large scale phishing attacks, and any other malfeasances.

## 1.1 NOTABLE INSTANCES OF DIRECTI'S SUCCESSFUL ABUSE MITIGATION INITIATIVES

Our abuse mitigation team has developed strong relationships with many security groups and individuals in the abuse mitigation community, with the aim of sharing intelligence and facilitating quick action on abusive domain names. These sources provide us actionable intelligence on domains bought through our registrar. We have also participated in coordinated takedowns with such agencies in the past and are committed to doing so in the future. Please refer to Attachment 'Q28\_Recommendations' which showcases letters from several global agencies including the IRS, commending our work and cooperation on several fronts. Following are some examples of cases where our efforts paid great results in abuse mitigation -

### 1.1.1 MARIPOSA WORKING GROUP

Directi was part of the Mariposa Working Group which was responsible for taking down the largest known botnet network at the time.

(Ref: [http://defintel.com/docs/Mariposa\\_White\\_Paper.pdf](http://defintel.com/docs/Mariposa_White_Paper.pdf))

"Directi is BY FAR THE BEST registrar we have ever worked with at taking down criminal domains in a timely, efficient and professional manner. Your team was absolutely key to the Mariposa Working Group taking down one of the largest Botnets in the history of the Internet. You and your team should be VERY proud of that :)" -- Christopher Davis, Former CEO of Defence Intelligence

#### 1.1.2 IM WORM BOTNET TAKEDOWN COORDINATED BY IID

Since 1996, IID (Internet Identity) has been providing technology and services that secure the Internet presence for an organization and its extended enterprise. It recently introduced a number of unique approaches to secure organizations' use of Internet infrastructure with ActiveTrust® BGP, ActiveTrust DNS, and ActiveTrust Resolver with TrapTrace. Directi worked with IID, acting against problematic domain names and sharing intelligence to take down a notorious botnet that was plaguing the internet for quite some time.

"Thank you for your exceptional coordination with our team and the other providers ... during the simultaneous shutdown. We wanted to follow up with you and let you know that despite the last minute unanticipated scramble, the takedown was a success and the botnet has been shutdown." -- Lauren Lamp, Manager / Service Delivery -internetidentity.com

#### 1.1.3 FAKE PHARMACY TAKEDOWNS COORDINATED BY LEGITSCRIPT

LegitScript is the leading source of information for patients, Internet users, physicians, businesses and other third parties who need to know if an Internet pharmacy is acting in accordance with the law and accepted standards of ethics and safety. LegitScript is identified by the National Association of Boards of Pharmacy as the only Internet pharmacy verification service that adheres to its standards. After affiliating with LegitScript, we have witnessed a steep downfall in fake pharma-related registrations. ResellerClub (referred below) is our wholesale registrar brand.

(Ref:<http://legitscriptblog.com/2009/03/directi-no-safe-haven-for-rogue-internet-pharmacies/>)

"Some registrars claim that they cannot shut down dangerous 'no-prescription-required' and fake online pharmacies. ResellerClub has proven that this is not true. By refusing to profit from dangerous, criminal activity at the expense of Internet users, ResellerClub has established itself as a responsible example for the rest of the

Internet community." John Horton, President, LegitScript.com

We have enclosed a commendation letter from LegitScript in Attachment 'Q28\_Recommendations', which speaks of our leadership in fighting fake and rouge pharmacies.

#### 1.1.4 419 FEEDBACK LOOP WITH ARTISTS AGAINST 419 (AA419.ORG)

An honorary member of the APWG (Anti-Phishing Working Group), Artists Against 419 is a premier organization with expertise in identifying, cataloging, and terminating fraud sites. Our tie-up with them has been greatly successful in eliminating fraudulent registrations within our portfolio. (Ref: <http://blog.aa419.org/?p=134>)

"Many registrars do respond to abuse reports and take action against them. However none do it as quickly and efficiently as Directi. If all registrars and hosters take this approach, it might then be possible to reduce internet fraud." -- aa419.org

We have enclosed a letter from Artists Against 419 in Attachment 'Q28\_Recommendations', commending the speed and impact of our proactive abuse mitigation activities.

## 2. PROPOSED ABUSE POLICY FOR .WEBSITE

We have fully adopted the definition of abuse developed by the Registration Abuse Policies Working Group (Registration Abuse Policies Working Group Final Report 2010).

Our abuse policies described in this section apply to initial and ongoing domain registrations, ie any domain name must comply with these policies during registration and throughout its tenure.

Abusive behaviour in a TLD may relate can be categorized into:

## 2.1. REGISTRATION POLICY VIOLATIONS

.Website adopts certain Registration policies and any violations of these policies would be treated as an Abuse.

### 2.1.1. SUNRISE POLICY VIOLATION

.Website will have a sunrise period as described in the response to Question 29. Our sunrise policy will have an overarching goal to protect interests of IP holders globally, and be based on best practices seen in previous TLD launches. We will implement the Trademark Claim Service and partner with experienced service providers to run the TM verification, Sunrise Challenge and Auction processes. All Sunrise domain names will be validated before they are activated. Hence the possibility of a Sunrise policy violation is low. However the Sunrise process provides for a Sunrise Dispute Resolution Policy, and any disputes that fall within its scope will be referred to the Sunrise Dispute Resolution provider. If the abuse desk receives any complaints concerning a sunrise domain which violates the Sunrise eligibility policy the abuse desk will direct the complainant to the Sunrise Dispute Resolution provider

### 2.1.2. WHOIS INACCURACY

.Website requires Whois accuracy as per its contracts. Any domain name with inaccurate whois information will be deemed to be in violation of its contract and hence will be deemed as an abuse and handled in the manner described ahead.

### 2.1.3. TRADEMARK INFRINGEMENT VIOLATION AND UDRP

.Website requires registrants to abide by UDRP. If the abuse desk receives any complaints concerning a domain name which infringes upon the trademark right of a 3rd party, the abuse desk will direct the complainant to the Uniform Dispute Resolution provider.

All names registered under .Website will be subject to the UDRP and URS processes. We believe that URS will deter cybersquatting, and some malicious activities that illegitimately use brand names. We will seek to expeditiously process all URS cases, and are already equipped with mature processes and tracking systems to manage and keep track of all cases.

The URS process will be run by our compliance team, who has significant experience in processing UDRP complaints for our Registrar businesses.

While Registrars will be responsible for processing all UDRP cases related to the .Website, we will reserve the right to act on their behalf when necessary, and process all court orders that are directed to us.

## 2.2. ACCEPTABLE USAGE RELATED VIOLATIONS

.Website adopts certain Content and Acceptable usage policies and any violations of these would be treated as an Abuse. The following are deemed as violations of our content and acceptable usage policy

### 2.2.1. Intellectual property, Trademark, Copyright, and Patent violations, including piracy

Intellectual property (IP) is a term referring to a number of distinct types of creations of the mind for which a set of exclusive rights are recognized—and the corresponding fields of law. Under intellectual property law, owners are granted certain exclusive rights to a variety of intangible assets, such as musical, literary, and artistic works; discoveries and inventions; and words, phrases, symbols, and designs. Common types of intellectual property rights include copyrights, trademarks, patents, industrial design rights and trade secrets in recognized jurisdictions. Any act resulting in theft, misuse, misrepresentation or any other harmful act by any individual or a company is categorized as Intellectual Property violation.

### 2.2.2. SPAMMING

The use of electronic messaging systems to send unsolicited bulk messages. The term applies to

e-mail spam and similar abuses such as instant messaging spam, mobile messaging spam, and the spamming of Web sites and Internet forums. Unsolicited emails advertising legitimate and illegitimate products, services, and/or charitable requests and requests for assistance are also considered as spam.

### 2.2.3. PHISHING (and various forms of identity theft)

Fraudulent web services and applications meant to represent/confuse or mislead internet users into believing they represent services or products for nefarious purposes, such as illegally gaining login credentials to actual legitimate services.

### 2.2.4. PHARMING AND DNS HIJACKING

Redirection of DNS traffic from legitimate and intended destinations, by compromising the integrity of the relevant DNS systems. This leads unsuspecting Internet users to fraudulent web services and applications for nefarious purposes, such as illegally gaining login credentials to actual legitimate services.

### 2.2.5. DISTRIBUTION OF VIRUSES OR MALWARE

Most typically the result of a security compromised web service where the perpetrator has installed a virus or "malevolent" piece of software meant to infect computers attempting to use the web service in turn. Infected computers are then security compromised for various nefarious purposes such as gaining stored security credentials or personal identity information such as credit card data. Additionally compromised computers can sometimes be remotely controlled to inflict harm on other internet services (see botnet below).

### 2.2.6. CHILD PORNOGRAPHY

Child pornography refers to images or films (also known as child abuse images) and, in some cases, writings depicting sexually explicit activities involving a minor.

### 2.2.7. USING FAST FLUX TECHNIQUES

A methodology for hiding multiple source computers delivering malware, phishing or other harmful services behind a single domain hostname, by rapidly rotating associated IP addresses of the sources computers through related rapid DNS changes. This is typically done at DNS zones delegated below the level of a TLD DNS zone.

#### 2.2.8. RUNNING BOTNET COMMAND AND CONTROL OPERATIONS

A Botnet is a significant coordinated net of compromised (sometimes tens of thousands) computers running software services to enact various forms of harm - ranging from unsanctioned spam to placing undue transaction traffic on valid computer services such as DNS or web services. Command and control refers to a smaller number of computers that issue/distribute subsequent commands to the Botnet. Compromised botnet computers will periodically check in with a command and control computer that hides behind a list of date triggered, rotating domain registrations, which are pre-loaded in the compromised computer during its last check-in.

Registries play a key role in breaking this cycle of pre-determined domain registrations by deactivating said registrations prior to the compromised computers being able to use them to contact the command and control computer. Successful intervention results in the botnet losing contact with their command and control computers, leaving them inactive and reducing potential harms.

#### 2.2.9. HACKING

Hacking constitutes illegally accessing computers, accounts, or networks belonging to another party, or attempting to penetrate security measures of other individuals. Also includes any activity that might be used as a precursor to an attempted system penetration.

#### 2.2.10. FINANCIAL AND OTHER CONFIDENCE SCAMS

Financial scams, including but not limited to the cases defined below, are operated by fraudsters to lure investors into fraudulent money making schemes. Prominent examples that will be treated as abusive are -



1. Ponzi Schemes. A Ponzi scheme is essentially an investment fraud wherein the operator promises high financial returns or dividends that are not available through traditional investments. Instead of investing victims' funds, the operator pays "dividends" to initial investors using the principle amounts "invested" by subsequent investors. The scheme generally falls apart when the operator flees with all of the proceeds, or when a sufficient number of new investors cannot be found to allow the continued payment of "dividends."

2. Money Laundering. Money laundering, the metaphorical "cleaning of money" with regard to appearances in law, is the practice of engaging in specific financial transactions in order to conceal the identity, source, and/or destination of money, and is a main operation of the underground economy.

3.419 Scams. "419" scam (aka "Nigeria scam" or "West African" scam) is a type of fraud named after an article of the Nigerian penal code under which it is prosecuted. It is also known as "Advance Fee Fraud". The scam format is to get the victim to send cash (or other items of value) upfront by promising them a large amount of money that they would receive later if they cooperate.

#### 2.2.11. ILLEGAL PHARMACEUTICAL DISTRIBUTION

Distribution and promotion of drugs, locally within a nation or overseas, without prescription and appropriate licenses as required in the country of distribution are termed illegal.

#### 2.2.12. OTHER VIOLATIONS

Other violations that will be expressly prohibited under the .Website include

- \* Network attacks
- \* Violation of applicable laws, government rules and other usage policies

### 3. PROCEDURES TO MINIMIZE ABUSIVE REGISTRATIONS

#### 3.1. BUILDING A ZERO-TOLERANCE REPUTATION

Our Anti-Abuse Policy will put Registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for

abusive purposes. The policy will be made easily accessible on the Abuse page of our Registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

Directi has vast experience in minimizing abusive registrations. Our zero tolerance procedures and aggressive proactive takedown measures as a Domain Registrar have resulted in a white-hat reputation discouraging abusive registrations to begin with. We intend on following the same approach with respect to Registry operations for .Website. Our proactive abuse procedures are geared towards building a reputation that discourages miscreants and malicious intent. Once it is known that abusive registrations and registrations in violation of our policies are suspended rapidly, both abusive registrations and abusive behavior will be discouraged.

Our Abuse policies described in section 2 above apply to new and ongoing registrations.

### 3.2. BUILDING AWARENESS OF OUR ANTI-ABUSE POLICY

The Abuse Policy will be published on the abuse page of our Registry website which will be accessible and have clear links from the home page. The abuse page of our Registry website will emphasise and evidence our commitment to combating abusive registrations by clearly identifying what our policy on abuse is and what effect our implementation of the policy may have on registrants. We anticipate that the clear message, which communicates our commitment to combating abusive registrations, will further serve to minimise abusive registrations in our TLD.

### 3.3. ICANN PRESCRIBED MEASURES

In accordance with our obligations as a Registry Operator we will comply with all requirements in the 'gTLD Applicant Guidebook'. In particular, we will comply with the following measures prescribed by ICANN which serve to mitigate the potential for abuse in the TLD:

\* DNSSEC deployment, which reduces the opportunity for pharming and other man-in-the-middle attacks. We will encourage registrars and Internet Service Providers to deploy DNSSEC capable resolvers in addition to encouraging DNS hosting providers to deploy DNSSEC in an easy to use manner in order to facilitate deployment by registrants. DNSSEC deployment is further discussed in the context of our response to Question 43;

\* Prohibition on Wild Carding as required by section 2.2 of specification 6 of the Registry Agreement

\* Removal of Orphan Glue records: ICANN requires a policy and procedure to take action to remove orphan glue records from the zone when provided with evidence that the glue is indeed present and aiding malicious conduct.

CentralNic's registry system includes effective measures to prevent the abuse of orphan glue records.

Firstly, the Shared Registry System will reject any request to create host object that is the child of a non-existent domain name. That is, if EXAMPLE.WEBSITE does not exist, then NS0.EXAMPLE.WEBSITE cannot be created.

If the parent domain name does exist, then only the sponsoring registrar of that domain is permitted to create child host objects.

CentralNic's registry system currently follows the third model described in the SAC 048 report: orphan glue records are deleted from the registry and removed from the DNS when the parent domain name is deleted. If other domains in the database are delegated to orphan hosts that are removed, then the delegation is also removed from these domains.

The removal of glue records upon removal of the delegation point NS record mitigates the potential for use of orphan glue records in an abusive manner

#### 3.4. REGISTRANT DISQUALIFICATION

Abusive domain registration has historically attracted a small number of individuals and organisations that engage in high volume registrations, driven by the marginal profitability of individual abusive registrations. As specified in our Anti-Abuse Policy, we reserve the right to deny registration of a domain name to a Registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

Registrants, their agents or affiliates found through the application of our Anti-Abuse Policy to have repeatedly engaged in abusive registration will be disqualified from maintaining any registrations or making future registrations. This will be triggered when our records indicate that a Registrant has had action taken against it an unusual number of times through the application of our Anti-Abuse Policy.

Registrant disqualification provides an additional disincentive for qualified registrants to maintain abusive registrations in that it puts at risk even otherwise non-abusive registrations through the possible loss of all registrations.

In addition, name servers that are found to be associated only with fraudulent registrations will be added to a local blacklist and any existing or new registration that uses such fraudulent NS record will be investigated.

The disqualification of 'bad actors' and the creation of blacklists mitigates the potential for abuse by preventing individuals known to partake in such behaviour from registering domain names.

### 3.5. PROACTIVE DETERMINATION OF POTENTIAL ABUSE

There are several tell-tale signs which are indicative of abusive intent. The following are examples of the data variables will serve as indicators that we will monitor with the help of our registry technical partner.

\* Unusual Domain Name Registration Practices: practices such as registering hundreds of domains at a time, registering domains which are unusually long or complex or include an obvious series of numbers tied to a random word (abuse40, abuse50, abuse60) may when considered as a whole be indicative of abuse

\* An Unusual Number of Changes to the NS record: the use of fast-flux techniques to disguise the location of web sites or other Internet services, to avoid detection and mitigation efforts, or to host illegal activities is considered abusive in the TLD. Fast flux techniques use DNS to frequently change the location on the Internet to which the domain name of an Internet host or name server resolves. As such an unusual number of changes to the NS record may be indicative of the use of fast-flux techniques given that there is little, if any, legitimate need to change the NS record for a domain name more than a few times a month.

\* Results of Monthly Checks: The random monthly checks to promote Whois accuracy (described ahead) are not limited to serving that purpose but may also be used to identify abusive behaviour given the strong correlation between inaccurate Whois data and abuse.

\* Analysis of Cross Validation of Registrant Whois data against Whois Data Known to be Fraudulent.

\* Analysis of Domain Names belonging to Registrant subject to action under the Anti-Abuse policy: in cases where action is taken against a registrant through the application of our Anti-Abuse policy, we will also investigate other domain names by the same registrant (same name, nameserver IP address, email address, postal address etc).

#### 4. PROCEDURES FOR HANDLING COMPLAINTS

##### 4.1 MECHANISMS FOR REPORTING COMPLAINTS

In order to make it easy for security agencies, law enforcement bodies and vigilant users to report incidents of abusive behavior within .Website, we shall enable several channels of communication.

###### 4.1.1 SINGLE POINT OF CONTACT

In accordance with section 4.1 of specification 6 of the Registry Agreement we will establish a single abuse point of contact (SAPOC) responsible for addressing and providing a timely response to abuse complaints concerning all names registered in the TLD through all registrars of record, including those involving a reseller. Complaints may be received from members of the general public, other registries, registrars, LEA (Law Enforcement Agencies), government and quasi governmental agencies and recognised members of the anti-abuse community.

The SAPOC's accurate contact details (email, fax and mailing address) will be provided to ICANN and published on the abuse page of our Registry website. The SAPOC will in turn represent the entire compliance desk operated by the Directi group on behalf of .Website as an outsourced function.

The Registry website will additionally also include:

\* All public facing policies in relation to the TLD including the Anti-Abuse Policy described in section 2

\* A web based submission service for reporting inaccuracies in Whois information

\* Registrant Best Practices

\* Conditions that apply to proxy registration services and direction to the SAPOC to report domain names that violate the conditions

As such, the SAPOC may receive complaints regarding a range of matters concerning the abuse policy defined in section 2

The SAPOC will be the primary method by which we will receive notification of abusive behaviour from third parties. It must be emphasised that the SAPOC will be the initial point of contact following which other processes will be triggered depending on the identity of the reporting organization and the type of abuse. Accordingly, separate processes for identifying abuse will exist for reports by LEA/government and quasi governmental agencies and members of the general public.

When any party makes a report via the Abuse POC e-mail address or the abuse web form, he or she will receive back a ticket number from a ticketing system. Our abuse team will then examine these reports, and use a ticketing system to track each issue. This process will leverage a dedicated software that we have used for handling abuse reports to our registrar businesses. It is our goal to provide a timely response to all abuse complaints concerning domains registered in the TLD, as per the SLAs defined by us.

#### 4.1.2 LAW ENFORCEMENT AGENCIES

We recognise that LEA, governmental and quasi governmental agencies may be privy to information beyond the reach of others which may prove critical in the identification of abusive behaviour in our TLD. As such, we will provide an expedited process which serves as a channel of communication for law enforcement, government and quasi-governmental agencies to, amongst other things, report illegal conduct in connection with the use of the TLD.

The process will involve prioritization and prompt investigation of reports identifying abuse from those organizations. The steps in the expedited process are summarised as follows:

1. We will identify relevant LEA, government and quasi governmental agencies who may take part in the expedited process
2. We will establish back channel communication with each of the identified agencies in order to obtain information that may be used to verify the identity of the agency upon receipt of a report utilising the expedited process;
3. We will publish contact details on the abuse page of the Registry website for the SAPOC to be utilised by only those taking part in the expedited process;
4. All calls to this number will be responded to by a member of our <sup>24/7</sup> Compliance Team
5. We will verify the identity of the reporting agency employing methods specific to that agency established during back channel communication;
6. Upon verification of the reporting agency, we will obtain the details necessary to adequately investigate the report of abusive behaviour in the TLD;
7. Reports from verified agencies may be provided in the Incident Object Description Exchange Format (IODEF) as defined in RFC 5070. Provision of information in the IODEF will improve our ability to resolve complaints by simplifying collaboration and data sharing
8. The report identifying abuse will then be dealt with in accordance to our process defined in subsequent sections of this answer

#### 4.2. EVALUATION OF COMPLAINTS

The next step is for our abuse desk staff to review each complaint. The abuse team looks at the facts of each complaint in order to verify the complaint. The goals are accuracy, good record-keeping, and a zero false-positive rate so as not to harm innocent registrants while at the same time, taking timely action to mitigate abusive behaviour and to minimize impact.

Evaluation of complaints thus forms a very important part of the process. The following factors are considered for each case:

\* Type, Severity and immediacy of the abuse: Upon initial review, all incoming complaints will face an initial evaluation on the basis of severity and harm caused due to the abuse. While we will adhere to the SLAs laid down for our abuse mitigation processes, regardless of the type of complaint, there will be some complaints that will be considered relatively more severe and of greater malicious impact than others. Complaints with a higher severity/malicious impact and immediacy will be processed with greater urgency than others.

\* Determining the origin of the complaint: a credible complainant e.g. a law enforcement

agency, a security group etc. automatically lends genuineness to a complaint while a complaint from a previously unknown source will require a background check to ensure that the complaint is not from a miscreant looking to create unnecessary trouble for a domain owner. Thus while we may take immediate action complaints from reliable sources, those from other sources, not backed by enough evidence, may require further due-diligence before action is taken.

\* Evaluating proof submitted along with a complaint: A complaint is also evaluated based on the supporting evidence provided which further determines the validity of a complaint. At this stage we will also attempt to establish a clear link between the activity reported and the alleged type of abusive behaviour. This is done to ensure that addressing the reported activity will address the abusive behaviour. In some cases the abuse is evident, which will result in immediate processing of the complaint from our side without much further due-diligence. In some cases, where the abuse may not be evident upfront, our desk will rely on supplementary evidence provided by the complainant which may be further ratified. While not limited to this list, supporting evidence could range from links, screen-shots of websites, copy right / trademark details, emails, email headers, whois information, ID proof etc.

\* Evaluating historical data: As mentioned before, we will maintain a log of all complaints received, including the contact details of complainants, the whois details of the abusers, the nameservers of abusive domain registrations, the type of domain names, the IPs of spamming domains etc. This will further help us in establishing trends for further action as required. A registration that re-sounds alarms from previously seen abusive trends will ascertain the necessary pre-emptive mitigation processes.

Assessing abuse reports requires good judgment, and we will rely upon our, specially trained abuse desk staff.

While we recognise that each incident of abuse represents a unique security threat and should be mitigated accordingly, we also recognise that prompt action justified by objective criteria are key to ensuring that mitigation efforts are effective. With this in mind, we have categorised the actions that we may take in response to various types of abuse by reference to the severity and immediacy of harm. This categorisation will be applied to each validated report of abuse and actions will be taken accordingly. It must be emphasised that the actions to mitigate the identified type of abuse in the section/s below are merely intended to provide a rough guideline and may vary upon further investigation.

#### 4.3. CATEGORIZATION OF COMPLAINTS

Each confirmed case of abuse is bucketed into one of the following categories



#### 4.3.1. CATEGORY 1

Probable Severity or Immediacy of Harm - Low

Examples of types of abusive behaviour -Small Scale Spam, Whois Inaccuracy

Mitigation steps -

1. Preliminary Investigation
2. Delegate to Registrar
3. Monitor response time-frame vis-à-vis SLA
4. Take direct action in case of Registrar non-conformance.

#### 4.3.2. CATEGORY 2

Probable Severity or Immediacy of Harm - Medium

Examples of types of abusive behaviour - Medium scale spam, inactive botnets and other forms of abuse which have a higher degree of impact than the ones bucketed as category 1, but still relatively limited in terms of potential damage.

Mitigation steps -

1. Preliminary Investigation
2. Delegate to Registrar
3. Monitor response time-frame vis-à-vis SLA
4. Take direct action in case of Registrar non-conformance.

### 4.3.3. CATEGORY 3

Probable Severity or Immediacy of Harm - High

Examples of types of abusive behaviour - Fast Flux Hosting, Phishing, Large scale hacking, Pharming, Botnet command and control, Child Pornography and all other cases deemed to carry a very high risk of large scale impact

Mitigation steps for Abuse policy violation -

1. Suspend domain name
2. Investigate
3. Restore or terminate domain name

### 4.4. MITIGATION OF COMPLAINTS

The mitigation steps for each category will now be described:

#### 4.4.1. CATEGORY 1

Types of abusive behaviour that fall into this category include those that represent a low severity or immediacy of harm to registrants and internet users. These generally include behaviours that result in the dissemination of unsolicited information or the publication of illegitimate information. While undesirable, these activities do not generally present such an immediate threat as to justify suspension of the domain name in question. Each of these cases will be delegated down to the Registrar and the registrar's performance, in terms of response and resolution rate, will be monitored and recorded by us. In case of non-conformance by the Registrar, we will take-over the issue.

We will also continually monitor the issue to track possible increases in the severity of

harm. In case the threat level is above what was originally anticipated, we will escalate the issue to category two or three and act in accordance.

#### 4.4.2. CATEGORY 2

Types of abusive behaviour that fall into this category include those that represent a medium severity or immediacy of harm to registrants and internet users. These generally include medium scale spam, network intrusion, inactive botnets etc. Following the notification of the existence of such behaviours, our compliance team will delegate the issue to registrars and invoke the more aggressive SLAs that apply to this category of risk.

As was the case with category 1, we will continue to monitor the registrar's conformance with the SLAs and take direct action when necessary. We will also check for possible increases in risk levels and escalate the abuse category if required.

#### 4.4.3. CATEGORY 3

Highly serious, sensitive and large scale issues like phishing, child pornography and large-scale botnet are considered to be a serious violation of the Anti-Abuse Policy owing to its fraudulent exploitation of consumer vulnerabilities, high level of risk and far-reaching consequences. Given the direct relationship between the uptime of these activities, and extent of harm caused, we recognise the urgency required to execute processes that handle these cases directly, without any delegation.

As soon as the abuse is substantiated, we will proceed to suspend the domain name pending further investigation to determine whether the domain name should be unsuspended or cancelled. Cancellation will result if upon further investigation, the behaviour is determined to be one of the types of abuse defined in the Anti Abuse Policy.

In some cases we may change the nameservers associated with the domain and/or use EPP prohibited statuses in appropriate combinations to restrict activity against the domain such as contact updates, deletes or transfers.

In the past we have modified Nameservers to sinkhole malicious domains, so research partners can measure botnets and monitor malware activity. We believe this to be an extremely effective mechanism which takes down large scale attacks from the source, and assists researchers to build processes and tools which prevent future attacks from the same source. Our team will follow the same process for domains belonging to our registry.

We have built special systems to suspend individual and bulk batches of domains. This will allow us to quickly take care of cases where criminals have obtained bulk batches of domain names. This will be of use if malware designers use generation algorithms to register domains.

Reactivation of the domain name will result where further investigation determines that abusive behaviour, as defined by the Anti Abuse Policy, does not exist and that the domain name is not causing any harm.

#### 4.5. PROPOSED RESOLUTION METRICS AND SERVICE LEVEL AGREEMENTS

##### SLA RESPONSE CONSIDERATIONS FOR REPORTED ABUSE CASES

As described earlier, each abuse case and goes into one of three response categories depending on the severity and immediacy of the harm caused by the abuse. In the case of any failed SLA responses, the Registry reserves the right to act directly to suspend and/or lock the domains associated with a given abuse case. Additionally, highly serious, sensitive and large scale issues are ranked as category 3 and prioritized above all other cases.

Attachment 'Q28\_Abuse Mitigation SLA', shows the flowchart and SLA response for each category of abuse complaint

##### 4.5.1. CATEGORY 1

Some examples of abuses cases that will be categorized as 1 include:

- \* Low scale Spam
  
- \* Whois Inaccuracy
  
- \* Low scale Malware

- \* Any other abuse case deemed as low risk

RESPONSE SLA COMMITMENTS:

- \* Initial Registry Response to Complainant: 2 business days from the time of receipt of the complaint

- \* Registry Notification to Registrar: 2 business days from the time of receipt of the complaint

- \* Initial Response from Registrar: 3 business days from the time that the complaint notification is sent to the Registrar

- \* Update from Registrar as action taken or intended: 7 business days from the time that the complaint notification is sent to the Registrar

- \* Final Resolution: 15 business days from the time the issue was reported to us

4.5.2. CATEGORY 2

Some examples of abuses cases that will be categorized as 2 include:

- \* Medium scale Spam
- \* Confirmed but inactive botnet domains
- \* All other abuse cases deemed as medium scale

RESPONSE SLA COMMITMENTS:

- \* Initial Registry Response to Complainant: 2 business days from the time of receipt of the complaint

- \* Registry Notification to Registrar: 2 business days from the time of receipt of the complaint

- \* Initial Response from Registrar: 2 business days from the time that the complaint notification is sent to the Registrar by the Registry

- \* Update from Registrar as action taken or intended: 3 business days from the time that the complaint notification is sent to the Registrar by the Registry

- \* Final Resolution: 8 business days from the time of receipt of the complaint

#### 4.5.3. CATEGORY 3

Some examples of abuses cases that will be categorized as 3 include:

- \* Confirmed Cases of child pornography

- \* Confirmed cases of Phishing

- \* Confirmed and active botnets domains

- \* Any other case deemed as large scale

#### RESPONSE SLA COMMITMENTS:

- \* Initial Registry Response to Complainant: 1 business day from the time of receipt of the complaint

- \* Registry time to direct takedown: 3 business days from the time of receipt of the complaint

#### 4.6. Follow-up and Capture of Metrics

The abuse staff will track each abuse complaint ticket to resolution. Our ticketing system allows us to capture many metrics. We will measure resolution times, and we can see what percentage of abuse reports could be confirmed. We will also capture how many domains were suspended, and we will break down statistics by registrar in the TLD. This will help us identify registrars that have regular problems, and we can work with them to systematically identify and act against bad actors.

#### 4.7. CONTRACTUAL PROVISIONS

As the registry operator, we will use the Registry-Registrar Agreement (RRA) to establish the registry's right to act against abusive registrations as described in the preceding sections. We will also use the contract to impose certain obligations on the registrars, and make some obligations binding on the registrants by obligating specific terms in the registrar-registrant contract. The contract will be a mandatory part of the Registrar accreditation process with the Registry. Production access to the Registry will not be granted until the contract is duly signed AND the registrar has provided copy of their Registry Registrant Agreement to demonstrate the inclusion of any required pass-through provisions. The registrar is also fully obligated to their accreditation contracts with ICANN (via the RAA) which includes elements such as the UDRP.

In general, the contracts will establish that the registry operator may reject a registration request, or can delete, revoke, update, suspend, cancel, or transfer a registration for violations of our anti-abuse policies. The terms in our proposed agreement will empower us to take necessary action including, but not limited to:

- \* Discretionary action against domain names that are not accompanied by complete and accurate information as required by ICANN Requirements and/or Registry Policies or where required information is not updated and/or corrected as required by ICANN Requirements and/or Registry Policies;

- \* Action as may be required to protect the integrity and stability of the Registry, its operations, and the TLD system;

- \* Action as may be required to comply with any applicable law, regulation, holding, order, or decision issued by a court, administrative authority, or dispute resolution service provider with jurisdiction over the Registry;

- \* Action as may be required to establish, assert, or defend the legal rights of the Registry or a third party or to avoid any civil or criminal liability on the part of the Registry and/or its

affiliates, subsidiaries, officers, directors, representatives, employees, contractors, and stockholders;

\* Action as may be required to correct mistakes made by the Registry or any Accredited Registrar in connection with a registration; or

\* Enforcement of Registry policies and ICANN requirements; each as amended from time to time;

\* Actions as otherwise provided in the Registry-Registrar Agreement and/or the Registry-Registrant Agreement.

Below are some additional points that we will look to cover in the RRA. These clauses will enable us to enforce some additional, proactive measures to curb and deter abuse:

\* We will reserve the right to deny registration of a domain name to a registrant who has repeatedly engaged in abusive behaviour in our TLD or any other TLD.

\* We will reserve the right to place upon registry lock, hold or similar status a domain name during resolution of a dispute.

\* We may amend or otherwise modify this policy to keep abreast of changes in consensus policy or new and emerging types of abusive behaviour in the Internet.

\* Relevant language that enforces Registrars to conform with the SLAs provided for abuse cases delegated to them and provides the Registry with rights to take relevant actions in those cases.

\* Relevant language for sanctions against a Registrar leading to termination with respect to repeated offences and violations of their obligations with respect to abuse mitigation.



\* Relevant language that requires Registrars to provide for the following in their agreement with the Registrants

\*\* Whois accuracy provisions

\*\* Acceptable content and usage policy

\*\* Sunrise policy and submission to SDRP

\*\* UDRP

\*\* Rights granted to the Registrar and Registry to take necessary action wrt abuse prevention including sharing information with regulatory bodies and LEA and domain takedowns where appropriate

\*\* Indemnification

All of the contracts above will be regularly reviewed (atleast once a year) based on the experience gained by the Registry during actual operation and any relevant changes required to mitigate abuse will be appropriately introduced in consultation with ICANN and the Registrars

#### 4.8. ADDITIONAL MITIGATION MEASURES

Based on our experience of running a leading Registrar, we have also devised some powerful mechanisms which will prevent possible abuse, and quickly diffuse abusive domains. These mechanisms include:

##### 4.8.1. PROFILING & BLACKLISTING

This process, currently in practice for our registrar businesses within the Directi Group, is used for gathering intelligence on known offenders. We maintain abuse ratios for each of the 1,000,000 plus registrants and 65,000 plus resellers who use Directi.

Experience has enabled us to use these ratios accurately to uncover registrants who are known and repeated offenders. Expert offenders rarely reuse the same registrant profile and often maintain a myriad number of profiles to mask their true identity. Through pattern mapping we try and group registrant profiles that we believe belong to the same operator.

The same process is followed at the reseller level too, to identify those resellers who are knowingly harboring offenders, or are themselves involved in abuse.

When a registrant profile is confirmed to be involved in organized abuse, including but not limited to cybersquatting, phishing, pharming etc., our immediate step is to suspend that customer's control over his abusive domain portfolio. Our compliance team then carefully analyzes each domain name to identify those which are abusive and not already taken-down. The necessary action is undertaken to diffuse any ongoing abuse.

We plan to adopt the 'Profiling and Blacklisting' process within our registry operations. Since all of our compliance resources will be trained and experienced in running this process, its implementation into .Website will be simple. Specifics of this policy and process, as it applies to our registry business, will be drawn out.

#### 4.8.2. PROACTIVE QUALITY REVIEW

As a preventive safeguard against abusive domain registration, we follow a consistent review process for domain registrations on our registrar, where a sample of newly registered domain names are analyzed for potential abusive activity. Coupled with our profiling process (described above), it enables us to take proactive measures against domain names that are registered solely to perpetrate malicious activities such as phishing, or otherwise infringe on the rights of others. This helps us curb abusive activity before it can affect too many Internet users. We shall seek to implement similar safeguards for .Website, and encourage registrars to incorporate this practice as part of their abuse mitigation processes.

#### 4.9. INDUSTRY COLLABORATION AND INFORMATION SHARING

Upon obtaining Registry Accreditation, we will join the Registry Internet Safety Group (RISG), whose mission is to facilitate data exchange and promulgate best practices to address internet identity theft, especially phishing and malware distribution. In addition, Directi coordinates with the Anti-Phishing Working Group (APWG), other DNS abuse prevention organizations and is subscribed to the NXdomain mailing list.

Directi's strong participation in the industry facilitates collaboration with relevant organizations on abuse related issues and ensures that Directi is responsive to new and emerging domain name abuses.

The information shared as a result of this industry participation will be used to identify

domain names registered or used for abusive purposes. Information shared may include a list of registrants known to partake in abusive behavior in other TLDs. While presence on such lists will not directly constitute grounds for registrant disqualification, we will investigate domain names registered to those listed registrants and take appropriate action. In addition, information shared regarding practices indicative of abuse will facilitate detection of abuse by our own monitoring activities.

## 5. PROMOTING AND ENSURING WHOIS ACCURACY

All registrants shall be required, via required language in every Registrar - Registrant Agreement, to provide accurate Registrar Data Directory Services, RDDS (WHOIS) contact details, and to keep those details current. Additionally, Registrars shall have direct responsibility to ensure Whois accuracy through their accreditation contracts with ICANN. Whois Data Reminder Policy or WDRP is an example of a direct Registrar/ICANN contractual obligation to monitor that RDDS (WHOIS) information is accurate and up to date - it includes requiring Registrars to notify their registrants at least once a year to ensure their RDDS (WHOIS) data is correct and up to date.

The threat of inaccurate Whois information significantly hampers the ability to enforce policies in relation to abuse in the TLD by allowing the registrant to remain anonymous. In addition, LEA's rely on the integrity and accuracy of Whois information in their investigative processes to identify and locate wrongdoers.

In recognition of this, we propose that .Website have the following measures to promote RDDS (WHOIS) accuracy.

### 5.1. WHOIS INACCURACY REPORTING SYSTEM

On the abuse page of our Registry website, we will provide a web based submission service for reporting Whois accuracy issues. Each of these issues will then be resolved as per the process detailed in the previous sections.

### 5.2. REGULAR MONITORING & SAMPLING

Registrants of randomly selected domain names will be contacted by telephone using the provided Whois information by a member of our team in order to verify the phone number and confirm other Whois information. Where the registrant is not contactable by telephone, alternative contact

details (email, postal address) will be used to contact the registrant who must then provide a contact number that is verified by our team. In the event that the registrant is not able to be contacted by any of the methods provided in Whois, the domain name will be cancelled following five contact attempts or one month after the initial contact attempt (based on the premise that a failure to respond is indicative of inaccurate Whois information and is grounds for terminating the registration agreement)

### 5.3. ANALYSIS OF REGISTRY DATA

We will adopt some processes to identify patterns and correlations indicative of inaccurate Whois (e.g. repetitive use of fraudulent details).

### 5.4. PROMOTING ACCURATE WHOIS DATA

WDRP (Whois Data Reminder Policy) implemented by ICANN at the Registrar level, mandates regular e-mail communication to registrants reminding them to keep their whois data accurate and updated. In addition, we will also identify effective mediums to remind registrants to update Whois information and inform them of the ramifications of a failure to respond to our random monthly checks. Ramifications include but are not limited to termination of the registration agreement.

### 5.5. ENFORCEMENT AT REGISTRAR LEVEL

Registrars will also be contractually required to promptly investigate reports of RDDS (WHOIS) accuracy submitted to them, and resolve each case within a predefined time-frame stipulated through our SLA.

For all cases where inaccuracy is confirmed, we will record the registrar from whom the domain was sourced. We will use this data to capture the ratio of inaccuracies as a percentage of total domains managed, and identify the registrars that seem to attract an abnormally high number of inaccuracy issues. We will then work with those registrars to find potential ways in which they can progressively reduce the number of whois inaccuracy incidents.

The measures to promote Whois accuracy described above strike a balance between the need to maintain the integrity of the Whois service, which facilitates the identification of those taking part in illegal or fraudulent behaviour, and the operating practices of the Registry Operator and Registrars which aim to offer domain names to registrants in an efficient and timely manner.

Awareness among registrants that we will actively take steps to maintain the accuracy of Whois information mitigates the potential for abuse in the TLD. It deters abusive behaviour given that registrants may be identified, located and held liable for all actions in relation to their domain name.

#### 5.6. PROXY / PRIVACY PROTECTION

We have designed a policy that will maximize the legitimate use of proxy and privacy services, and will minimize use by criminals and abusers.

.Website will allow the use of proxy and privacy services, where permitted by ICANN policies and requirements. These services have legitimate uses. Millions of registrants use them to protect their privacy and personal data from spammers and other parties that mine zone files and RDDS (WHOIS) data.

It is undeniable that criminals also use whois proxy services, to hide their true identities. To deter that practice, our policy will require that:

\* Registrants must use only a privacy/proxy service operated, contracted or owned by the domain's sponsoring registrar, and cannot use third-party proxy services unaffiliated with the domain's sponsoring registrar. This means that a domain's sponsoring registrar will always be in possession of the underlying contact data.

\*.Registrars and resellers must provide the underlying registrant information to the registry operator upon request, and/or upon a legitimate law-enforcement request, within 24 hours. The registry operator will keep this data confidential, unless #3 below applies.

\*Registrars and resellers must remove the proxy protection and publish the underlying registrant information in the RDDS (WHOIS) if it is determined by the registry operator and/or the registrar that the registrant has breached any terms of service, such as anti-abuse policies.

The registrar obligations outlined above shall apply with equal force to all registrations sponsored by a registrar, whether those registrations were placed directly with the registrar or through a reseller.

These conditions will be implemented contractually by inclusion of corresponding clauses in the RRA as well as being published on the abuse page of our Registry website. Individuals and organisations will be encouraged through our abuse page to report any domain names they believe violate the restriction on the availability of proxy registrations, following which appropriate action may be taken by us. Publication of these conditions on the abuse page of our Registry website ensures that registrants are aware that despite utilisation of a proxy registration service, actual Whois information will be provided to LEA upon request in order to hold registrants liable for all actions in relation to their domain name. The certainty of Whois disclosure of domain names which draw the attention of LEA, deters those seeking to register domain names for abusive purposes.

## 6. CONTROLS FOR PROPER ACCESS TO DOMAIN FUNCTIONS

We realize that registrants often do not willfully use their domain names for abusive purposes, but domain names end up being compromised because of a lapse in security. Though this cannot always be controlled or mitigated by the registry, we are nevertheless committed to ensure that adequate safeguards are implemented to prevent domain names from being compromised and thereby making them prone to abuse.

### 6.1. MULTI-FACTOR AUTHENTICATION AND SECURE CONNECTIVITY FOR REGISTRARS

Through the contractual agreement with the registry, registrars will be expected to develop and employ in their domain name registration business, all necessary technology and restrictions to ensure that their connection to the registry is secure. All data exchanged between the registrar's system and the registry shall be protected to avoid unintended disclosure of information. Each EPP session shall be authenticated and encrypted using two-way secure socket layer ("SSL") protocol. Registrars will also agree to authenticate every EPP client connection with the registry using both an X.509 server certificate issued by a commercial Certification Authority identified by the registry and their registrar password, disclosed only to their respective employees on a need-to-know basis. Registrars will also access the SRS Web interface by utilizing an additional two-factor authentication token. Further details on this is provided in the response to Question 24 and 25

### 6.2. ENFORCEMENT OF STRONG AUTHCODES

Every domain name will have a strong authorization (authinfo) code, composed of alphabets,

numerals, and special characters. An inter-registrar domain name transfer will not be permitted unless the registrant provides this authorization code at the time of executing the transfer process.

### 6.3. NOTIFICATION FOR EVERY UPDATE

We plan to notify the domain name holder upon any update made to a domain name. The notification will be committed through email to either or both of the registrant and technical contact of the domain name.

### 6.4. REGISTRY LOCK

Certain mission-critical domain names such as transactional sites, email systems and site supporting applications may warrant a higher level of security. 'Registry locking' is a feature which allows registrants to prohibit any updates at the Registry Operator level. This service will be available programmatically via EPP, so all registrars will be able to offer it in real-time to their registrants. The feature will prevent unintentional transfer, modification or deletion of the domain name, and mitigates the potential for abuse by prohibiting any unauthorised updates that may be associated with fraudulent behaviour. For example, an attacker may update name servers of a mission critical domain name, thereby redirecting customers to an illegitimate website without actually transferring control of the domain name. This is described in detail in our response to Question 27

### 6.5. AWARENESS PROGRAMS

In accordance with our commitment to operating a secure and reliable TLD, we will attempt to improve registrant awareness of the threats of domain name hijacking, registrant impersonation and fraud, and emphasize the need for registrants to keep registration information accurate and confidential. Awareness will be raised by:

- \* Publishing the necessary information on the Abuse page of our Registry website in the form of videos, presentations and FAQs;

- \* Developing and providing to registrants, resellers and Registrars Best Common Practices that describe appropriate use and assignment of domain auth info codes and risks of misuse when the uniqueness property of this domain name password is not preserved.

## 7. RESOURCING PLANS

### 7.1. PERSONNEL

Functions described herein will be performed by -

\* Directi Group staff under contract with us -

\*\* Abuse & Compliance Team

\* Dispute Resolution Service Providers that are selected wrt UDRP and SDRP

Directi Group possesses an exemplary track record of diffusing abuse on 4 million plus domains under their Registrar. The abuse mitigation function of our Registry will be handled by the same team that currently manages this process for the registrar businesses.

The existing compliance team comprises of:

\* 1 Compliance Manager

\* 1 Team Supervisor

\* 4 Cyber Security Analysts

\* 9 Compliance Officers

The compliance function is staffed on a  $24/7/365$  basis and capable of handling up to a peak of 52,800 unique abuse incidents per year. Each incident by itself can relate to a few to hundreds of domain names.

While this team is trained to investigate and verify all types of issues, they can also fall back on support from our technical staff when required. Similarly, abuse cases following new or unexpected parameters may also be escalated to legal support staff for expert counsel.



Our estimates of resource sizing are directly derived from the abuse case incident volumes currently experienced. On a base of 4 million domains across our Registrar businesses within Directi, each year we experience approximately:

- \* 6000 malware related abuses
- \* 1600 phishing abuses
- \* 1200 spam cases
- \* 600 pharmacy related abuses
- \* 5600 large botnet related abuse cases annually

This averages an incident rate of approximately 15,000 cases of abuse per year or 3.75 incidents per 1000 names

Since registries delegate a large portion of their abuse responsibilities to registrars, it is fair to assume that our registry's abuse incident ratio will be lower than what we experience as registrars. In fact, even in our case  $\frac{2}{3}$  categories of incidents will be delegated to the registrar and our direct involvement is expected in only 25%-35% of all incidents. However, given our proactive approach, importance on ensuring a clean and secure namespace, and aggressive SLAs, we choose to be conservative by assuming that we will be involved in 75% of the incidents.

Based on our projections, we expect .Website to reach 258,839 domain names at the end of the 3rd year. Extrapolating from our current rate of 3.75 incidents per 1000 names, we can expect around 971 abuse incidents yearly and be involved in 728 (75%) of them. Including the estimated 43 RPM incidents (details in our response to Q29) brings our total projected incident count to 771. This conservative estimate also accounts for the aggressive SLAs at multiple levels, law enforcement interfacing and having a single POC available at all times.

The Compliance desk works as a centralized team and all team members are responsible for all abuse complaints across all businesses of Directi. Costs of the Compliance team are then allocated to each business based on the % utilization of the compliance team by each business. We have assumed 15% of two compliance officers' time towards .Website. Given that our 15 people team has the capacity to handle 52,800 incidents yearly, 2 officers with 15% of their time, will have a total capacity to handle 1056 incidents annually. It is important to point out that 15% of the 2 officers is merely a cost allocation method and in actuality all 15 members and more of the Compliance team will be available to resolve abuse issues for TLD.

Our planning provides us redundant capacity of 231% in Y1, 75% in Y2 and 37% in Y3, to handle both abuse as well as RPM related cases such as those involving URS. This leaves substantial headroom for rapid growth of domains under management, or a sudden surge in abuse incident rates per domain.

It is also important to note that there exist some economies of scale in our operations since a large number of these cases are dealt with in bulk, or large batches, as they relate to the same instigator(s).

The abuse team has a structured training program in place which enables them to rapidly scale-up resources when required. Typically a team of recruits are given four weeks of training and two weeks on the floor before they are fully activated.

Given the rapid growth rate of Directi businesses, Directi will continue to hire and maintain a sizable buffer over and above anticipated growth.

## 7.2. FINANCIAL CONSIDERATIONS

The usage of Directi Group's staff is included in our contract with Directi attached to Q46 ('Q46\_References: Service and Facilities Commitment Agreement'). This cost is shown in the financial answers.

This completes our answer to Q28.

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29. Rights Protection Mechanisms: Applicants must describe how their registry will comply with policies and practices that minimize abusive registrations and other activities that affect the legal rights of others, such as the Uniform Domain Name Dispute Resolution Policy (UDRP), Uniform Rapid Suspension (URS) system, and Trademark Claims and Sunrise services at startup. A complete answer should include

- A description of how the registry operator will implement safeguards against allowing unqualified registrations (e.g., registrations made in violation of the registry's eligibility restrictions or policies), and reduce opportunities for behaviors such as phishing or pharming. At a minimum, the registry

operator must offer a Sunrise period and a Trademark Claims service during the required time periods, and implement decisions rendered under the URS on an ongoing basis; and

- A description of resourcing plans for the initial implementation of, and ongoing maintenance for, this aspect of the criteria (number and description of personnel roles allocated to this area).

>To be eligible for a score of 2, answers must also include additional measures specific to rights protection, such as abusive use policies, takedown procedures, registrant pre-verification, or authentication procedures, or other covenants.

A complete answer is expected to be no more than 10 pages.

DotWebsite Inc. is a wholly owned subsidiary within the Directi Group. The Directi Group runs various businesses including several ICANN Accredited Domain Registrars (including ResellerClub.com and BigRock.com) and Web Hosting companies. At Directi, through our decade long experience as a domain name registrar, we have consciously strived to ensure that domain registrations through our platform do not violate the intellectual property or other rights of any person or organization.

Our experience as a domain name registrar gives us insight into the necessity and importance of rights protection, and the mechanisms that must be employed to assure it. With .Website, we shall leverage our experience to implement a comprehensive set of policies and procedures that will uphold intellectual property rights to the greatest possible extent.

The protection of trademark rights is a core goal of .Website. .Website will have a professional plan for rights protection. It will incorporate best practices of existing TLDs, going above and beyond the ICANN mandated RPMs to prevent abusive registrations and rapidly take-down abuse when it does occur.

## 1. PREVENT ABUSIVE REGISTRATIONS

We will put into place the following measures to ensure prevention of registrations that infringe the IP rights of others

### 1.1. SUNRISE PROCESS

Our sunrise registration service will provide trademark holders with at least a 30-day priority period in which to register their trademarks as domain names.

## Sunrise Timeline -

Day 1: Single sunrise round opens

Day 30: Sunrise round closes

Day 31: Sunrise allocation begins and Sunrise period ends

### 1.1.1. SUNRISE POLICY SUMMARY AND SDRP SUMMARY

This section provides a summary of our Sunrise Policy and SDRP. We have formulated our policies and processes based on existing guidance concerning Sunrise and TMCH provided by ICANN. Any additional guidance in the future that requires changes to our process and policies will be implemented.

Through our Sunrise Policy we will offer at least one 30-day sunrise round in which trademark holders satisfying the Sunrise eligibility requirements proposed in the 'gTLD Applicant Guidebook' will be eligible to apply for a domain name. This sunrise period will be the first opportunity for registration of domain names in .Website. Trademarks upon which sunrise applications are based must meet the criteria defined in the 'gTLD Applicant Guidebook' and be supported by an entry in the TMCH.

Sunrise allocation will start at the end of the 30-day sunrise period. If one validated application is received for a domain name, the same will be allocated to the applicant in the 10-day period following the end of the sunrise period. Where multiple validated applications are received for a domain name, the name will be allocated by auction. Domain names registered during the sunrise period will have a term of 2 yrs.

We will adopt a Sunrise Dispute Resolution Policy ('SDRP') to allow any party to raise a challenge on the four grounds identified in the 'gTLD Applicant Guidebook'. All registrants will be required to submit to proceedings under the SDRP. SDRP claims may be raised at any time after registration of a domain name.

### 1.1.2. IMPLEMENTATION

#### 1.1.2.1. SUNRISE PRICING

We plan to charge a non-refundable Sunrise application fee or validation fee of \$80 for every Sunrise application. We have arrived at the fee to offset the cost of the trademark validation and other administrative over-heads.

#### 1.1.2.2. SUNRISE IMPLEMENTATION PLAN

1. Prior to sunrise, trademark holders should apply for inclusion of their marks in the TMCH database.

2. Our Sunrise Policy and SDRP will be published on our website.

3. A trademark holder satisfying the sunrise eligibility requirements will pay the non-refundable sunrise application fee and submit its application corresponding to its TMCH entry to a registrar along with evidence of the corresponding TMCH entry.

4. Registrars will send the sunrise applications to CentralNic. They will be charged the application fee at this time.

5. CentralNic will perform standard checks to ensure that the domain name is technically valid and hold the application for subsequent allocation.

6. Upon conclusion of the 30-day sunrise period, CentralNic will allocate the applied-for names as follows:

\* Where a single sunrise application exists for a particular domain name CentralNic will allocate the domain to the sponsoring registrar and will charge the sunrise registration fee to the registrar.

\* Where multiple sunrise applications exist for a domain name, CentralNic will compile and communicate to a 3rd-party auction services provider appointed by us a list of competing applicants, who will be invited to participate in an auction for the domain name.

7. The auction services provider will facilitate the auction process and upon completion of the auction will notify all participants of the outcome and collect the auction payment from the winning participant.

8. Upon payment of the auction bid, the auction services provider will communicate to CentralNic the details of the winning auction participant and will submit the revenue collected to CentralNic. CentralNic will validate the communication from the auction services provider and allocate the domain name to the sponsoring registrar of the winning application.

9. Sometime during this process CentralNic will identify all sunrise applications which constitute an 'Identical Match' (as defined in the 'gTLD Applicant Guidebook') with a TMCH entry and provide notice to the TMCH via the List of Registered Domain Names (LORDN).

#### 1.1.1.3. SDRP IMPLEMENTATION PLAN

When a domain is awarded and granted to a registrant, that domain will be available for lookup in the public WHOIS.

After a Sunrise name is awarded it will also remain under a "Sunrise Lock" status for at least 60 days. During this period the domain will not resolve and cannot be modified, transferred, or deleted by the sponsoring registrar. A domain name will be unlocked at the end of that lock period only if it is not the subject of a Sunrise Challenge. Challenged domains will remain locked until the dispute resolution provider has issued a decision, which the registry operator will promptly execute.

SDRP filings will be handled by an appropriate service provider as per ICANN guidance and policy.

#### 1.1.1.4. IMPLEMENTATION THROUGH CONTRACTUAL RELATIONSHIPS

The following features of the Sunrise and SDRP implementation plans described above will be executed by the inclusion of corresponding clauses in our RRA, which will require inclusion in registrars' Domain Name Registration Agreements:

- \* By making a sunrise application the applicant agrees to purchase the domain name if that name is allocated to the applicant.

- \* The sunrise application fee is non-refundable.

- \* All sunrise applicants must submit to proceedings under the SDRP.

#### 1.2. TRADEMARK CLAIMS SERVICE

For at least 60 days during general availability we will offer the trademark claims service as described in the 'gTLD Application Guidebook'.

#### 1.2.1. IMPLEMENTATION

##### 1.2.1.1. TRADEMARK CLAIMS SERVICE IMPLEMENTATION PLAN

This process will be executed for at least the first 60 days of general availability:

1. an applicant will make an application to a registrar for a domain name.
2. Registrars will be required to communicate land rush application information to our registry backend provider - CentralNic.
3. CentralNic or Registrars (as prescribed) will interface with the TMCH to determine whether an applied-for domain name constitutes an 'Identical Match' with a trademark in the TMCH. If an 'Identical Match' is identified, the registrar will provide to the land rush applicant a Trademark Claims Notice in the form prescribed by the 'gTLD Applicant Guidebook'. Following receipt of this notice a land rush applicant must communicate to the registrar its decision either to proceed with or abandon the registration.
4. CentralNic or Registrar (as prescribed) will interface with the TMCH to promptly notify relevant mark holders of the registration of a domain name constituting an 'Identical Match' to their TMCH entry.

##### 1.2.1.2. IMPLEMENTATION THROUGH CONTRACTUAL RELATIONSHIPS

The following features of our Trademark Claims Service Implementation Plan described above will be executed by the inclusion of corresponding clauses in our RRA:

- \* Registrars must comply with the TMCH as required by ICANN and the TMCH Service Provider/s.
- \* Registrars must not in their provision of the trademark claims service make use of any other trademark information aggregation, notification or validation service other than the TMCH
- \* In order to prevent a chilling effect on registration, registrars must ensure that land rush applicants are not prevented from registering domain names considered an 'Identical Match' with a mark in the TMCH.

\* Registrars must provide clear notice in the specific form provided by the 'gTLD Applicant Guidebook' to the prospective registrant of relevant entries in the TMCH.

\* Registrars must interface with the TMCH as prescribed to relevant mark holders of the registration of a domain name constituting an 'Identical Match' to their TMCH entry.

## 2.ONGOING RIGHTS PROTECTION AND ABUSE PREVENTION

Below we describe ongoing RPMs which we will implement to mitigate cybersquatting and other types of abusive behaviour such as phishing and pharming.

### 2.1.UNIFORM RAPID SUSPENSION (URS)

The URS (Uniform Rapid Suspension) procedure is a new RPM the implementation of which is mandated in all new gTLDs. Understanding that a fundamental aim of the URS is expediency, all of the steps in our Implementation Plan below will be undertaken as soon as practical but without compromising security or accuracy.

#### 2.1.1. IMPLEMENTATION

##### 2.1.1.1. URS IMPLEMENTATION PLAN

1. We will provide to each URS provider an email address to which URS-related correspondence can be sent. On an ongoing basis, our compliance desk will monitor this email address for receipt of communications from URS providers, including the Notice of Complaint, Notice of Default, URS Determination, Notice of Appeal and Appeal Panel Findings.

2. We will validate correspondence from a URS provider to ensure that it originates from the URS Provider.

3. We will within 24 hours of receipt of a URS Notice of Complaint lock the domain name/s the subject of that complaint by restricting all changes to the registration data, including transfer and deletion of the domain name. The domain name will continue to resolve while in this locked status.

4. We will immediately notify the URS provider in the manner requested by the URS provider



once the domain name/s have been locked.

5. Upon receipt of a favourable URS Determination we will unlock the domain name and redirect the nameservers to an informational web page provided by the URS provider. While a domain name is locked, our backend provider - CentralNic - will continue to display all of the WHOIS information of the original registrant except for the redirection of the nameservers and the additional statement that the domain name will not be able to be transferred, deleted or modified for the life of the registration.

6. Upon receipt of notification from the URS provider of termination of a URS proceeding we will promptly unlock the domain name and return full control to the registrant.

7. Where a default has occurred (because a registrant has not submitted an answer to a URS complaint in accordance with the 'gTLD Applicant Guidebook') and a Determination has been made in favour of the complainant, in the event that we receive notice from a URS provider that a Response has been filed in accordance with the 'gTLD Applicant Guidebook', we will as soon as practical restore a domain name to resolve to the original IP address while preserving the domain's locked status until a Determination from de novo review is notified to us.

8. We will ensure that no changes are made to the resolution of a registration the subject of a successful URS Determination until expiry of the registration or the additional registration year unless otherwise instructed by a UDRP provider.

9. We will make available to successful URS complainants an optional extension of the registration period for one additional year.

#### 2.1.1.2. IMPLEMENTATION OF THE URS THROUGH CONTRACTUAL RELATIONSHIPS

The following features of our URS Implementation Plan described above will be executed by the inclusion of corresponding clauses in our RRA:

\* In the event that a Registrant does not submit an answer to a URS complaint in accordance with the 'gTLD Applicant Guidebook', registrars must prevent registrants from making changes to the WHOIS information of a registration while it is in URS default.

\* Registrars must prevent changes to a domain name when a domain is in locked status to ensure that both the Registrar's systems and Registry's systems contain the same information for the locked domain name.

\* Registrars must not take any action relating to a URS proceeding except as in accordance with a validated communication from us or a URS provider.

#### 2.2. UDRP

The UDRP (Uniform Domain Name Dispute Resolution Policy) is applicable to domain name registrations in all new gTLDs. It is available to parties with rights in valid and enforceable trade or service marks and is actionable on proof of all of the following three grounds:

1. the registrant's domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights.
2. the registrant has no rights or legitimate interests in respect of the domain name.
3. the registrant's domain name has been registered and is being used in bad faith.

The remedies offered by the UDRP are cancellation of a domain name or transfer of a domain name registration to a successful UDRP claimant.

#### 2.2.1. IMPLEMENTATION

##### 2.2.1.1. UDRP IMPLEMENTATION PLAN

We have two responsibilities in order to facilitate registrars' implementation of the UDRP -

1. Our backend provider - CentralNic - will maintain awareness of UDRP requirements and is capable of taking action when required and sufficiently skilled and flexible to respond to any changes to UDRP policy arising from future consensus policy reviews.

2. We will provide EPP and the SRS web interfaces to enable registrars to perform required UDRP functions in accordance with the Policy on Transfer of Registrations between Registrars.

##### 2.2.1.2. IMPLEMENTATION OF THE UDRP THROUGH CONTRACTUAL RELATIONSHIPS

The UDRP is applicable to domain name registrations in all new gTLDs by force of a contractual obligation on Registry Operators to use only ICANN-accredited registrars, who in turn are contractually required to incorporate the UDRP in their Domain Name Registration Agreements.

### 3. ADDITIONAL RIGHTS PROTECTION MECHANISMS

The protection of trademark rights is a core goal of .Website. Our Right Protection Mechanisms, policies and procedures go significantly above and beyond the minimum mandated RPMs to prevent abusive registrations, rapidly take-down abuse when it occurs, and foster a clean namespace for .Website

This section describes several other RPMs that .Website will implement that exceed the minimum requirements for RPMs and align with our goal of creating a namespace that provides maximum protection to trademark holders.

#### 3.1.PROFILING & BLACKLISTING

This process, currently in practice for our registrar businesses within the Directi Group, is used for gathering intelligence on known offenders. We maintain abuse ratios for each of the 1,000,000 plus registrants and 65,000 plus resellers who use Directi.

Experience has enabled us to use these ratios accurately to uncover registrants who are known and repeated offenders. Expert offenders rarely reuse the same registrant profile and often maintain a myriad number of profiles to mask their true identity. Through pattern mapping we try and group registrant profiles that we believe belong to the same operator.

The same process is followed at the reseller level too, to identify those resellers who are knowingly harboring offenders, or are themselves involved in abuse.

When a registrant profile is confirmed to be involved in organized abuse, including but not limited to cybersquatting, phishing, pharming etc., our immediate step is to suspend that customer's control over his abusive domain portfolio. Our compliance team then carefully analyzes each domain name to identify those which are abusive and not already taken-down. The necessary action is undertaken to diffuse any ongoing abuse.

We plan to adopt the 'Profiling and Blacklisting' process within our registry operations. Since all of our compliance resources will be trained and experienced in running this process, its

implementation into .Website will be simple. Specifics of this policy and process, as it applies to our registry business, will be drawn out.

### 3.2.PROACTIVE DOMAIN QUALITY ASSURANCE

As a preventive safeguard against abusive domain registration, we follow a consistent review process for domain registrations on our registrar, where a sample of newly registered domain names are analyzed for potential abusive activity. Coupled with our profiling process (described above), it enables us to take proactive measures against domain names that are registered solely to perpetrate malicious activities such as phishing, or otherwise infringe on the rights of others. This helps us curb abusive activity before it can affect too many Internet users. We shall seek to implement similar safeguards for .Website, and encourage registrars to incorporate this practice as part of their abuse mitigation processes.

### 3.3.INDUSTRY COLLABORATION

#### 3.3.1.ACTIVE INVOLVEMENT WITH SECURITY AGENCIES

In order to mitigate abuse of domain names on our registrar business, our abuse team has active involvement in helping security vendors and researchers fight domain abuse. They provide us a constant feed of abuse instances and help us identify domain names involved in activities like phishing or pharming. Some of the prominent organizations we work with include PhishLabs (phishing), LegitScript (illegal pharmaceutical distribution), Artists Against 419 (financial scams), Knujon (spam) etc. We will leverage these relationships to ensure oversight for all domain names registered within .Website.

#### 3.3.2.APWG REVIEW

Every six months, the Anti-Phishing Working Group (APWG) publishes its latest Global Phishing Survey [See <http://www.apwg.org/resources.html#apwg>]. This study contains an analysis of phishing per TLD. We will review the performance of our anti-abuse program against the APWG reports, and other metrics created by the security community. We will work closely with APWG to combat phishing within Website

#### 3.4.3.MESSAGE OF ZERO TOLERANCE

Our Anti-Abuse Policy will put Registrants on notice of the ways in which we will identify and respond to abuse and serve as a deterrent to those seeking to register and use domain names for abusive purposes. The policy will be made easily accessible on the Abuse page of our Registry website which will be accessible and have clear links from the home page along with FAQs and contact information for reporting abuse.

The Directi Group has vast experience in minimizing abusive registrations. Our zero tolerance procedures and aggressive proactive takedown measures as a Domain Registrar have resulted in a white-hat reputation discouraging abusive registrations to begin with. We intend on following the same approach with respect to Registry operations for .Website. Our proactive abuse procedures are geared towards building a reputation that discourages miscreants and malicious intent. Once it is known that abusive registrations and registrations in violation of our policies are suspended rapidly, this will directly result in discouraging abusive registrations and creating a clean namespace. While following this path will mean a higher compliance and abuse vigilance cost for us, we believe this effort will pay us long term rewards through abusers keeping away and .Website becoming recognized as a reputable namespace.

#### 4. REDUCING PHISHING AND PHARMING

All of the measures we have described in the preceding sections significantly reduce phishing and pharming within .Website. These include RPMs like URS and UDRP.

Over and above this our coordination with APWG, Industry Collaboration, Profiling and Blacklisting processes and Proactive measures described in Section 3 above will go a long way in ensuring a clean namespace for .Website and considerably reduced phishing and pharming activities.

#### 5. PREVENTING TRADEMARK INFRINGEMENT IN OPERATING THE REGISTRY

We take seriously our responsibilities in running a registry and we understand that while offering a sunrise registration service and the trademark claims service during start up of our TLD and the URS and UDRP on an ongoing basis serves to minimise abuse by others, this does not necessarily serve to minimise trademark infringement in our operation of the TLD. This responsibility is now clearly expressed and imposed upon registries through the new Trademark PDDRP [Post-Delegation Dispute Resolution Procedure], which targets infringement arising from the Registry Operator's manner of operation or use of its TLD.

Whilst we will as required under the Registry Agreement agree to participate in all Trademark PDDRP procedures and be bound by the resulting determinations, we will also have in place procedures to identify and address potential conflicts before they escalate to the stage of a Trademark PDDRP claim.

#### 5.1. IMPLEMENTATION

1. We will notify to the Trademark PDDRP provider/s contact details to which communications regarding the Trademark PDDRP can be sent.
2. We will publish our Anti-Abuse Policy on a website specifically dedicated to abuse handling in our TLD.
3. Using the single abuse point of contact discussed in detail in our response to Q28, a complainant can notify us of its belief that that one or more of its marks have been infringed and harm caused by our manner of operation or use of our TLD
4. We will receive complaints submitted through the single abuse point of contact.
5. The Compliance Team will acknowledge receipt of the complaint and commence investigation of the subject matter of the complaint and good faith negotiations with the complainant in accordance with the 'gTLD Applicant Guidebook'.
6. On an ongoing basis, our Compliance Team will monitor the email address notified to the Trademark PDDRP provider/s for all communications from the Trademark PDDRP provider, including the threshold determination, Trademark PDDRP complaint, complainant's reply, notice of default, expert panel determinations, notice of appeal and determinations of an appeal panel.
7. In the event that a complaint cannot be resolved and a Trademark PDDRP claim is made, we will do the following:
  - \* file a response to the complaint in accordance with Trademark PDDRP policy section 10 (thus avoiding, whenever possible, a default situation).
  - \* where appropriate, make and communicate to the Trademark PDDRP provider decisions regarding the Trademark PDDRP proceeding, including whether to request a three-person Trademark PDDRP Expert Panel, request discovery, request and attend a hearing, request a de novo appeal, challenge an ICANN-imposed Trademark PDDRP remedy, initiate dispute resolution under the Registry Agreement, or commence litigation in the event of a dispute arising under the Trademark PDDRP.
  - \* where appropriate, undertake discovery in compliance with Trademark PDDRP policy section 15, attend hearings raised under section 16 if required, and gather evidence in compliance with sections 20.5 and 20.6.
8. We will upon notification of an Expert Panel finding in favour of the Claimant (Trademark PDDRP policy section 14.3), reimburse the Trademark PDDRP Claimant.

9. We will implement any remedial measures recommended by the expert panel pursuant to Trademark PDDRP policy and take all steps necessary to cure violations found by the expert panel and notified by ICANN.

## 6. RESOURCING PLANS

### 6.1. PERSONNEL

Functions described herein will be performed by -

\* Directi Group Abuse and Compliance team under contract with us -

\*\* Overseeing Sunrise process

\*\* URS

\*\* Abuse complaints concerning RPM

\* CentralNic's backend Registry

\* Service Providers that are selected wrt TMCH, UDRP, URS, and SDRP

\* Director of Technology at .Website & Account Management staff at .Website

\*\* Overseeing Sunrise process

\*\* Communication of the sunrise process to Registrars

Directi Group possesses an exemplary track record of diffusing abuse on 4 million plus domains under their Registrar business. The Rights protection and abuse mitigation function of our Registry will be handled by the same team that currently manages this process for the registrar businesses.

The existing compliance team comprises of:

\* 1 Compliance Manager

- \* 1 Team Supervisor
  
- \* 4 Cyber Security Analysts
  
- \* 9 Compliance Officers

The compliance function is staffed on a  $24/7/365$  basis and capable of handling up to a peak of 52,800 unique abuse incidents per year. Each incident by itself can relate to a few to hundreds of domain names.

While this team is trained to investigate and verify all types of issues, they can also fall back on support from our technical staff when required. Similarly, abuse cases following new or unexpected parameters may also be escalated to legal support staff for expert counsel.

Our estimates of resource sizing are directly derived from the abuse case incident volumes currently experienced. On a base of 4 million domains as a Registrar, we experience approximately the following incidents per year:

- \* UDRP Cases - 200
  
- \* Other RPM incidents - 20 cases

This averages an incident rate of approximately 220 cases of abuse per year or 0.055 incidents per 1000 names. Given that this is based on a more mature base of names, it would be prudent to assume a higher rate of activity for .Website. Based on our experience we have assumed the increase in activity rate to be three fold (300% of the current rate) and increase it to 0.165 per 1000 names.

Based on our projections, we expect .Website to reach 258,839 domain names at the end of the third year. Extrapolating from our estimated rate of 0.165 incidents per 1000 names, we can expect around 43 incidents yearly. Including the estimated 728 Abuse incidents that the registry will be involved in (details in our response to Q28), brings our total projected incident count to 771.

The Compliance desk works as a centralized team and all team members are responsible for all abuse complaints across all businesses of Directi. Costs of the Compliance team are then allocated to each business based on the % utilization of the compliance team by each business. We have assumed 15% of two compliance officers' time towards .Website. Given that our 15 people team has the capacity to handle 52,800 incidents yearly, 2 officers with 15% of their time, will have a total capacity to handle 1056 incidents annually which is more than adequate for the Registry. It is important to point



out that 15% of the 2 officers is merely a cost allocation method and in actuality all 15 members and more of the Compliance team will be available to resolve abuse issues for TLD.

Our planning provides us redundant capacity of 232% in Y1, 75% in Y2 and 37% in Y3, to handle both abuse as well as RPM related cases such as those involving URS. This leaves substantial headroom for rapid growth of domains under management, or a sudden surge in abuse incident rates per domain.

It is also important to note that there exist some economies of scale in our operations since a large number of these cases are dealt with in bulk, or large batches, as they relate to the same instigator(s).

The Abuse and Compliance team has a structured training program in place which enables them to rapidly scale-up resources when required. Typically a team of recruits are given four weeks of training and two weeks on the floor before they are fully activated.

Given our rapid growth rate and business expansion plans, we will continue to hire and maintain a sizable buffer over and above anticipated growth.

## 6.2. FINANCIAL COSTS

The usage of Directi Group's staff is included in our contract with Directi attached to Q46. This cost is shown in the financial answers.

This completes our answer to Q29.

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30A. Security Policy: provide a summary of the security policy for the proposed registry, including but not limited to:

- indication of any independent assessment reports demonstrating security capabilities, and provisions for periodic independent assessment reports to test security capabilities;
- description of any augmented security levels or capabilities commensurate with the nature of the applied for gTLD string, including the identification of any existing international or industry relevant security standards the applicant commits to following (reference site must be provided);

- list of commitments made to registrants concerning security levels.

To be eligible for a score of 2, answers must also include:

- Evidence of an independent assessment report demonstrating effective security controls (e.g., ISO 27001).

A summary of the above should be no more than 20 pages. Note that the complete security policy for the registry is required to be submitted in accordance with 30(b).

Except where specified this answer refers to the operations of DotWebsite Inc.'s outsource Registry Service Provider, CentralNic.

#### 30(a).1. Introduction

CentralNic's Information Security Management System (ISMS) has been certified against ISO 27001. A copy of the certificate issued by Lloyd's Register Quality Assurance (LRQA), a UKAS accredited certifier, is provided as Appendix 30.1.1. The ISMS is part of a larger Management System which includes policies and procedures compliant to ISO 9001.

#### 30(a).2. Independent Assessment

As part of ISO 27001 compliance, CentralNic's security policies are subject to biannual external audit. Further details can be found in Q30(b).

#### 30(a).3. Augmented Security Levels

DotWebsite Inc. believes that the TLD requires no additional security levels above those expected of any gTLD registry operator. Nevertheless, DotWebsite Inc. and CentralNic will operate the TLD to a high level of security and stability in keeping with its status as a component of critical Internet infrastructure.

Registry systems are hardened against attack from external and internal threats. Access controls are in place and all systems are monitored and audited to mitigate the risk of unauthorised access, distribution or modification of sensitive data assets. The Authoritative DNS System has been designed to meet the threat of Distributed Denial-of-Service (DDoS) attacks by means of over-provisioning of network bandwidth, and deployment of Shared Unicast ("Anycast") addresses on nameservers. Whois services have been designed with built-in rate limiting and include mechanisms for protection of personal information. The stability of the registry is supported by use of high-availability technologies including a "hot" Disaster Recovery site in the Isle of Man, as well as a backup provider relationship with GMO Registry in Japan.

#### 30(a).4. Commitments to Registrars

DotWebsite Inc. and CentralNic will make the following commitments to the TLD registrars:

\*The SRS will be operated in a secure manner. Controls will be in place to prevent unauthorised access and modification of registry data.

\*The Whois service will prevent unauthorised bulk access to domain name registration data, and provide tools to protect personal information.

\*The DNS system will be designed to provide effective defence against DDoS attacks. The registry will proactively monitor the DNS system to provide early warning against threats to the stability of the TLD.

\*The DNSSEC system will be operated in accordance with best practices and recommendations as described in the relevant RFC documents (described in Q43).

\*Security incidents reported by registrars, registrants and other stakeholders will be acted upon in accordance with the Security Incident Response Policy (see below).

\*Security vulnerabilities reported to the registry will be acknowledged and remediated as quickly as possible.

\*Registrars will be promptly notified of all incidents that affect the security and stability of the registry system and their customers, and will be kept informed as incidents develop.

#### 30(a).5. Access Controls

CentralNic operates an access control policy for the registry system. For example, the web-based Staff Console which is used to administer the SRS and manage registrar accounts supports a total of ten different access levels, ranging from "Trainee", who have read-only access to a subset of features, to "System Administrator" who have full access to all systems.

Underlying server and network infrastructure is also subjected to access control. A centralised configuration manager is used to centrally control access to servers. Individual user accounts are created, managed and deleted via the configuration server. Access to servers is authenticated by means of SSH keys: only authorised keys may be used to access servers. Operations personnel can escalate privileges to perform administration tasks (such as updating software or restarting daemons) using the "sudo" command which is logged and audited as described below.

Only operations personnel have access to production environments. Development personnel are restricted to development, staging and OT&E environments.

#### 30(a).6. Security Enforcement

Security controls are continually monitored to ensure that they are enforced. Monitoring includes use of intrusion detection systems on firewalls and application servers. Attempted breaches of access controls (for example, port scans or web application vulnerability scans) trigger NOC alerts and may result in the execution of the Security Incident Response Policy (see below).

Since CentralNic operates a centralised logging and monitoring system (see Q42), access logs are analysed in order to generate access reports which are then reviewed by NOC personnel. This

includes access to servers via SSH, to web-based administration systems, and to security and networking equipment. Unexpected access to systems is investigated with a view to correcting any breaches and/or revoking access where appropriate.

### 30(a).8. Security Incident Response Policy

CentralNic operates a Security Incident Response Policy which applies to all events and incidents as defined by the policy, and to all computer systems and networks operated by CentralNic.

The Policy provides a mechanism by which security events and incidents are defined (as observable change to the normal behaviour of a system attributable to a human root cause). It also defines the conditions under which an incident may be defined as escalated (when events affect critical production systems or requires that implementation of a resolution that must follow a change control process) and emergencies (when events impact the health or safety of human beings, breach primary controls of critical systems, or prevent activities which protect or may affect the health or safety of individuals).

The Policy established an Incident Response Team which regularly reviews status reports and authorises specific remedies. The IST conduct an investigation which seeks to determine the human perpetrator who is the root cause for the incident. Very few incidents will warrant or require an investigation. However, investigation resources like forensic tools, dirty networks, quarantine networks and consultation with law enforcement may be useful for the effective and rapid resolution of an emergency incident.

The Policy makes use of CentralNic's existing support ticketing and bug tracking systems to provide a unique ID for the event, and means by which the incident may be escalated, information may be reported, change control processes put into effect, and ultimately resolved. The Policy also describes the process by which an incident is escalated to invoke an Emergency Response, which involves Lock-Down and Repair processes, monitoring and capturing of data for forensic analysis, and liaison with emergency services and law enforcement as necessary.

### 30(a).9. Role of the Network Operations Centre (NOC)

In addition to its role in managing and operating CentralNic's infrastructure, the NOC plays a key role in managing security. The NOC responds to any and all security incidents, such as vulnerability reports received from registrars, clients and other stakeholders; monitoring operator and security mailing lists (such as the DNS-OARC lists) to obtain intelligence about new security threats; responding to security-related software updates; and acting upon security alerts raised by firewall and intrusion detection systems.

### 30(a).10. Information Security Team

CentralNic maintains an Information Security Team (IST) to proactively manage information security. The IST is a cross-functional team from relevant areas of CentralNic. These key members of staff are responsible for cascading rules, regulations and information to their respective departments. They are also the first port of call for their departmental staff to report potential security incidences and breaches, the IST are all members of an internal email group used to co-ordinate and discuss security related issues.

The IST is comprised of the CEO, CTO, Operations Manager, Senior Operations Engineer and Security Engineer.

IST responsibilities include:

- \*Review and monitor information security threats and incidents.
- \*Approve initiatives and methodologies to enhance information security.
- \*Agree and review the security policy, objectives and responsibilities.
- \*Review client requirements concerning information security.
- \*Promote the visibility of business support for information security company-wide.
- \*Manage changes to 3rd party services that may impact on Information Security
- \*Perform internal audits with the assistance of Blackmores.

#### 30(a).11 Auditing and Review

ISO 27001 includes processes for the auditing and review of security systems and policies. Audits are performed annually by an independent assessor. The IST periodically reviews the ISMS and conducts a gap analysis, identifying areas where performance does not comply with policy, and where the Risk Assessment has identified the need for further work.

#### 30(a).12. Testing of Controls and Procedures

CentralNic will conduct bi-annual penetration tests of its registry systems to ensure that access controls are properly enforced and that no new vulnerabilities have been introduced to the system. Penetration tests will include both "black box" testing of public registry services such as Whois and the Registrar Console, "grey box" testing of authenticated services such as EPP, and tests of physical security at CentralNic's offices and facilities.

CentralNic will retain the services of a reputable security testing company such as SecureData (who, as MIS-CDS, performed the 2009 assessment of CentralNic's security stance). The results of this test will be used in annual reviews and audits of the ISMS.

#### 30(a).13. DotWebsite Inc. Security Policy

In addition to the security of our technical back-end by CentralNic, we will implement the following security measures in our offices:

As explained earlier, some of our functions are outsourced to the Directi Group. The Directi Group operates offices across Mumbai, India and UAE. The office building has a 24/7 alarm system and cameras throughout the building, with a full view of entry and exits to the main areas. All critical physical and digital file storage areas are also closely monitored with controlled access.

The office doors are only accessible with access cards provided to employees. All entries and exits are recorded by the system. Access cards are de-activated as part of the employee discontinuation policy.

Access to sensitive areas are controlled by the electronic access control system managed by the IT team.

The facility is designed to have 100% power backup in case of a power failure. Currently, we have generators which are capable of providing power backup to critical requirements like servers, workstations & lights for atleast 48 hours.

With regards to our company systems and network security, we have adopted the following policies and processes:

Password Policy: We have policies and procedures to manage the creating, changing, and safeguarding of passwords.

- \*A password cannot contain your User Name and cannot match your first or last name

- \*A password must contain at least eight characters, and contain at least one alphabetic character and one number

- \*The last three passwords cannot be re-used when changing to a new password

- \*Account lockout after 8 failed login attempts, reset only possible after logging a ticket to internal IT help desk team

- \*Passwords are force-changed every quarter

Systems Security Policy:

- \*We use well-known Anti-Virus/Malware tools that constantly run scans during off peak hours and are updated on a regular basis

- \*Automatic Screen locking systems for idle users to prevent unauthorized access

- \*Hard disk encryption with domain login password preventing data duplication if the hard drive is attached to a different system

- \*Access to information that is deemed sensitive, requires the input of the employee's password in conjunction with the password of a member from senior management

- \*Password protected BIOS in each system preventing any hardware level tampering

\*Phishing/Malware sites blocked on all browsers by our Internet Security tools

\*Unauthorized software is blocked and only while-listed after proper business justification and approvals

\*We have an internal process to back-up critical data on a regular basis

\*Redundancy for our all Critical Applications and Servers is ensured

#### Network Security Policy:

\*The default passwords are always reset on all network devices

\*Firewall is configured to block outbound traffic from VLAN workgroups or entire network segments that have no business establishing client connections to internet servers

\*Requests to our internal servers are blocked unless authorized explicitly

\*Our wireless network is encrypted using a signed certificate

\*VPN traffic is encrypted using a CA signed certificate

\*DMZ is implemented to limit inbound traffic to only system components that provide authorized publicly accessible services, protocols, and ports

\*Inbound Internet traffic is limited to servers in DMZ zone only

\*Servers that store data are on an internal network zone are segregated from the DMZ and other untrusted networks

\*We occasionally run intruder detection tests to identify insecure services/protocols/ports

\*We have processes to ensure that ios/firmware/patches to switches/firewall/routers are updated regularly

\*Tests are run regularly to ensure the internet redundancy links are working fine on our edge routers

#### Intranet Security Policy:

\*Constant collaboration with leading security vendors and experts on specific threats

\*Internal Mails (Webmail, SMTP, POP3, IMAP) are only accessible via VPN

\*Internal Mail over mobile device is password protected screen locks with remote wipe supported if the device is lost

\*Penetrating tests for each system (including virtual machine/network device) are run to check for weak passwords and security vulnerabilities

\*SSO (Single Sign On) login for all our internal sites only work over our VPN

\*Security audit logs are archived for a year

\*Revoking all privileges and re-setting access details as part of the employee discontinuation process

\*Some of the monitoring tools we use internally are:

\*Cacti

\*Nagios

\*Zenoss

\*Pingdom

\*Whats up gold

\*Observium

We are and will continue to be working with CentralNic and other security experts to enhance physical and network security measures in addition to policy development and employee training.

Given that the string is a generic TLD that does not propose to offer unique security policies beyond those detailed; we will not be making specific security commitments to our registrants. We trust that we will become known for providing a safe and secure platform for individuals and companies.

This completes our answer to Q30(a).



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# **EXHIBIT AC-25**

# Domain Name Agreements between the U.S. Department of Commerce, Network Solutions, Inc., and the Internet Corporation for Assigned Names and Numbers (ICANN) (September 28, 1999)

- Registrar Accreditation Agreement
- Registrar License and Agreement
- Amendment 1 to JPA/MoU
- Zone File Access Agreement
- NSI Registry Agreement



*Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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- This REGISTRAR ACCREDITATION AGREEMENT ("Agreement") is by and between the Internet Corporation for Assigned Names and Numbers, a not-for-profit corporation, and \_\_\_\_\_ ("Registrar"), a \_\_\_\_\_, and shall be deemed made on \_\_\_\_\_, 1999, at Los Angeles, California, USA.
- **I. DEFINITIONS**
- As used in this Agreement, the following terms shall have the following meanings:
  - A. "Accredit" means to identify and set minimum standards for the performance of registration functions, to recognize persons or entities meeting those standards, and to enter into an accreditation agreement that sets forth the rules and procedures applicable to the provision of registration services.
  - B. A "Consensus Policy" is one adopted by ICANN as follows:
    - 1. "Consensus Policies" are those adopted based on a consensus among Internet stakeholders represented in the ICANN process, as demonstrated by (1) the adoption of the policy by the ICANN Board of Directors, (2) a recommendation that the policy should be adopted, by at least a two-thirds vote of the council of the ICANN Supporting Organization to which the matter is delegated, and (3) a written report and supporting materials (which must include all substantive submissions to the Supporting Organization relating to the proposal) that (i) documents the extent of agreement and disagreement among impacted groups, (ii) documents the outreach process used to seek to achieve adequate representation of the views of groups that are likely to be impacted, and (iii) documents the nature and intensity of reasoned support and opposition to the proposed policy.
    - 2. In the event that Registrar disputes the presence of such a consensus, it shall seek review of that issue from an Independent Review Panel established under ICANN's bylaws. Such review must be sought within fifteen working days of publication of the Board's action adopting the policy. The decision of the panel shall be based on the report and supporting materials required by Section I.B.1 above. In the event that Registrar seeks review and the Panel sustains the Board's determination that the policy is based on a consensus among Internet stakeholders represented in the ICANN process, then Registrar must implement such policy unless it promptly seeks and obtains a stay or injunctive relief under Section II.P.
    - 3. In the event, following a decision by the Independent Review Panel convened under Section I.B.2 above, that Registrar still disputes the presence of such a consensus, it may seek further review of that issue within fifteen working days of publication of the decision in accordance with the dispute-resolution procedures set forth in Section II.P below; provided, however, that Registrar must continue to implement the policy unless it has obtained a stay or injunctive relief under Section II.P or a final decision is rendered in accordance with the provisions of Section II.P that relieves Registrar of such obligation. The decision in any such further review shall be based on the report and supporting materials required by Section I.B.1 above.

- 4. A policy adopted by the ICANN Board of Directors on a temporary basis, without a prior recommendation by the council of an ICANN Supporting Organization, shall also be considered to be a Consensus Policy if adopted by the ICANN Board of Directors by a vote of at least two-thirds of its members, and if immediate temporary adoption of a policy on the subject is necessary to maintain the stability of the Internet or the operation of the domain name system, and if the proposed policy is as narrowly tailored as feasible to achieve those objectives. In adopting any policy under this provision, the ICANN Board of Directors shall state the period of time for which the policy is temporarily adopted and shall immediately refer the matter to the appropriate Supporting Organization for its evaluation and review with a detailed explanation of its reasons for adopting the temporary policy and why the Board believes the policy should receive the consensus support of Internet stakeholders. If the period of time for which the policy is adopted exceeds 45 days, the Board shall reaffirm its temporary adoption every 45 days for a total period not to exceed 180 days, in order to maintain such policy in effect until such time as it meets the standard set forth in Section I.B.1. If the standard set forth in Section I.B.1 above is not met within the temporary period set by the Board, or the council of the Supporting Organization to which it has been referred votes to reject the temporary policy, it will no longer be a "Consensus Policy."
- 5. For all purposes under this Agreement, the policies specifically identified by ICANN on its website (www.icann.org) at the date of this Agreement as having been adopted by the ICANN Board of Directors before the date of this Agreement shall be treated in the same manner and have the same effect as "Consensus Policies."
- 6. In the event that, at the time the ICANN Board adopts a policy under Section I.B.1 during the term of this Agreement, ICANN does not have in place an Independent Review Panel established under ICANN's bylaws, the fifteen-working-day period allowed under Section I.B.2 to seek review shall be extended until fifteen working days after ICANN does have such an Independent Review Panel in place and Registrar shall not be obligated to comply with the policy in the interim.
- C. "DNS" refers to the Internet domain-name system.
- D. "ICANN" refers to the Internet Corporation for Assigned Names and Numbers, a party to this Agreement.
- E. An "ICANN-adopted policy" (and references to ICANN "adopt[ing]" a policy or policies) refers to a Consensus Policy adopted by ICANN (i) in conformity with applicable provisions of its articles of incorporation and bylaws and Section II.C of this Agreement and (ii) of which Registrar has been given notice and a reasonable period in which to comply.
- F. "IP" means Internet Protocol.
- G. "Personal Data" refers to data about any identified or identifiable natural person.
- H. The word "Registrar," when appearing with an initial capital letter, refers to \_\_\_\_\_, a party to this Agreement.

- I. The word "registrar," when appearing without an initial capital letter, refers to a person or entity that contracts with SLD holders and a registry, collecting registration data about the SLD holders and submitting zone file information for entry in the registry database.
- J. A "Registry" is the person(s) or entity(ies) then responsible, in accordance with an agreement between ICANN and that person or entity (those persons or entities) or, if that agreement is terminated or expires, in accordance with an agreement between the US Government and that person or entity (those persons or entities), for providing registry services.
- K. An "SLD" is a second-level domain of the DNS.
- L. An SLD registration is "sponsored" by the registrar that placed the record associated with that registration into the registry. Sponsorship of a registration may be changed at the express direction of the SLD holder or, in the event a registrar loses accreditation, in accordance with then-current ICANN-adopted policies.
- M. A "TLD" is a top-level domain of the DNS.

- **II. TERMS AND CONDITIONS OF AGREEMENT**

- The parties agree as follows:
- A. Accreditation. During the term of this Agreement, Registrar is hereby accredited by ICANN to act as a registrar (including to insert and renew registration of SLDs in the registry database) for the .com, .net, and .org TLDs.
- B. Registrar Use of ICANN Name. Registrar is hereby granted a non-exclusive worldwide license to state during the term of this Agreement that it is accredited by ICANN as a registrar in the .com, .net, and .org TLDs. No other use of ICANN's name is licensed hereby. This license may not be assigned or sublicensed by Registrar.
- C. General Obligations of ICANN. With respect to all matters that impact the rights, obligations, or role of Registrar, ICANN shall during the Term of this Agreement:
  - 1. exercise its responsibilities in an open and transparent manner;
  - 2. not unreasonably restrain competition and, to the extent feasible, promote and encourage robust competition;
  - 3. not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and not single out Registrar for disparate treatment unless justified by substantial and reasonable cause; and
  - 4. ensure, through its reconsideration and independent review policies, adequate appeal procedures for Registrar, to the extent it is adversely affected by ICANN standards, policies, procedures or practices.
- D. General Obligations of Registrar.
  - 1. During the Term of this Agreement:
    - a. Registrar agrees that it will operate as a registrar for TLDs for which it is accredited by ICANN in accordance with this Agreement;

- b. Registrar shall comply, in such operations, with all ICANN-adopted Policies insofar as they:
- i. relate to one or more of the following: (A) issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, technical reliability and/or stable operation of the Internet or domain-name system, (B) registrar policies reasonably necessary to implement Consensus Policies relating to the Registry, or (C) resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names), and
- ii. do not unreasonably restrain competition.
- 2. To the extent that Consensus Policies are adopted in conformance with Section II.C of this Agreement, the measures permissible under Section II.D.1.b.i shall include, without limitation:
  - i. principles for allocation of SLD names (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - ii. prohibitions on warehousing of or speculation in domain names by registrars;
  - iii. reservation of SLD names that may not be registered initially or that may not be renewed due to reasons reasonably related to (a) avoidance of confusion among or misleading of users, (b) intellectual property, or (c) the technical management of the DNS or the Internet (e.g., "example.com" and single-letter/digit names);
  - iv. the allocation among continuing registrars of the SLD names sponsored in the registry by a registrar losing accreditation; and
  - v. the transfer of registration data upon a change in registrar sponsoring the registration.
- Nothing in this Section II.D shall limit or otherwise affect Registrar's obligations as set forth elsewhere in this Agreement.
- E. Submission of SLD Holder Data to Registry. During the term of this Agreement:
  - 1. As part of its registration of SLDs in the .com, .net, and .org TLDs, Registrar shall submit to, or shall place in the registry database operated by Registry the following data elements concerning SLD registrations that Registrar processes:
    - a. The name of the SLD being registered;
    - b. The IP addresses of the primary nameserver and secondary nameserver(s) for the SLD;
    - c. The corresponding names of those nameservers;
    - d. Unless automatically generated by the registry system, the identity of the registrar;
    - e. Unless automatically generated by the registry system, the expiration date of the registration; and
    - f. Other data required as a result of further development of the registry system by the Registry.
  - 2. Within five (5) business days after receiving any updates from the SLD holder to the data elements listed in Sections II.E.1.b and c for any SLD registration

Registrar sponsors, Registrar shall submit the updated data elements to, or shall place those elements in the registry database operated by Registry.

- 3. In order to allow reconstitution of the registry database in the event of an otherwise unrecoverable technical failure or a change in the designated Registry permitted by the contract Registry has with ICANN and/or the United States Department of Commerce, within ten days of any such request by ICANN Registrar shall submit an electronic database containing the data elements listed in Sections II.F.1.a through d for all active records in the registry sponsored by Registrar, in a format specified by ICANN, to the Registry for the appropriate TLD.
- F. Public Access to Data on SLD Registrations. During the term of this Agreement:
  - 1. At its expense, Registrar shall provide interactive public access on a current basis (such as through a Whois service) to data concerning all active SLD registrations sponsored by Registrar in the registry for the .com, .net, and .org TLDs. The data accessible shall consist of elements that are designated from time to time according to an ICANN-adopted policy. Until ICANN otherwise specifies by means of an ICANN-adopted policy, this data shall consist of the following elements as contained in Registrar's database:
    - a. The name of the SLD being registered and the TLD for which registration is being requested;
    - b. The IP addresses of the primary nameserver and secondary nameserver(s) for the SLD;
    - c. The corresponding names of those nameservers;
    - d. The identity of Registrar (which may be provided through Registrar's website);
    - e. The original creation date of the registration;
    - f. The expiration date of the registration;
    - g. The name and postal address of the SLD holder;
    - h. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the SLD; and
    - i. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the SLD.
  - 2. Upon receiving any updates to the data elements listed in Sections II.F.1.b through d and f through i from the SLD holder, Registrar shall promptly update its database used to provide the public access described in Section II.F.1.
  - 3. Registrar may subcontract its obligation to provide the public access described in Section II.F.1 and the updating described in Section II.F.2, provided that Registrar shall remain fully responsible for the proper provision of the access and updating.
  - 4. Registrar shall abide by any ICANN-adopted Policy that requires registrars to cooperatively implement a distributed capability that provides query-based Whois search functionality across all registrars. If the Whois service implemented by registrars does not in a reasonable time provide reasonably robust, reliable, and convenient access to accurate and up-to-date data, the Registrar shall abide by any ICANN-adopted Policy requiring Registrar, if reasonably determined by ICANN to be necessary (considering such



possibilities as remedial action by specific registrars), to supply data from Registrar's database to facilitate the development of a centralized Whois database for the purpose of providing comprehensive Registrar Whois search capability.

- 5. In providing query-based public access to registration data as required by Sections II.F.1 and II.F.4, Registrar shall not impose terms and conditions on use of the data provided except as permitted by an ICANN-adopted policy. Unless and until ICANN adopts a different policy, Registrar shall permit use of data it provides in response to queries for any lawful purposes except to: (a) allow, enable, or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via e-mail (spam); or (b) enable high volume, automated, electronic processes that apply to Registrar (or its systems).
- 6. In addition, Registrar shall provide third-party bulk access to the data subject to public access under Section II.F.1 under the following terms and conditions:
  - a. Registrar shall make a complete electronic copy of the data available at least one time per week for download by third parties who have entered into a bulk access agreement with Registrar.
  - b. Registrar may charge an annual fee, not to exceed US\$10,000, for such bulk access to the data.
  - c. Registrar's access agreement shall require the third party to agree not to use the data to allow, enable, or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via e-mail (spam).
  - d. Registrar's access agreement may require the third party to agree not to use the data to enable high-volume, automated, electronic processes that apply to Registrar (or its systems).
  - e. Registrar's access agreement may require the third party to agree not to sell or redistribute the data except insofar as it has been incorporated by the third party into a value-added product or service that does not permit the extraction of a substantial portion of the bulk data from the value-added product or service for use by other parties.
  - f. Registrar may enable SLD holders to elect not to have data concerning their registrations available for bulk access based on Registrar's "Opt-Out" policy, and Registrar may require the third party to abide by the terms of that Opt-Out policy; provided, however, that Registrar may not use such data subject to opt-out in its own value-added product or service.
- 7. Registrar's obligations under Section II.F.6 shall remain in effect until the earlier of (a) replacement of this policy with a different ICANN-adopted policy governing bulk access to the data subject to public access under Section II.F.1, or (b) demonstration, to the satisfaction of the United States Department of Commerce, that no individual or entity is able to exercise market power with respect to registrations or with respect to registration data used for development of value-added products and services by third parties.
- 8. To comply with applicable statutes and regulations and for other reasons, ICANN may from time to time adopt policies establishing limits on the Personal Data concerning SLD registrations that Registrar may make available to the public through a public-access service described in this Section II.F and on the

manner in which Registrar may make them available. In the event ICANN adopts any such policy, Registrar shall abide by it.

- G. Retention of SLD Holder and Registration Data.
- 1. During the term of this Agreement, Registrar shall maintain its own electronic database, as updated from time to time, containing data for each active SLD registration sponsored by it in the registry for the .com, .net, and .org TLDs. The data for each such registration shall include the elements listed in Sections II.F.1.a through i, as well as the name and (where available) postal address, e-mail address, voice telephone number, and fax number of the billing contact.
- 2. During the term of this Agreement and for three years thereafter, Registrar (itself or by its agent) shall maintain the following records relating to its dealings with the Registry and SLD holders:
  - a. In electronic form, the submission date and time, and the content, of all registration data (including updates) submitted in electronic form to the Registry;
  - b. In electronic, paper, or microfilm form, all written communications constituting registration applications, confirmations, modifications, or terminations and related correspondence with actual SLD holders, including registration contracts; and
  - c. In electronic form, records of the accounts of all SLD holders with Registrar, including dates and amounts of all payments and refunds.
- Registrar shall make these records available for inspection by ICANN upon reasonable notice. ICANN shall not disclose such records except as expressly permitted by an ICANN-adopted policy.
- H. Rights in Data. Registrar disclaims all rights to exclusive ownership or use of the data elements listed in Sections II.E.1.a. through c. for all SLD registrations submitted by Registrar to, or sponsored by Registrar in, the registry database for the .com, .net, and .org TLDs. Registrar does not disclaim rights in the data elements listed in Sections II.E.1.d through f and II.F.1.d through i concerning active SLD registrations sponsored by it in the registry for the .com, .net, and .org TLDs, and agrees to grant non-exclusive, irrevocable, royalty-free licenses to make use of and disclose the data elements listed in Sections II.F.1.d through i for the purpose of providing a service (such as a Whois service under II.F.4) providing interactive, query-based public access. Upon a change in sponsorship from Registrar of any SLD registration in the registry for the .com, .net, and .org TLDs, Registrar acknowledges that the registrar gaining sponsorship shall have the rights of an owner to the data elements listed in Sections II.E.1.d and e and II.F.1.d through i concerning that registration, with Registrar also retaining the rights of an owner in that data. Nothing in this Section II.H prohibits Registrar from (1) restricting bulk public access to data elements in a manner consistent with any ICANN-adopted policies or (2) transferring rights it claims in data elements subject to the provisions of this Section II.H.
- I. Data Escrow. During the term of this Agreement, on a schedule, under the terms, and in the format specified in the then-current ICANN-adopted policy on registrar escrow requirements, Registrar shall submit an electronic copy of the database described in Section II.G.1 to ICANN or, at Registrar's election and at

its expense, to a reputable escrow agent mutually approved by Registrar and ICANN, such approval also not to be unreasonably withheld by either party. The data shall be held under an agreement among Registrar, ICANN, and the escrow agent (if any) providing that (1) the data shall be received and held in escrow, with no use other than verification that the deposited data is complete and in proper format, until released to ICANN; (2) the data shall be released from escrow upon expiration without renewal or termination of this Agreement; and (3) ICANN's rights under the escrow agreement shall be assigned with any assignment of this Agreement. The escrow shall provide that in the event the escrow is released under this Section II.I, ICANN (or its assignee) shall have a non-exclusive, irrevocable, royalty-free license to exercise (only for transitional purposes) or have exercised all rights necessary to provide registrar services.

- J. Business Dealings, Including with SLD Holders.
- 1. In the event ICANN adopts a policy supported by a consensus of ICANN-accredited registrars establishing or approving a Code of Conduct for such registrars, Registrar shall abide by that Code.
- 2. Registrar shall abide by applicable laws and governmental regulations.
- 3. Registrar shall not represent to any actual or potential SLD holder that Registrar enjoys access to a registry for which Registrar is accredited that is superior to that of any other registrar accredited for that registry.
- 4. Registrar shall not activate any SLD registration unless and until it is satisfied that it has received a reasonable assurance of payment of its registration fee. For this purpose, a charge to a credit card, general commercial terms extended to creditworthy customers, or other mechanism providing a similar level of assurance of payment shall be sufficient, provided that the obligation to pay becomes final and non-revocable by the SLD holder upon activation of the registration.
- 5. Registrar shall register SLDs to SLD holders only for fixed periods. At the conclusion of the registration period, failure by or on behalf of the SLD holder to pay a renewal fee within the time specified in a second notice or reminder shall, in the absence of extenuating circumstances, result in cancellation of the registration. In the event that ICANN adopts a policy concerning procedures for handling expiration of registrations, Registrar shall abide by that policy.
- 6. Registrar shall not insert or renew any SLD name in any registry for which Registrar is accredited by ICANN in a manner contrary to an ICANN-adopted policy stating a list or specification of excluded SLD names that is in effect at the time of insertion or renewal.
- 7. Registrar shall require all SLD holders to enter into an electronic or paper registration agreement with Registrar including at least the following provisions:
  - a. The SLD holder shall provide to Registrar accurate and reliable contact details and promptly correct and update them during the term of the SLD registration, including: the full name, postal address, e-mail address, voice telephone number, and fax number if available of the SLD holder; name of authorized person for contact purposes in the case of an SLD holder that is an organization, association, or corporation; and the data elements listed in Section II.F.1.b, c, and h through i above.

- An SLD holder's willful provision of inaccurate or unreliable information, its willful failure promptly to update information provided to Registrar, or its failure to respond for over fifteen calendar days to inquiries by Registrar concerning the accuracy of contact details associated with the SLD holder's registration shall constitute a material breach of the SLD holder-registrar contract and be a basis for cancellation of the SLD registration.
- Any SLD holder that intends to license use of a domain name to a third party is nonetheless the SLD holder of record and is responsible for providing its own full contact information and for providing and updating accurate technical and administrative contact information adequate to facilitate timely resolution of any problems that arise in connection with the SLD.
- b. Registrar shall provide notice to each new or renewed SLD holder stating:
  - i. The purposes for which any Personal Data collected from the applicant are intended;
  - ii. The intended recipients or categories of recipients of the data (including the Registry and others who will receive the data from Registry);
  - iii. Which data are obligatory and which data, if any, are voluntary; and
  - iv. How the SLD holder or data subject can access and, if necessary, rectify the data held about them.
- c. The SLD holder shall consent to the data processing referred to in Section II.J.7.b.
- d. The SLD holder shall represent that notice has been provided equivalent to that described in Section II.J.7.b. above to any third-party individuals whose Personal Data are supplied to Registrar by the SLD holder, and that the SLD holder has obtained consent equivalent to that referred to in Section II.J.7.c of any such third-party individuals.
- e. Registrar shall agree that it will not process the Personal Data collected from the SLD holder in a way incompatible with the purposes and other limitations about which it has provided notice to the SLD holder in accordance with Section II.J.7.b, above.
- f. Registrar shall agree that it will take reasonable precautions to protect Personal Data from loss, misuse, unauthorized access or disclosure, alteration, or destruction.
- g. The SLD holder shall represent that, to the best of the SLD holder's knowledge and belief, neither the registration of the SLD name nor the manner in which it is directly or indirectly used infringes the legal rights of a third party.
- h. For the adjudication of disputes concerning or arising from use of the SLD name, the SLD holder shall submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts (1) of the SLD holder's domicile and (2) where Registrar is located.
- i. The SLD holder shall agree that its registration of the SLD name shall be subject to suspension, cancellation, or transfer pursuant to any ICANN-adopted policy, or pursuant to any registrar or registry procedure not inconsistent with an ICANN-adopted policy, (1) to correct mistakes by Registrar or the Registry in registering the name or (2) for the resolution of disputes concerning the SLD name.

- j. The SLD holder shall indemnify and hold harmless the Registry and its directors, officers, employees, and agents from and against any and all claims, damages, liabilities, costs, and expenses (including reasonable legal fees and expenses) arising out of or related to the SLD holder's domain name registration.
- 8. Registrar shall abide by any ICANN-adopted policies requiring reasonable and commercially practicable (a) verification, at the time of registration, of contact information associated with an SLD registration sponsored by Registrar or (b) periodic re-verification of such information. Registrar shall, upon notification by any person of an inaccuracy in the contact information associated with an SLD registration sponsored by Registrar, take reasonable steps to investigate that claimed inaccuracy. In the event Registrar learns of inaccurate contact information associated with an SLD registration it sponsors, it shall take reasonable steps to correct that inaccuracy.
- 9. Registrar shall abide by any ICANN-adopted policy prohibiting or restricting warehousing of or speculation in domain names by registrars.
- 10. Registrar shall maintain in force commercial general liability insurance with policy limits of at least US\$500,000 covering liabilities arising from Registrar's registrar business during the term of this Agreement.
- 11. Nothing in this Agreement prescribes or limits the amount Registrar may charge SLD holders for registration of SLD names.
- K. Domain-Name Dispute Resolution. During the term of this Agreement, Registrar shall have in place a policy and procedure for resolution of disputes concerning SLD names. In the event that ICANN adopts a policy or procedure for resolution of disputes concerning SLD names that by its terms applies to Registrar, Registrar shall adhere to the policy or procedure.
- L. Accreditation Fees. As a condition of accreditation, Registrar shall pay accreditation fees to ICANN. These fees consist of yearly and on-going components.
  - 1. The yearly component for the term of this Agreement shall be US \$5,000. Payment of the yearly component shall be due upon execution by Registrar of this Agreement and upon each anniversary date after such execution during the term of this Agreement (other than the expiration date).
  - 2. Registrar shall pay the on-going component of Registrar accreditation fees adopted by ICANN in accordance with the provisions of Section II.C above, provided such fees are reasonably allocated among all registrars that contract with ICANN and that any such fees must be expressly approved by registrars accounting, in aggregate, for payment of two-thirds of all registrar-level fees. Registrar shall pay such fees in a timely manner for so long as all material terms of this Agreement remain in full force and effect, and notwithstanding the pendency of any dispute between Registrar and ICANN.
  - 3. On reasonable notice given by ICANN to Registrar, accountings submitted by Registrar shall be subject to verification by an audit of Registrar's books and records by an independent third-party that shall preserve the confidentiality of such books and records (other than its findings as to the accuracy of, and any necessary corrections to, the accountings).

- M. Specific Performance. While this Agreement is in effect, either party may seek specific performance of any provision of this Agreement in the manner provided in Section II.P below, provided the party seeking such performance is not in material breach of its obligations.
- N. Termination of Agreement. This Agreement may be terminated before its expiration by Registrar by giving ICANN thirty days written notice. It may be terminated before its expiration by ICANN in any of the following circumstances:
  - 1. There was a material misrepresentation, material inaccuracy, or materially misleading statement in Registrar's application for accreditation or any material accompanying the application.
  - 2. Registrar:
    - a. is convicted of a felony or other serious offense related to financial activities, or is judged by a court to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of these; or
    - b. is disciplined by the government of its domicile for conduct involving dishonesty or misuse of funds of others.
  - 3. Any officer or director of Registrar is convicted of a felony or of a misdemeanor related to financial activities, or is judged by a court to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN deems as the substantive equivalent of any of these; provided, such officer or director is not removed in such circumstances.
  - 4. Registrar fails to cure any breach of this Agreement (other than a failure to comply with a policy adopted by ICANN during the term of this Agreement as to which Registrar is seeking, or still has time to seek, review under Section I.B.2 of whether a consensus is present) within fifteen working days after ICANN gives Registrar notice of the breach.
  - 5. Registrar fails to comply with a ruling granting specific performance under Sections II.M and II.P.
  - 6. Registrar continues acting in a manner that ICANN has reasonably determined endangers the stability or operational integrity of the Internet after receiving three days notice of that determination.
  - 7. Registrar becomes bankrupt or insolvent.
- This Agreement may be terminated in circumstances 1 through 6 above only upon fifteen days written notice to Registrar (in the case of circumstance 4 occurring after Registrar's failure to cure), with Registrar being given an opportunity during that time to initiate arbitration under Section II.P to determine the appropriateness of termination under this Agreement. In the event Registrar initiates litigation or arbitration concerning the appropriateness of termination by ICANN, the termination shall be stayed an additional thirty days to allow Registrar to obtain a stay of termination under Section II.P below. If Registrar acts in a manner that ICANN reasonably determines endangers the stability or operational integrity of the Internet and upon notice does not immediately cure, ICANN may suspend this Agreement for five working days pending ICANN's application for more extended specific performance or injunctive relief under

Section II.P. This Agreement may be terminated immediately upon notice to Registrar in circumstance 7 above.

- O. Term of Agreement; Renewal; Right to Substitute Updated Agreement. This Agreement shall have an initial term of five years, unless sooner terminated. Thereafter, if Registrar seeks to continue its accreditation, it may apply for renewed accreditation, and shall be entitled to renewal provided it meets the ICANN-adopted policy on accreditation criteria then in effect, is in compliance with its obligations under this Agreement, as amended, and agrees to be bound by the then-current Registrar accreditation agreement (which may differ from those of this Agreement) that ICANN adopts in accordance with Section II.C. and II.D (as Section II.D may have been amended by an ICANN-adopted policy). In connection with renewed accreditation, Registrar shall confirm its assent to the terms and conditions of the such then-current Registrar accreditation agreement by signing that accreditation agreement. In the event that, during the term of this Agreement, ICANN posts on its web site an updated form of registrar accreditation agreement applicable to accredited registrars in the .com, .net, or .org TLDs, Registrar (provided it has not received (1) a notice of breach that it has not cured or (2) a notice of termination of this Agreement under Section II.N above) may elect, by giving ICANN written notice, to enter an agreement in the updated form in place of this Agreement. In the event of such election, Registrar and ICANN shall promptly sign a new accreditation agreement that contains the provisions of the updated form posted on the web site, with the length of the term of the substituted agreement as stated in the updated form posted on the web site, calculated as if it commenced on the date this Agreement was made, and this Agreement will be deemed terminated.
- P. Resolution of Disputes Under this Agreement. Disputes arising under or in connection with this Agreement, including (1) disputes arising from ICANN's failure to renew Registrar's accreditation and (2) requests for specific performance, shall be resolved in a court of competent jurisdiction or, at the election of either party, by an arbitration conducted as provided in this Section II.P pursuant to the International Arbitration Rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in English and shall occur in Los Angeles County, California, USA. There shall be three arbitrators: each party shall choose one arbitrator and, if those two arbitrators do not agree on a third arbitrator, the third shall be chosen by the AAA. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety days of the conclusion of the arbitration hearing. In the event Registrar initiates arbitration to contest the appropriateness of termination of this Agreement by ICANN, Registrar may at the same time request that the arbitration panel stay the termination until the arbitration decision is rendered, and that request shall have the effect of staying the termination until the arbitration panel has granted an ICANN request for specific performance and Registrar has failed to comply with such ruling. In the

event Registrar initiates arbitration to contest an Independent Review Panel's decision under Section I.B.2 sustaining the Board's determination that a policy is supported by consensus, Registrar may at the same time request that the arbitration panel stay the requirement that it comply with the policy until the arbitration decision is rendered, and that request shall have the effect of staying the requirement until the decision or until the arbitration panel has granted an ICANN request for lifting of the stay. In all litigation involving ICANN concerning this Agreement (whether in a case where arbitration has not been elected or to enforce an arbitration award), jurisdiction and exclusive venue for such litigation shall be in a court located in Los Angeles, California, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of the parties during the pendency of an arbitration, the parties shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or in a court located in Los Angeles, California, USA, which shall not be a waiver of this arbitration agreement.

- Q. Limitations on Monetary Remedies for Violations of this Agreement. ICANN's aggregate monetary liability for violations of this Agreement shall not exceed the amount of accreditation fees paid by Registrar to ICANN under Section II.L of this Agreement. Registrar's monetary liability to ICANN for violations of this Agreement shall be limited to accreditation fees owing to ICANN under this Agreement. In no event shall either party be liable for special, indirect, incidental, punitive, exemplary, or consequential damages for any violation of this Agreement.
- R. Handling by ICANN of Registrar-Supplied Data. Before receiving any Personal Data from Registrar, ICANN shall specify to Registrar in writing the purposes for and conditions under which ICANN intends to use the Personal Data. ICANN may from time to time provide Registrar with a revised specification of such purposes and conditions, which specification shall become effective no fewer than thirty days after it is provided to Registrar. ICANN shall not use Personal Data provided by Registrar for a purpose or under conditions inconsistent with the specification in effect when the Personal Data were provided. ICANN shall take reasonable steps to avoid uses of the Personal Data by third parties inconsistent with the specification.
- S. Miscellaneous.
- 1. Assignment. Either party may assign or transfer this Agreement only with the prior written consent of the other party, which shall not be unreasonably withheld, except that ICANN may, with the written approval of the United States Department of Commerce, assign this agreement by giving Registrar written notice of the assignment. In the event of assignment by ICANN, the assignee may, with the approval of the United States Department of Commerce, revise the definition of "Consensus Policy" to the extent necessary to meet the organizational circumstances of the assignee, provided the revised definition requires that Consensus Policies be based on a demonstrated consensus of Internet stakeholders.



- 2. No Third-Party Beneficiaries. This Agreement shall not be construed to create any obligation by either ICANN or Registrar to any non-party to this Agreement, including any SLD holder.
- 3. Notices, Designations, and Specifications. All notices to be given under this Agreement shall be given in writing at the address of the appropriate party as set forth below, unless that party has given a notice of change of address in writing. Any notice required by this Agreement shall be deemed to have been properly given when delivered in person, when sent by electronic facsimile, or when scheduled for delivery by internationally recognized courier service. Designations and specifications by ICANN under this Agreement shall be effective when written notice of them is deemed given to Registrar.
  - If to ICANN, addressed to:
  - Internet Corporation for Assigned Names and Numbers  
Registrar Accreditation  
4676 Admiralty Way, Suite 330  
Marina Del Rey, California 90292  
Telephone: 1/310/823-9358  
Facsimile: 1/310/823-8649
  - If to Registrar, addressed to:
  - With a copy to:
- 4. Dates and Times. All dates and times relevant to this Agreement or its performance shall be computed based on the date and time observed in Los Angeles, California, USA.
- 5. Language. All notices, designations, and specifications made under this Agreement shall be in the English language.
- 6. Entire Agreement. Except for any written transition agreement that may be executed concurrently herewith by both parties, this Agreement constitutes the entire agreement of the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties.
- 7. Amendments and Waivers. No amendment, supplement, or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.
- 8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.
- INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS
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-

- By: \_\_\_\_\_
- Michael M. Roberts  
Interim President and CEO

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- [REGISTRAR]
- 

- By: \_\_\_\_\_
- 
- \_\_\_\_\_

- **Transition Agreement**

- In connection and simultaneously with entry into a Registrar Accreditation Agreement ("Accreditation Agreement"), and as a condition of the effectiveness thereof, ICANN and NSI hereby agree as follows:
- 1. ICANN accepts NSI's application for accreditation, finds the application fully satisfactory, and agrees that it shall not at any time assert, for purposes of the Accreditation Agreement, that there was any material misrepresentation, material inaccuracy, or materially misleading statement in NSI's application for accreditation or any material accompanying the application.
- 2. It is recognized that the Whois lookup capability is currently generated by NSI from static database files and lags the Registry database in timeliness. NSI will complete the development of an interactive Whois capability providing near real-time-access (referred to as a "current basis" in Section II.F.1 of the Accreditation Agreement) to the database within six months after the date of the Accreditation Agreement.
- 3. NSI's obligation under II.J.4. shall not become effective until four months after the date of the Accreditation Agreement.
- 4. NSI will approve the on-going component of Registrar accreditation fees, as provided in Section II.L.2 of the Accreditation Agreement, if its portion thereof does not exceed \$2,000,000 annually. NSI agrees to prepay \$1,000,000 toward its share of the on-going component of its Registrar accreditation fees at the time of signing of the Accreditation Agreement.
- 5. In the case of actual conflict while they are both in effect, the term(s) of the Cooperative Agreement shall take precedence over this Agreement.
- IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.

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- INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS
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- By: \_\_\_\_\_
- Michael M. Roberts  
Interim President and CEO

- 
- NETWORK SOLUTIONS, INC.
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- By: \_\_\_\_\_

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- Page modified 28-September-1999



*Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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[Note: ICANN has posted the following document for public review and comment. To submit comments, [click here.](#)]

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#### **REGISTRAR LICENSE AND AGREEMENT**

This Registrar License and Agreement (the "Agreement") is dated as of \_\_\_\_\_, 1999 ("Effective Date") by and between Network Solutions, Inc., a Delaware corporation, with its principal place of business located at 505 Huntmar Park Drive, Herndon, Virginia 20170 ("NSI" or the "Registry"), and \_\_\_\_\_, a \_\_\_\_\_ corporation, with its principal place of business located at \_\_\_\_\_ ("Registrar"). NSI and Registrar may be referred to individually as a "Party" and collectively as the "Parties."

**WHEREAS**, multiple registrars will provide Internet domain name registration services within the .com, .org and .net top-level domains wherein NSI operates and maintains certain TLD servers and zone files ("Registry");

**WHEREAS**, Registrar wishes to register second-level domain names in the multiple registrar system for the .com, .org and .net TLDs.

**NOW, THEREFORE**, for and in consideration of the mutual promises, benefits and covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, NSI and Registrar, intending to be legally bound, hereby agree as follows:

#### **1. DEFINITIONS**

**1.1** "DNS" refers to the Internet domain name system.

**1.2** "IP" means Internet Protocol.

**1.3** An "SLD" is a second-level domain of the DNS.

**1.4** The "System" refers to the multiple registrar system developed by NSI for registration of second-level domain names in the .com, .org and .net TLDs.

**1.5** A "TLD" is a top-level domain of the DNS.

**1.6** The "Licensed Product" refers to the RRP, APIs, and software, collectively.

## **2. OBLIGATIONS OF THE PARTIES**

**2.1 System Operation and Access.** Throughout the Term of this Agreement, NSI shall operate the System and provide Registrar with access to the System enabling Registrar to transmit domain name registration information for the .com, .org and .net TLDs to the System according to a protocol developed by NSI and known as the Registry Registrar Protocol ("RRP").

**2.2 Distribution of RRP, APIs and Software.** No later than three business days after the Effective Date of this Agreement, NSI shall provide to Registrar (i) full documentation of the RRP, (ii) "C" and "Java" application program interfaces ("APIs") to the RRP with documentation, and (iii) reference client software ("Software") that will enable Registrar to develop its system to register second-level domain names through the System for the .com, .org and .net TLDs. If NSI elects to modify or upgrade the APIs and/or RRP, NSI shall provide updated APIs to the RRP with documentation and updated Software to Registrar promptly as such updates become available.

**2.3 New Architectural Features.** NSI will use its best commercial efforts to develop and implement two additional modifications to the Licensed Product by January 15, 2000 as follows:

2.3.1 NSI will issue an upgrade to the Licensed Product that will enable a Registrar to accept initial domain name registrations or renewals of a minimum of one year in length, or in multiples of one year increments, up to a maximum of ten (10) years.

2.3.2 NSI will issue an upgrade to the Licensed Product that will enable registrars to accept the addition of one additional year to a registrant's "current" registration period when a registrant changes from one registrar to another.

Registrars will be able to offer these new features only for new registrations or renewals occurring after the Upgrade is deployed. Both Upgrades will be introduced into the Operational Test and Evaluation environment for testing prior to deployment.

**2.4 Registrar Responsibility for Customer Support.** Registrar shall be responsible for providing customer service (including domain name record support), billing and technical support, and customer interface to accept customer (the "SLD holder") orders.

**2.5 Data Submission Requirements.** As part of its registration of all SLD registrations in the .com, .net, and .org TLDs during the Term of this Agreement, Registrar shall submit the following data elements using the RRP concerning SLD registrations it processes:

2.5.1 The name of the SLD being registered;

2.5.2 The IP addresses of the primary nameserver and any secondary nameservers for the SLD; and

2.5.3 The corresponding host names of those nameservers.

**2.6 License.** Registrar grants NSI as Registry a non-exclusive non-transferable limited license to the data elements consisting of the SLD name registered, the IP addresses of nameservers, and the identity of the registering registrar for propagation of and the provision of authorized access to the TLD zone files.

**2.7 Registrar's Registration Agreement and Domain Name Dispute Policy.** Registrar shall have developed and employ in its domain name registration business an electronic or paper registration agreement, including a domain name dispute policy, a copy of which is attached to this Agreement as Exhibit A (which may be amended from time to time by Registrar, provided a copy is furnished to the Registry three (3) business days in advance of any such amendment), to be entered into by Registrar with each SLD holder as a condition of registration. Registrar shall include terms in its agreement with each SLD holder that are consistent with Registrar's duties to NSI hereunder.

**2.8 Secure Connection.** Registrar agrees to develop and employ in its domain name registration business all necessary technology and restrictions to ensure that its connection to the System is secure. All data exchanged between Registrar's system and the System shall be protected to avoid unintended disclosure of information. Each RRP session shall be authenticated and encrypted using two-way secure socket layer ("SSL") protocol. Registrar agrees to authenticate every RRP client connection with the System using both an X.509 server certificate issued by a commercial Certification Authority identified by the Registry and its Registrar password, which it shall disclose only to its employees with a need to know. Registrar agrees to notify Registry within four hours of learning that its Registrar password has been compromised in any way or if its server certificate has been revoked by the issuing Certification Authority or compromised in any way.

**2.9 Domain Name Lookup Capability.** Registrar agrees to employ in its domain name registration business NSI's Registry domain name lookup capability to determine if a requested domain name is available or currently unavailable for registration.

**2.10 Transfer of Sponsorship of Registrations.** Registrar agrees to implement transfers of SLD registrations from another registrar to Registrar and vice versa pursuant to the Policy on Transfer of Sponsorship of Registrations Between Registrars appended hereto as Exhibit B.

**2.11 Time.** Registrar agrees that in the event of any dispute concerning the time of the entry of a domain name registration into the Registry database, the time shown in the NSI Registry records shall control.

**2.12 Compliance with Terms and Conditions.** Registrar agrees to comply with all other reasonable terms or conditions established from time to time, to assure sound operation of the System, by NSI as Registry in a non-arbitrary manner and applicable to all registrars, including NSI, and consistent with NSI's Cooperative Agreement with the United States Government or NSI's Registry Agreement with the Internet Corporation for Assigned Names and Numbers ("ICANN"), as applicable, upon NSI's notification to Registrar of the establishment of those terms and conditions.

**2.13 Resolution of Technical Problems.** Registrar agrees to employ necessary employees, contractors, or agents with sufficient technical training and experience to respond to and fix all technical problems concerning the use of the RRP and the APIs in conjunction with Registrar's systems. Registrar agrees that in the event of significant degradation of the System or other emergency, Network Solutions, as Registry, may, in its sole discretion, temporarily suspend access to the System. Such temporary suspensions shall be applied in a nonarbitrary manner and shall apply fairly to any registrar similarly situated, including NSI.

**2.14 Surety Instrument.** During the Initial Term and any Renewal Terms, Registrar shall have in place a performance bond, letter of credit or equivalent instrument (the "Surety Instrument") from a surety acceptable to NSI, in the amount of \$100,000 U.S. dollars. The terms of the Surety Instrument shall indemnify and hold harmless NSI and its employees, directors, officers, representatives, agents and affiliates from all costs and damages (including reasonable attorneys' fees) which it may suffer by reason of Registrar's failure to indemnify NSI as provided in Section 6.16 by making payment(s) up to the full amount of the bond within ten (10) days of NSI's having notified the surety of its claim(s) of damages, having identified the basis for any such claim. NSI shall not be entitled to payment under the Surety Instrument until such time as it has certified that it has incurred expenses for which it is entitled to reimbursement in accordance with the provisions of Section 6.16 of this Agreement.

**2.15 Prohibited Domain Name Registrations.** Registrar agrees to comply with the policies of NSI as Registry that will be applicable to all registrars and that will prohibit the registration of certain domain names in the .com, .org and .net TLDs which are not allowed to be registered by statute or regulation.

**2.16 Indemnification Required of SLD Holders.** Registrar shall require each SLD holder to indemnify, defend and hold harmless NSI, and its directors, officers, employees and agents from and against any and all claims, damages, liabilities, costs and expenses, including reasonable legal fees and expenses arising out of or relating to the SLD holder's domain name registration.

### **3. LICENSE**

**3.1 License Grant.** Subject to the terms and conditions of this Agreement, NSI hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes of this Agreement the RRP, APIs and Software, as well as updates and redesigns thereof,

to provide domain name registration services in the .com, .org and .net TLDs only and for no other purpose. The RRP, APIs and Software, as well as updates and redesigns thereof, will enable Registrar to register domain names with the Registry on behalf of its SLD holders. Registrar, using the RRP, APIs and Software, as well as updates and redesigns thereof, will be able to invoke the following operations on the System: (i) check the availability of a domain name, (ii) register a domain name, (iii) re-register a domain name, (iv) cancel the registration of a domain name it has registered, (v) update the nameservers of a domain name, (vi) transfer a domain name from another registrar to itself with proper authorization, (vii) query a domain name registration record, (viii) register a nameserver, (ix) update the IP addresses of a nameserver, (x) delete a nameserver, (xi) query a nameserver, and (xii) establish and end an authenticated session.

**3.2 Limitations on Use.** Notwithstanding any other provisions in this Agreement, except with the written consent of NSI, Registrar shall not: (i) sublicense the RRP, APIs or Software or otherwise permit any use of the RRP, APIs or Software by or for the benefit of any party other than Registrar, (ii) publish, distribute or permit disclosure of the RRP, APIs or Software other than to employees, contractors, and agents of Registrar for use in Registrar's domain name registration business, (iii) decompile, reverse engineer, copy or re-engineer the RRP, APIs or Software for any unauthorized purpose, or (iv) use or permit use of the RRP, APIs or Software in violation of any federal, state or local rule, regulation or law, or for any unlawful purpose.

Registrar agrees to employ the necessary measures to prevent its access to the System granted hereunder from being used for (i) the transmission of unsolicited, commercial e-mail (spam) to entities other than Registrar's customers; (ii) high volume, automated, electronic processes that apply to NSI for large numbers of domain names, except as reasonably necessary to register domain names or modify existing registrations; or (iii) high volume, automated, electronic, repetitive queries for the purpose of extracting data to be used for Registrar's purposes, except as reasonably necessary to register domain names or modify existing registrations.

**3.3 Changes to Licensed Materials.** NSI may from time to time make modifications to the RRP, APIs or Software licensed hereunder that will enhance functionality or otherwise improve the System. NSI will provide Registrar with at least sixty (60) days notice prior to the implementation of any material changes to the RRP, APIs or software licensed hereunder.

## **4. SUPPORT SERVICES**

**4.1 Engineering Support.** NSI agrees to provide Registrar with reasonable engineering telephone support (between the hours of 9 a.m. to 5 p.m. local Herndon, Virginia time or at such other times as may be mutually agreed upon) to address engineering issues arising in connection with Registrar's use of the System.

**4.2 Customer Service Support.** During the Term of this Agreement, NSI will provide reasonable telephone and e-mail customer service support to Registrar, not SLD holders or prospective customers of Registrar, for non-technical issues solely relating to the System and its operation. NSI will provide Registrar with a telephone number and e-mail address for such support during implementation of the

RRP, APIs and Software. First-level telephone support will be available on a 7-day/24-hour basis. NSI will provide a web-based customer service capability in the future and such web-based support will become the primary method of customer service support to Registrar at such time.

## **5. FEES**

**5.1 License Fee.** As consideration for the license of the RRP, APIs and Software, Registrar agrees to pay NSI on the Effective Date a non-refundable one-time fee in the amount of \$ 10,000 payable in United States dollars (the "License Fee") and payable by check to Network Solutions, Inc., Attention: Registry Accounts Receivable, 505 Huntmar Park Drive, Herndon, Virginia 20170 or by wire transfer to NationsBank, for the credit of Network Solutions, Inc., Account #004112889843, ABA # 05000017, Swift, NABKUS3ARIC. No later than three (3) business days after either the receipt (and final settlement if payment by check) of such License Fee, or the Effective Date of this Agreement, whichever is later, NSI will provide the RRP, APIs and Software to Registrar.

### **5.2 Registration Fees.**

(a) From the Effective Date of this Agreement through January 15, 2000, Registrar agrees to pay NSI the non-refundable amounts of \$18 United States dollars for each initial two-year domain name registration and \$9 United States dollars for each one-year domain name re-registration (collectively, the "Registration Fees") registered by Registrar through the System.

(b) Thereafter, and for the balance of the term of this Agreement, Registrar agrees to pay NSI the non-refundable amounts of \$6 United States dollars for each annual increment of an initial domain name registration and \$6 United States dollars for each annual increment of a domain name re-registration (collectively, the "Registration Fees") registered by Registrar through the System.

(c) NSI reserves the right to adjust the Registration Fees prospectively upon thirty (30) days prior notice to Registrar, provided that such adjustments are consistent with NSI's Cooperative Agreement with the United States Government or its Registry Agreement with ICANN, as applicable, and are applicable to all registrars in the .com, .org and .net TLDs. NSI will invoice Registrar monthly in arrears for each month's Registration Fees. All Registration Fees are due immediately upon receipt of NSI's invoice pursuant to a letter of credit, deposit account, or other acceptable credit terms agreed by the Parties.

**5.3 Change in Registrar Sponsoring Domain Name.** Registrar may assume sponsorship of a SLD holder's existing domain name registration from another registrar by following the policy set forth in Exhibit B to this Agreement. Registrar agrees to pay NSI the applicable Registration Fee as set forth above. For transfers taking place after January 15, 2000, this shall result in a corresponding extension of the existing registration. The losing registrar's Registration Fees will not be refunded as a result of any such transfer.

**5.4 Non-Payment of Registration Fees.** Timely payment of Registration Fees is a material condition of performance under this Agreement. In the event that Registrar fails to pay its Registration Fees, either initial or re-registration fees, within three (3) days of the date when due, NSI may stop accepting new



registrations and/or delete the domain names associated with invoices not paid in full from the Registry database and give written notice of termination of this Agreement pursuant to Section 6.1(b) below.

## **6. MISCELLANEOUS**

### **6.1 Term of Agreement and Termination.**

(a) **Term of the Agreement.** The duties and obligations of the Parties under this Agreement shall apply from the Effective Date through and including the last day of the calendar month sixty (60) months from the Effective Date (the "Initial Term"). Upon conclusion of the Initial Term, all provisions of this Agreement will automatically renew for successive five (5) year renewal periods until the Agreement has been terminated as provided herein, Registrar elects not to renew, or NSI ceases to operate as the registry for the .com, .org and .net TLDs. In the event that revisions to NSI's Registrar License and Agreement are approved or adopted by the U.S. Department of Commerce, or ICANN, as appropriate, Registrar will execute an amendment substituting the revised agreement in place of this Agreement, or, at Registrar's option, exercised within fifteen (15) days, may terminate this Agreement immediately by giving written notice to NSI.

(b) **Termination For Cause.** In the event that either Party materially breaches any term of this Agreement including any of its representations and warranties hereunder and such breach is not substantially cured within thirty (30) calendar days after written notice thereof is given by the other Party, then the non-breaching Party may, by giving written notice thereof to the other Party, terminate this Agreement as of the date specified in such notice of termination.

(c) **Termination at Option of Registrar.** Registrar may terminate this Agreement at any time by giving NSI thirty (30) days notice of termination.

(d) **Termination Upon Loss of Registrar's Accreditation.** This Agreement shall terminate in the event Registrar's accreditation by ICANN, or its successor, is terminated or expires without renewal.

(e) **Termination in the Event that Successor Registry is Named.** This Agreement shall terminate in the event that the U.S. Department of Commerce or ICANN, as appropriate, designates another entity to serve as the registry for the .com, .net. and .org TLDs (the "Successor Registry").

(f) **Termination in the Event of Bankruptcy.** Either Party may terminate this Agreement if the other Party is adjudged insolvent or bankrupt, or if proceedings are instituted by or against a Party seeking relief, reorganization or arrangement under any laws relating to insolvency, or seeking any assignment for the benefit of creditors, or seeking the appointment of a receiver, liquidator or trustee of a Party's property or assets or the liquidation, dissolution or winding up of a Party's business.

(g) **Effect of Termination.** Upon expiration or termination of this Agreement, NSI will complete the registration of all domain names processed by Registrar prior to the date of such expiration or termination, provided that Registrar's payments to NSI for Registration Fees are current and timely.

Immediately upon any expiration or termination of this Agreement, Registrar shall (i) transfer its sponsorship of SLD name registrations to another licensed registrar(s) of the Registry, in compliance with any procedures established or approved by the U.S. Department of Commerce or ICANN, as appropriate, and (ii) either return to NSI or certify to NSI the destruction of all data, software and documentation it has received under this Agreement.

(h) **Survival.** In the event of termination of this Agreement, the following shall survive: (i) Sections 2.6, 2.7, 2.14, 6.1(g), 6.6, 6.7, 6.10, 6.12, 6.13, 6.14 and 6.16; (ii) the SLD holder's obligations to indemnify, defend, and hold harmless NSI, as stated in Section 2.16; (iii) the surety's obligations under the Surety Instrument described in Section 2.13 with respect to matters arising during the term of this Agreement; and (iv) Registrar's payment obligations as set forth in Section 5.2 with respect to initial registrations or re-registrations during the term of this Agreement. Neither Party shall be liable to the other for damages of any sort resulting solely from terminating this Agreement in accordance with its terms but each Party shall be liable for any damage arising from any breach by it of this Agreement.

**6.2. No Third Party Beneficiaries; Relationship of The Parties.** This Agreement does not provide and shall not be construed to provide third parties (i.e., non-parties to this Agreement), including any SLD holder, with any remedy, claim, cause of action or privilege. Nothing in this Agreement shall be construed as creating an employer-employee or agency relationship, a partnership or a joint venture between the Parties.

**6.3 Force Majeure.** Neither Party shall be responsible for any failure to perform any obligation or provide service hereunder because of any Act of God, strike, work stoppage, governmental acts or directives, war, riot or civil commotion, equipment or facilities shortages which are being experienced by providers of telecommunications services generally, or other similar force beyond such Party's reasonable control.

**6.4 Further Assurances.** Each Party hereto shall execute and/or cause to be delivered to each other Party hereto such instruments and other documents, and shall take such other actions, as such other Party may reasonably request for the purpose of carrying out or evidencing any of the transactions contemplated by this Agreement.

**6.5 Amendment in Writing.** Any amendment or supplement to this Agreement shall be in writing and duly executed by both Parties.

**6.6 Attorneys' Fees.** If any legal action or other legal proceeding (including arbitration) relating to the performance under this Agreement or the enforcement of any provision of this Agreement is brought against either Party hereto, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing Party may be entitled).

**6.7 Dispute Resolution; Choice of Law; Venue.** The Parties shall attempt to resolve any disputes between them prior to resorting to litigation. This Agreement is to be construed in accordance with and governed by the internal laws of the Commonwealth of Virginia, United States of America without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other

than the internal laws of the Commonwealth of Virginia to the rights and duties of the Parties. Any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced in any state or federal court located in the eastern district of the Commonwealth of Virginia. Each Party to this Agreement expressly and irrevocably consents and submits to the jurisdiction and venue of each state and federal court located in the eastern district of the Commonwealth of Virginia (and each appellate court located in the Commonwealth of Virginia) in connection with any such legal proceeding.

**6.8 Notices.** Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by telecopier during business hours) to the address or telecopier number set forth beneath the name of such Party below, unless party has given a notice of a change of address in writing:

if to Registrar:

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with a copy to:

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if to NSI:

Network Solutions, Inc.  
505 Huntmar Park Drive

Herndon, Virginia 20170  
Attention: Director, Customer Affairs  
Telecopier: + 1 (703) 742-8706

with a copy to:

General Counsel  
505 Huntmar Park Drive  
Herndon, Virginia 20170  
Telecopier: + 1 (703) 742-0065

**6.9 Assignment/Sublicense.** Except as otherwise expressly provided herein, the provisions of this Agreement shall inure to the benefit of and be binding upon, the successors and permitted assigns of the Parties hereto. Registrar shall not assign, sublicense or transfer its rights or obligations under this Agreement to any third person without the prior written consent of NSI.

**6.10 Use of Confidential Information.** The Parties' use and disclosure of Confidential Information disclosed hereunder are subject to the terms and conditions of the Parties' Confidentiality Agreement (Exhibit C) that will be executed contemporaneously with this Agreement. Registrar agrees that the RRP, APIs and Software are the Confidential Information of NSI.

**6.11 Delays or Omissions; Waivers.** No failure on the part of either Party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either Party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise or waiver of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

**6.12 Limitation of Liability.** IN NO EVENT WILL NSI BE LIABLE TO REGISTRAR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, OR ANY DAMAGES RESULTING FROM LOSS OF PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF NSI HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

**6.13 Construction.** The Parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

**6.14 Intellectual Property.** Subject to Section 2.6 above, each Party will continue to independently own its intellectual property, including all patents, trademarks, trade names, service marks, copyrights, trade secrets, proprietary processes and all other forms of intellectual property.

## 6.15 Representations and Warranties

(a) **Registrar.** Registrar represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the law of the \_\_\_\_\_, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, (3) it is, and during the Term of this Agreement will continue to be, accredited by ICANN or its successor, pursuant to an accreditation agreement dated after November \_\_, 1999, (4) the execution, performance and delivery of this Agreement has been duly authorized by Registrar, (5) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by Registrar in order for it to enter into and perform its obligations under this Agreement, and (6) Registrar's Surety Instrument provided hereunder is a valid and enforceable obligation of the surety named on such Surety Instrument.

(b) **NSI.** NSI represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, (3) the execution, performance and delivery of this Agreement has been duly authorized by NSI, and (4) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by NSI in order for it to enter into and perform its obligations under this Agreement.

(c) **Disclaimer of Warranties.** The RRP, APIs and Software are provided "as-is" and without any warranty of any kind. NSI EXPRESSLY DISCLAIMS ALL WARRANTIES AND/OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY OR SATISFACTORY QUALITY AND FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT OF THIRD PARTY RIGHTS. NSI DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE RRP, APIs OR SOFTWARE WILL MEET REGISTRAR'S REQUIREMENTS, OR THAT THE OPERATION OF THE RRP, APIs OR SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE RRP, APIs OR SOFTWARE WILL BE CORRECTED. FURTHERMORE, NSI DOES NOT WARRANT NOR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE RRP, APIs, SOFTWARE OR RELATED DOCUMENTATION IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE. SHOULD THE RRP, APIs OR SOFTWARE PROVE DEFECTIVE, REGISTRAR ASSUMES THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION OF REGISTRAR'S OWN SYSTEMS AND SOFTWARE.

6.16. **Indemnification.** Registrar, at its own expense and within thirty (30) days of presentation of a demand by NSI under this paragraph, will indemnify, defend and hold harmless NSI and its employees, directors, officers, representatives, agents and affiliates, against any claim, suit, action, or other proceeding brought against NSI or any affiliate of NSI based on or arising from any claim or alleged claim (i) relating to any product or service of Registrar; (ii) relating to any agreement, including Registrar's dispute policy, with any SLD holder of Registrar; or (iii) relating to Registrar's domain name registration business, including, but not limited to, Registrar's advertising, domain name application process, systems and other processes, fees charged, billing practices and customer service; provided, however, that in any such case: (a) NSI provides Registrar with prompt notice of any such claim, and (b) upon Registrar's written request, NSI will provide to Registrar all available information and assistance

reasonably necessary for Registrar to defend such claim, provided that Registrar reimburses NSI for its actual and reasonable costs. Registrar will not enter into any settlement or compromise of any such indemnifiable claim without NSI's prior written consent, which consent shall not be unreasonably withheld. Registrar will pay any and all costs, damages, and expenses, including, but not limited to, reasonable attorneys' fees and costs awarded against or otherwise incurred by NSI in connection with or arising from any such indemnifiable claim, suit, action or proceeding.

**6.17 Entire Agreement; Severability.** This Agreement, which includes Exhibits A, B and C, constitutes the entire agreement between the Parties concerning the subject matter hereof and supersedes any prior agreements, representations, statements, negotiations, understandings, proposals or undertakings, oral or written, with respect to the subject matter expressly set forth herein. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, each Party agrees that such provision shall be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. If necessary to effect the intent of the Parties, the Parties shall negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that reflects such intent as closely as possible.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set forth in the first paragraph hereof.

Network Solutions, Inc.

By:

By:

Name:

Name:

Title:

Title:

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**Exhibit A**

**Registrar's Dispute Policy**

**[To be supplied from time to time by Registrar]**

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## **Exhibit B**

### **Policy on Transfer of Sponsorship of Registrations Between Registrars**

#### **Registrar Requirements**

The registration agreement between each Registrar and its SLD holder shall include a provision explaining that an SLD holder will be prohibited from changing its Registrar during the first 60 days after initial registration of the domain name with the Registrar. Beginning on the 61<sup>st</sup> day after the initial registration with the Registrar, the procedures for change in sponsoring registrar set forth in this policy shall apply. Enforcement shall be the responsibility of the Registrar sponsoring the domain name registration.

For each instance where an SLD holder wants to change its Registrar for an existing domain name (i.e., a domain name that appears in a particular top-level domain zone file), the gaining Registrar shall:

1) Obtain express authorization from an individual who has the apparent authority to legally bind the SLD holder (as reflected in the database of the losing Registrar).

a) The form of the authorization is at the discretion of each gaining Registrar.

b) The gaining Registrar shall retain a record of reliable evidence of the authorization.

2) In those instances when the Registrar of record is being changed simultaneously with a transfer of a domain name from one party to another, the gaining Registrar shall also obtain appropriate authorization for the transfer. Such authorization shall include, but not be limited to, one of the following:

a) A bilateral agreement between the parties.

b) The final determination of a binding dispute resolution body.

c) A court order.

3) Request, by the transmission of a "transfer" command as specified in the Registry Registrar Protocol, that the Registry database be changed to reflect the new Registrar.

a) Transmission of a "transfer" command constitutes a representation on the part of the gaining Registrar that:

(1) the requisite authorization has been obtained from the SLD holder listed in the database of the losing Registrar, and

(2) the losing Registrar will be provided with a copy of the authorization if and when requested.

In those instances when the Registrar of record denies the requested change of Registrar, the Registrar of record shall notify the prospective gaining Registrar that the request was denied and the reason for the denial.

Instances when the requested change of sponsoring Registrar may be denied include, but are not limited to:

- 1) Situations described in the Domain Name Dispute Resolution Policy
- 2) A pending bankruptcy of the SLD Holder
- 3) Dispute over the identity of the SLD Holder
- 4) Request to transfer sponsorship occurs within the first 60 days after the initial registration with the Registrar

In all cases, the losing Registrar shall respond to the email notice regarding the "transfer" request within five (5) days. Failure to respond will result in a default "approval" of the "transfer."

#### **Registry Requirements.**

Upon receipt of the "transfer" command from the gaining Registrar, the Registry will transmit an email notification to both Registrars.

The Registry shall complete the "transfer" if either:

- 1) the losing Registrar expressly "approves" the request, or
- 2) the Registry does not receive a response from the losing Registrar within five (5) days.

When the Registry's database has been updated to reflect the change to the gaining Registrar, the Registry will transmit an email notification to both Registrars.

#### **Records of Registration.**

Each SLD holder shall maintain its own records appropriate to document and prove the initial domain name registration date, regardless of the number of Registrars with which the SLD holder enters into a contract for registration services.

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#### **Exhibit C**

#### **CONFIDENTIALITY AGREEMENT**



**THIS CONFIDENTIALITY AGREEMENT** is entered into by and between Network Solutions, Inc. ("NSI"), a Delaware corporation having its principal place of business in Herndon, VA, and , a \_\_\_\_\_ corporation having its principal place of business in \_\_\_\_\_ ("Registrar"), through their authorized representatives, and takes effect on the date executed by the final party (the "Effective Date").

Under this Confidentiality Agreement ("Confidentiality Agreement"), the Parties intend to disclose to one another information which they consider to be valuable, proprietary, and confidential.

**NOW, THEREFORE**, the parties agree as follows:

### **1. Confidential Information**

1.1 "Confidential Information", as used in this Confidentiality Agreement, shall mean all information and materials including, without limitation, computer software, data, information, databases, protocols, reference implementation and documentation, and functional and interface specifications, provided by the disclosing party to the receiving party under this Confidentiality Agreement and marked or otherwise identified as Confidential, provided that if a communication is oral, the disclosing party will notify the receiving party in writing within 15 days of the disclosure.

### **2. Confidentiality Obligations**

2.1 In consideration of the disclosure of Confidential Information, the Parties agree that:

(a) The receiving party shall treat as strictly confidential, and use all reasonable efforts to preserve the secrecy and confidentiality of, all Confidential Information received from the disclosing party, including implementing reasonable physical security measures and operating procedures.

(b) The receiving party shall make no disclosures whatsoever of any Confidential Information to others, provided however, that if the receiving party is a corporation, partnership, or similar entity, disclosure is permitted to the receiving party's officers, employees, contractors and agents who have a demonstrable need to know such Confidential Information, provided the receiving party shall advise such personnel of the confidential nature of the Confidential Information and of the procedures required to maintain the confidentiality thereof, and shall require them to acknowledge in writing that they have read, understand, and agree to be individually bound by the terms of this Confidentiality Agreement.

(c) The receiving party shall not modify or remove any Confidential legends and/or copyright notices appearing on any Confidential Information.

2.2 The receiving party's duties under this section (2) shall expire five (5) years after the information is received or earlier, upon written agreement of the Parties.

### **3. Restrictions On Use**

3.1 The receiving party agrees that it will use any Confidential Information received under this Confidentiality Agreement solely for the purpose of providing domain name registration services as a registrar and for no other purposes whatsoever.

3.2 No commercial use rights or any licenses under any patent, patent application, copyright, trademark, know-how, trade secret, or any other NSI proprietary rights are granted by the disclosing party to the receiving party by this Confidentiality Agreement, or by any disclosure of any Confidential Information to the receiving party under this Confidentiality Agreement.

3.3 The receiving party agrees not to prepare any derivative works based on the Confidential Information.

3.4 The receiving party agrees that any Confidential Information which is in the form of computer software, data and/or databases shall be used on a computer system(s) that is owned or controlled by the receiving party.

#### 4. **Miscellaneous**

4.1 This Confidentiality Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia and all applicable federal laws. The Parties agree that, if a suit to enforce this Confidentiality Agreement is brought in the U.S. Federal District Court for the Eastern District of Virginia, they will be bound by any decision of the Court.

4.2 The obligations set forth in this Confidentiality Agreement shall be continuing, provided, however, that this Confidentiality Agreement imposes no obligation upon the Parties with respect to information that (a) is disclosed with the disclosing party's prior written approval; or (b) is or has entered the public domain through no fault of the receiving party; or (c) is known by the receiving party prior to the time of disclosure; or (d) is independently developed by the receiving party without use of the Confidential Information; or (e) is made generally available by the disclosing party without restriction on disclosure.

4.3 This Confidentiality Agreement may be terminated by either party upon breach by the other party of any its obligations hereunder and such breach is not cured within three (3) calendar days after the allegedly breaching party is notified by the disclosing party of the breach. In the event of any such termination for breach, all Confidential Information in the possession of the Parties shall be immediately returned to the disclosing party; the receiving party shall provide full voluntary disclosure to the disclosing party of any and all unauthorized disclosures and/or unauthorized uses of any Confidential Information; and the obligations of Sections 2 and 3 hereof shall survive such termination and remain in full force and effect. In the event that the Registrar License and Agreement between the Parties is terminated, the Parties shall immediately return all Confidential Information to the disclosing party and the receiving party shall remain subject to the obligations of Sections 2 and 3.

4.4 The terms and conditions of this Confidentiality Agreement shall inure to the benefit of the Parties and their successors and assigns. The Parties' obligations under this Confidentiality Agreement may not be assigned or delegated.

4.5 The Parties agree that they shall be entitled to seek all available legal and equitable remedies for the breach of this Confidentiality Agreement.

4.6 The terms and conditions of this Confidentiality Agreement may be modified only in a writing signed by NSI and Registrar.

4.7 EXCEPT AS MAY OTHERWISE BE SET FORTH IN A SIGNED, WRITTEN AGREEMENT BETWEEN THE PARTIES, THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE ACCURACY, COMPLETENESS, CONDITION, SUITABILITY, PERFORMANCE, FITNESS FOR A PARTICULAR PURPOSE, OR MERCHANTABILITY OF ANY CONFIDENTIAL INFORMATION, AND THE PARTIES SHALL HAVE NO LIABILITY WHATSOEVER TO ONE ANOTHER RESULTING FROM RECEIPT OR USE OF THE CONFIDENTIAL INFORMATION.

4.8 If any part of this Confidentiality Agreement is found invalid or unenforceable, such part shall be deemed stricken herefrom and the Parties agree: (a) to negotiate in good faith to amend this Confidentiality Agreement to achieve as nearly as legally possible the purpose or effect as the stricken part, and (b) that the remainder of this Confidentiality Agreement shall at all times remain in full force and effect.

4.9 This Confidentiality Agreement contains the entire understanding and agreement of the Parties relating to the subject matter hereof.

4.10 Any obligation imposed by this Confidentiality Agreement may be waived in writing by the disclosing party. Any such waiver shall have a one-time effect and shall not apply to any subsequent situation regardless of its similarity.

4.11 Neither Party has an obligation under this Confidentiality Agreement to purchase, sell, or license any service or item from the other Party.

4.12 The Parties do not intend that any agency or partnership relationship be created between them by this Confidentiality Agreement.

IN WITNESS WHEREOF, and intending to be legally bound, duly authorized representatives of NSI and Registrar have executed this Confidentiality Agreement in Virginia on the dates indicated below.

("Registrar") Network Solutions, Inc.

("NSI")

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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Page modified 28-September-1999

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*Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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[Note: ICANN has posted the following document for public review and comment. To submit comments, [click here.](#)]

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**Memorandum of Understanding (MOU) between the Department of Commerce (DOC) and the Internet Corporation for Assigned Names and Numbers (ICANN)**

**AMENDMENT 1**

Pursuant to the Memorandum of Understanding (MOU) between the Department of Commerce (DOC) and the Internet Corporation for Assigned Names and Numbers (ICANN), dated November 25, 1998, the Parties hereby agree to adopt the following terms as contemplated in Section V of the MOU:

1. The Agreement entitled "Registry Agreement" between ICANN and Network Solutions, Inc. (NSI) dated \_\_\_\_\_ and relating to the provision of registry services for the .com, .net and .org TLDs is hereby approved by the DOC. ICANN will not enter into any amendment of, or substitute for, said agreement, nor will said agreement be assigned by ICANN, without the prior approval of DOC.
2. ICANN shall not enter into any agreement with any successor registry to NSI for the .com, .net. and .org TLDs without the prior approval by DOC of the successor registry and the provisions of the agreement between the registry and ICANN.
3. ICANN agrees that, in the event of the termination by DOC of the Cooperative Agreement pursuant to Section 1.B.8 of their agreement, ICANN shall (1) exercise its rights under its Registry Agreement with

NSI to terminate NSI as the operator of the registry database for .com, .net and .org and (2) cooperate with the Department to facilitate the transfer of those registry operations to a successor registry.

4. In the event that the DOC, pursuant to the terms of the Registry Agreement between ICANN and NSI, approves the assignment of that agreement by ICANN to another non-profit entity, that new entity shall also be required to agree to be bound by this Agreement, and that entity shall succeed to the duties, obligations and benefits of this Agreement, and shall be recognized by DOC as the "NewCo" identified in Amendment 11 to the Cooperative Agreement and Section I.B.1 of Amendment 19 of the Cooperative Agreement.

5. If DOC withdraws its recognition of ICANN or any successor entity by terminating this Agreement, ICANN agrees that it will assign to DOC any rights that ICANN has in all existing contracts with registries and registrars.

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Michael R. Roberts  
Interim President and CEO  
Internet Corporation for Assigned  
Names and Numbers

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J. Beckwith Burr  
Assistant Administrator  
National Telecommunications and  
Information Administration

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**Page modified 28-September-1999**

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*Tentative Agreements among ICANN, the U.S. Department of  
Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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**[Note: ICANN has posted the following document for public review and comment. To submit comments, click here.]**

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**Zone File Access Agreement**



505 Huntmar Park Drive · Herndon, Virginia, USA 20170

Telephone +1-703-326-2600 · Fax +1-703-834-2652

**AGREEMENT**

**1. PARTIES**

The User named in this Agreement hereby contracts with Network Solutions, Inc. ("Network Solutions") for a non-exclusive, non-transferable, limited right to access Internet host rz.internic.net, or other servers designated by Network Solutions from time to time, and to transfer a copy of the described Data to the User's Internet Host machine specified below, under the terms of this Agreement. Upon execution of this Agreement by Network Solutions, Network Solutions will return a copy of this Agreement to you for your records with your UserID and Password entered in the spaces set forth below.

**2. USER INFORMATION**

(a) User: \_\_\_\_\_

(b) Contact Person: \_\_\_\_\_

(c) Street Address: \_\_\_\_\_

(d) City, State or Province: \_\_\_\_\_

(e) Country and Postal Code: \_\_\_\_\_

(f) Telephone Number: \_\_\_\_\_

(including area/country code)

(g) Fax Number: \_\_\_\_\_

(including area/country code)

(h) E-Mail Address: \_\_\_\_\_

(i) Specific Internet host machine which will be used to access Network Solutions' server to transfer copies of the Data:

Name: \_\_\_\_\_

IP Address: \_\_\_\_\_

(j) Purpose(s) for which the Data will be used: During the term of this Agreement, you may use the data for any legal purpose, not prohibited under Section 4 below. You may incorporate some or all of the Data in your own products or services, and distribute those products or services for a purpose not prohibited under Section 4 below.

### 3. TERM

This Agreement is effective for a period of three (3) months from the date of execution by Network Solutions (the "Initial Term"). Upon conclusion of the Initial Term this Agreement will automatically renew for successive three month renewal terms (each a "Renewal Term") until terminated by either party as set forth in Section 12 of this Agreement or one party provides the other party with a written notice of termination at least seven (7) days prior to the end of the Initial Term or the then current Renewal Term.

**NOTICE TO USER: CAREFULLY READ THE FOLLOWING TERMS AND CONDITIONS. YOU MAY USE THE USER ID AND ASSOCIATED PASSWORD PROVIDED IN CONJUNCTION WITH THIS AGREEMENT ONLY TO OBTAIN A COPY OF NETWORK SOLUTIONS' AGGREGATED .COM, .ORG, AND .NET TOP LEVEL DOMAIN ("TLD") ZONE FILES, AND ANY ASSOCIATED ENCRYPTED CHECKSUM FILES (COLLECTIVELY THE "DATA"), VIA THE FILE TRANSFER PROTOCOL ("FTP") PURSUANT TO THESE TERMS.**

### 4. GRANT OF ACCESS

Network Solutions grants to you a non-exclusive, non-transferable, limited right to access Internet host rz.internic.net, or such other servers designated by Network Solutions from time to time, and to transfer a copy of the Data to the Internet host machine identified in Section 2 of this Agreement no more than once per 24 hour period using FTP for the purposes described in the next following sentence. You agree that you will use this Data only for lawful purposes but that, under no circumstances will you use this Data to: (1) allow, enable, or otherwise support the transmission of unsolicited, commercial e-mail (spam) to entities other than your own existing customers; (2) enable high volume, automated, electronic processes that apply to Network Solutions (or its systems) for large numbers of domain names; or (3) enable high volume, automated, electronic, repetitive queries against Network Solutions' Whois database or Whois databases of third parties. Network Solutions reserves the right, with the approval of the U.S. Department of Commerce, which shall not unreasonably be withheld, to specify additional specific categories of prohibited uses by giving you reasonable written notice at any time and upon receiving such notice you shall not make such prohibited use of the Data you obtain under this Agreement. You agree that you will only copy the Data you obtain under this Agreement into a machine-readable or printed form as necessary to use it in accordance with this Agreement in support of your use of the Data. You agree that you will comply with all applicable laws and regulations governing the use of

the Data. You agree to take all reasonable steps to protect against unauthorized access to, use and disclosure of the Data you obtain under this Agreement. Except as provided in Section 2(j) above, you agree not to distribute the Data you obtained under this Agreement or any copy thereof to any other party without the express prior written consent of Network Solutions.

#### 5. FEE

You agree to remit in advance to Network Solutions a quarterly fee of \$0 (USD) for the right to access the files during either the Initial Term or Renewal Term of this Agreement. Network Solutions reserves the right to adjust this fee on thirty days' prior notice to reflect a change in the cost of providing access to the files.

#### 6. PROPRIETARY RIGHTS

You agree that no ownership rights in the Data are transferred to you under this Agreement. You agree that any copies of the Data that you make will contain the same notice that appears on and in the Data obtained under this Agreement.

#### 7. METHOD OF ACCESS

Network Solutions reserves the right, with the approval of the U.S. Department of Commerce, which shall not unreasonably be withheld, to change the method of access to the Data at any time. You also agree that, in the event of significant degradation of system processing or other emergency, Network Solutions may, in its sole discretion, temporarily suspend access under this Agreement in order to minimize threats to the operational stability and security of the Internet and the NSI system.

#### 8. NO WARRANTIES

The Data is being provided "as-is." Network Solutions disclaims all warranties with respect to the Data, either expressed or implied, including but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement of third party rights. Some jurisdictions do not allow the exclusion of implied warranties or the exclusion or limitation of incidental or consequential damages, so the above limitations or exclusions may not apply to you.

#### 9. SEVERABILITY

In the event of invalidity of any provision of this Agreement, the parties agree that such invalidity shall not affect the validity of the remaining provisions of this Agreement.

#### 10. NO CONSEQUENTIAL DAMAGES

In no event shall Network Solutions be liable to you for any consequential, special, incidental or indirect damages of any kind arising out of the use of the Data or the termination of this Agreement, even if Network Solutions has been advised of the possibility of such damages.

#### 11. GOVERNING LAW



This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia. You agree that any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced in the state or federal courts located in the eastern district of the Commonwealth of Virginia. You expressly and irrevocably agree and consent to the personal jurisdiction and venue of the federal and states courts located in the eastern district of the Commonwealth of Virginia (and each appellate court located therein). The United Nations Convention on Contracts for the International Sale of Goods is specifically disclaimed.

## 12. TERMINATION

You may terminate this Agreement at any time by erasing the Data you obtained under this Agreement from your Internet host machine together with all copies of the Data and providing written notice of your termination to Network Solutions, Attention: Registry, Customer Affairs, 505 Huntmar Park Drive, Herndon, Virginia 20170. Network Solutions has the right to terminate this Agreement immediately if you fail to comply with any term or condition of this Agreement. You agree upon receiving notice of such termination of this Agreement by Network Solutions or expiration of this Agreement to erase the Data you obtained under this Agreement together with all copies of the Data.

## 13. ENTIRE AGREEMENT

This is the entire agreement between you and Network Solutions concerning access and use of the Data, and it supersedes any prior agreements or understandings, whether written or oral, relating to access and use of the Data.

Network Solutions, Inc.

User: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

(sign)

(sign)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

(print)

(print)

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## ASSIGNED USERID AND PASSWORD

(To be assigned by Network Solutions upon execution of this Agreement):

USERID: \_\_\_\_\_ PASSWORD: \_\_\_\_\_

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Page modified 28-September-1999

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*Tentative Agreements among ICANN, the U.S. Department of  
Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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## REGISTRY AGREEMENT

This REGISTRY AGREEMENT ("Agreement") is by and between the Internet Corporation for Assigned Names and Numbers, a not-for-profit corporation, and Network Solutions, Inc., a Delaware corporation.

### Definitions

For purposes of this Agreement, the following definitions shall apply:

1. A "Consensus Policy" is one adopted by ICANN as follows:

(a) "Consensus Policies" are those adopted based on a consensus among Internet stakeholders represented in the ICANN process, as demonstrated by (1) the adoption of the policy by the ICANN Board of Directors, (2) a recommendation that the policy should be adopted by at least a two-thirds vote of the council of the ICANN Supporting Organization to which the matter is delegated, and (3) a written report and supporting materials (which must include all substantive submissions to the Supporting Organization relating to the proposal) that (i) documents the extent of agreement and disagreement among impacted groups, (ii) documents the outreach process used to seek to achieve adequate

representation of the views of groups that are likely to be impacted, and (iii) documents the nature and intensity of reasoned support and opposition to the proposed policy.

(b) In the event that NSI disputes the presence of such a consensus, it shall seek review of that issue from an Independent Review Panel established under ICANN's bylaws. Such review must be sought within fifteen working days of the publication of the Board's action adopting the policy. The decision of the panel shall be based on the report and supporting materials required by subsection (a) above. In the event that NSI seeks review and the Panel sustains the Board's determination that the policy is based on a consensus among Internet stakeholders represented in the ICANN process, then NSI must implement such policy unless it promptly seeks and obtains injunctive relief under Section 13 below.

(c) If, following a decision by the Independent Review Panel convened under subsection (b) above, NSI still disputes the presence of such a consensus, it may seek further review of that issue within fifteen working days of publication of the decision in accordance with the dispute resolution procedures set forth in Section 13 below; provided, however, that NSI must continue to implement the policy unless it has obtained injunctive relief under Section 13 below or a final decision is rendered in accordance with the provisions of Section 13 that relieves NSI of such obligation. The decision in any such further review shall be based on the report and supporting materials required by subsection (a) above.

(d) A policy adopted by the ICANN Board of Directors on a temporary basis, without a prior recommendation by the council of an ICANN Supporting Organization, shall also be considered to be a Consensus Policy if adopted by the ICANN Board of Directors by a vote of at least two-thirds of its members, and if immediate temporary adoption of a policy on the subject is necessary to maintain the stability of the Internet or the operation of the domain name system, and if the proposed policy is as narrowly tailored as feasible to achieve those objectives. In adopting any policy under this provision, the ICANN Board of Directors shall state the period of time for which the policy is temporarily adopted and shall immediately refer the matter to the appropriate Supporting Organization for its evaluation and review with a detailed explanation of its reasons for adopting the temporary policy and why the Board believes the policy should receive the consensus support of Internet stakeholders. If the period of time for which the policy is adopted exceeds 45 days, the Board shall reaffirm its temporary adoption every 45 days for a total period not to exceed 180 days, in order to maintain such policy in effect until such time as it meets the standard set forth in subsection (a) above. If the standard set forth in subsection (a) above is not met within the temporary period set by the Board, or the council of the Supporting Organization to which it has been referred votes to reject the temporary policy, it will no longer be a "Consensus Policy."

(e) For all purposes under this Agreement, the policies identified in [Appendix A](#) adopted by the ICANN Board of Directors before the effective date of this Agreement shall be treated in the same manner and have the same effect as "Consensus Policies."

(f) In the event that, at the time the ICANN Board adopts a policy under subsection (a) above during the term of this Agreement, ICANN does not have in place an Independent Review Panel established under ICANN's bylaws, the fifteen working day period allowed under subsection (b) above to seek review shall

be extended until fifteen working days after ICANN does have such an Independent Review Panel in place and NSI shall not be obligated to comply with the policy in the interim.

2. The "Effective Date" is the date on which the Agreement is signed by ICANN and NSI.
3. The "Expiration Date" is the date specified in Section 23 below.
4. "gTLDs" means the .com, .net, and .org TLDs, and any new gTLDs established by ICANN.
5. "ICANN" refers to the Internet Corporation for Assigned Names and Numbers, a party to this Agreement.
6. "NSI" refers to Network Solutions, Inc., in its capacity as a domain name registry for the Registry TLDs, a party to this Agreement.
7. "Personal Data" refers to data about any identified or identifiable natural person.
8. "Registry Data" means all data maintained in electronic form in the registry database, and shall include Zone File Data, all data submitted by registrars in electronic form, and all other data concerning particular registrations or nameservers maintained in electronic form in the registry database.
9. "Registry Services" means operation of the registry for the Registry TLDs and shall include receipt of data concerning registrations and nameservers from registrars, provision of status information to registrars, operation of the registry TLD zone servers, and dissemination of TLD zone files.
10. "Registry TLDs" refers to the .com, .net, and .org TLDs.
11. "SLD" refers to a second-level domain in the Internet domain name system.
12. "Term of this Agreement" begins on the Effective Date and runs through the earliest of (a) the Expiration Date, (b) termination of this Agreement under Section 14 or Section 16(c), or (c) termination of this Agreement pursuant to withdrawal of the Department of Commerce's recognition of ICANN under Section 24.
13. "TLD" refers to a top-level domain in the Internet domain name system.
14. "Zone File Data" means all data contained in domain name system zone files for the Registry TLDs as provided to TLD nameservers on the Internet.

### **Agreements**

NSI and ICANN agree as follows:

1. Designation of Registry. ICANN acknowledges and agrees that NSI is and will remain the registry for the Registry TLD(s) throughout the Term of this Agreement.

2. Recognition in Authoritative Root Server System. In the event and to the extent that ICANN is authorized to set policy with regard to an authoritative root server system, it will ensure that (A) the authoritative root will point to the TLD zone servers designated by NSI for the Registry TLDs throughout the Term of this Agreement and (B) any changes to TLD zone server designation submitted to ICANN by NSI will be implemented by ICANN within five business days of submission. In the event that this Agreement is terminated (A) under Section 14 or 16(C) by NSI or (B) under Section 24 due to the withdrawal of recognition of ICANN by the United States Department of Commerce, ICANN's obligations concerning TLD zone server designations for the .com, .net, and .org TLDs in the authoritative root server system shall be as stated in a separate agreement between ICANN and the Department of Commerce.

3. General Obligations of NSI.

(A) During the Term of this Agreement:

(i) NSI agrees that it will operate the registry for the Registry TLDs in accordance with this Agreement;

(ii) NSI shall comply, in its operation of the registry, with all Consensus Policies insofar as they:

(a) are adopted by ICANN in compliance with Section 4 below,

(b) relate to one or more of the following: (1) issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, technical reliability and/or stable operation of the Internet or domain-name system, (2) registry policies reasonably necessary to implement Consensus Policies relating to registrars, or (3) resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names), and

(c) do not unreasonably restrain competition.

(B) NSI acknowledges and agrees that upon the earlier of (i) the Expiration Date or (ii) termination of this Agreement by ICANN pursuant to Section 14, it will cease to be the registry for the Registry TLDs, unless prior to the end of the term of this Agreement NSI is chosen as the Successor Registry in accordance with the provisions of this Agreement.

(C) To the extent that Consensus Policies are adopted in conformance with Section 4 of this Agreement, the measures permissible under Section 3(A)(ii)(b) shall include, without limitation:

(i) principles for allocation of SLD names (e.g., first-come/first-served, timely renewal, holding period after expiration);

(ii) prohibitions on warehousing of or speculation in domain names by registries or registrars;

(iii) reservation of SLD names that may not be registered initially or that may not be renewed due to reasons reasonably related to (a) avoidance of confusion among or misleading of users, (b) intellectual property, or (c) the technical management of the DNS or the Internet (e.g., "example.com" and single-letter/digit names); and

(iv) the allocation among continuing registrars of the SLD names sponsored in the registry by a registrar losing accreditation.

Nothing in this Section 3 shall limit or otherwise affect NSI's obligations as set forth elsewhere in this Agreement.

4. General Obligations of ICANN. With respect to all matters that impact the rights, obligations, or role of NSI, ICANN shall during the Term of this Agreement:

(A) exercise its responsibilities in an open and transparent manner;

(B) not unreasonably restrain competition and, to the extent feasible, promote and encourage robust competition;

(C) not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and not single out NSI for disparate treatment unless justified by substantial and reasonable cause; and

(D) ensure, through its reconsideration and independent review policies, adequate appeal procedures for NSI, to the extent it is adversely affected by ICANN standards, policies, procedures or practices.

5. Protection from Burdens of Compliance With ICANN Policies. ICANN hereby agrees to indemnify and hold harmless NSI, and its directors, officers, employees and agents from and against any and all claims, damages or liabilities arising solely from NSI's compliance as required by this Agreement with an ICANN policy adopted after both parties have entered into this Agreement, except that NSI shall not be indemnified or held harmless hereunder to the extent that the claims, damages or liabilities arise from the particular manner in which NSI has chosen to comply with the policy. In addition, NSI shall be given a reasonable period after receiving notice of adoption of an ICANN Consensus Policy in which to comply with that policy.

6. NSI Registry-Level Financial Support of ICANN. NSI, in its role as operator of the registry for the Registry TLDs, shall pay the gTLD registry-level fees adopted by ICANN in conformance with Section 4 of this Agreement, provided such fees are reasonably allocated among all gTLD registries that contract with ICANN and provided further that, if NSI's share of the total gTLD registry-level fees are or are budgeted to be in excess of \$250,000 in any given year, any such excess must be expressly approved by gTLD registries accounting, in aggregate, for payment of two-thirds of all gTLD registry-level fees. NSI shall pay such fees in a timely manner throughout the Term of this Agreement, and notwithstanding the pendency of any dispute between NSI and ICANN. NSI agrees to prepay \$250,000 toward its share of gTLD registry-level fees at the time of signing of this Agreement.

7. Data Escrow. NSI shall deposit into escrow all Registry Data on a schedule (not more frequently than weekly for a complete set of Registry Data, and daily for incremental updates) and in an electronic format mutually approved from time to time by NSI and ICANN, such approval not to be unreasonably withheld by either party. The escrow shall be maintained, at NSI's expense, by a reputable escrow agent mutually approved by NSI and ICANN, such approval also not to be unreasonably withheld by either party. The escrow shall be held under an agreement among ICANN, NSI, the United States Department

of Commerce, and the escrow agent providing that (A) the data shall be received and held in escrow, with no use other than verification that the deposited data is complete and in proper format, until released to ICANN or to the United States Department of Commerce; (B) the data shall be released to ICANN upon termination of this Agreement by ICANN under Section 14 or upon the Expiration Date if (1) this Agreement has not sooner been terminated and (2) it has been finally determined by the ICANN Board (and no injunction obtained pursuant to Section 13 has been obtained) that NSI will not be designated as the successor registry under Section 22 of this Agreement; and (C), in the alternative, the data shall be released to the United States Department of Commerce according to the terms of the cooperative agreement between NSI and the United States Government.

8. NSI Handling of Personal Data. NSI agrees to notify registrars sponsoring registrations in the registry of the purposes for which Personal Data submitted to the registry by registrars is collected, the recipients (or categories of recipients) of such Personal Data, and the mechanism for access to and correction of such Personal Data. NSI shall take reasonable steps to protect Personal Data from loss, misuse, unauthorized disclosure, alteration or destruction. NSI shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

9. Publication by NSI of Registry Data.

(A) NSI shall provide an interactive service (such as a WHOIS service) providing free public query-based (web and, after January 15, 2000, command-line) access to current registry database data which, in response to input of an SLD name, shall report at least the following data elements in response to queries: (a) the SLD name registered, (b) the TLD in which the SLD is registered; (c) the IP addresses and corresponding names of the primary nameserver and secondary nameserver(s) for such SLD, (d) the identity of the sponsoring Registrar, and (e) the date of the most recent modification to the domain name record in the registry database; provided, however, that if ICANN adopts a Consensus Policy that adds to or subtracts from these elements, NSI will implement that policy.

(B) To ensure operational stability of the registry, NSI may temporarily limit access under subsection (A) on an equitable basis, in which case NSI shall immediately notify ICANN of the nature of and reason for the limitation. NSI shall not continue the limitation longer than three business days if ICANN objects in writing, which objection shall not be unreasonably made.

(C) NSI as registry shall comply with Consensus Policies providing for development and operation of a capability that provides distributed free public query-based (web and command-line) access to current registration data implemented by registrars providing for capabilities comparable to WHOIS, including (if called for by the Consensus Policy) registry database lookup capabilities according to a specified format. If such a service implemented by registrars on a distributed basis does not within a reasonable time provide reasonably robust, reliable and convenient access to accurate and up-to-date registration data, NSI as registry shall cooperate and, if reasonably determined to be necessary by ICANN (considering such possibilities as remedial action by specific registrars), provide data from the registry database to facilitate the development of a centralized service providing equivalent functionality in a manner established by a Consensus Policy.

10. Rights in Data. Except as permitted by the Registrar License and Agreement, NSI shall not be entitled to claim any intellectual property rights in data in the registry supplied by or through registrars other than NSI. In the event that Registry Data is released from escrow under Section 7 or transferred to a Successor Registry under Section 22(D), any rights held by NSI as registry in the data shall automatically be licensed on a non-exclusive, irrevocable, royalty-free, paid-up basis to the recipient of the data.

11. Limitation of Liability. Neither party shall be liable to the other under this Agreement for any special, indirect, incidental, punitive, exemplary or consequential damages.

12. Specific Performance. During the Term of this Agreement, either party may seek specific performance of any provision of this Agreement as provided by Section 13, provided the party seeking such performance is not in material breach of its obligations.

13. Resolution of Disputes Under This Agreement. Disputes arising under or in connection with this Agreement, including requests for specific performance, shall be resolved in a court of competent jurisdiction or, at the election of both parties (except for any dispute over whether a policy adopted by the Board is a Consensus Policy, in which case at the election of either party), by an arbitration conducted as provided in this Section pursuant to the International Arbitration Rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in English and shall occur in Los Angeles County, California, USA. There shall be three arbitrators: each party shall choose one arbitrator and, if the two arbitrators are not able to agree on a third arbitrator, the third shall be chosen by the AAA. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety days of the initiation of arbitration. In all litigation involving ICANN concerning this Agreement (whether in a case where arbitration has not been elected or to enforce an arbitration award), jurisdiction and exclusive venue for such litigation shall be in a court located in Los Angeles, California, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of the parties during the pendency of an arbitration, the parties shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or a court located in Los Angeles, California, USA, which shall not be a waiver of this arbitration agreement.

14. Termination.

(A) In the event an arbitration award or court judgment is rendered specifically enforcing any provision of this Agreement or declaring a party's rights or obligations under this Agreement, either party may, by giving written notice, demand that the other party comply with the award or judgment. In the event that the other party fails to comply with the order or judgment within ninety days after the giving of notice (unless relieved of the obligation to comply by a court or arbitration order before the end of that ninety-day period), the first party may terminate this Agreement immediately by giving the other party written notice of termination.



(B) In the event of termination by DOC of its Cooperative Agreement with NSI pursuant to Section I.B.8 of that Agreement, ICANN shall, after receiving express notification of that fact from DOC and a request from DOC to terminate NSI as the operator of the registry database for the Registry TLDs, terminate NSI's rights under this Agreement, and shall cooperate with DOC to facilitate the transfer of the operation of the registry database to a successor registry.

15. Assignment. Neither party may assign this Agreement without the prior written approval of the other party, such approval not to be unreasonably withheld. Notwithstanding the foregoing sentence, a party may assign this Agreement by giving written notice to the other party in the following circumstances, provided the assignee agrees in writing with the other party to assume the assigning party's obligations under this Agreement: (a) NSI may assign this Agreement as part of the transfer of its registry business approved under Section 25 and (b) ICANN may, in conjunction with a reorganization or reincorporation of ICANN and with the written approval of the Department of Commerce, assign this Agreement to another non-profit corporation organized for the same or substantially the same purposes as ICANN.

16. Relationship to Cooperative Agreement Between NSI and U.S. Government.

(A) NSI's obligations under this Agreement are conditioned on the agreement by NSI and the Department of Commerce to [Amendment 19 to the Cooperative Agreement](#) in the form attached to this Agreement as [Appendix C](#).

(B) If within a reasonable period of time ICANN has not made substantial progress towards having entered into agreements with competing registries and NSI is adversely affected from a competitive perspective, NSI may terminate this Agreement with the approval of the U.S. Department of Commerce. In such event, as provided in Section 16(A) above, the Cooperative Agreement shall replace this Agreement.

(C) In the case of conflict while they are both in effect, and to the extent that they address the same subject in an inconsistent manner, the term(s) of the Cooperative Agreement shall take precedence over this Agreement.

17. NSI Agreements with Registrars. NSI shall make access to the Shared Registration System available to all ICANN-accredited registrars subject to the terms of the [NSI/Registrar License and Agreement \(attached as Appendix B\)](#). Such agreement may be revised by NSI, provided however, that any such changes must be approved in advance by ICANN.

18. Performance and Functional Specifications for Registry Services. Unless and until ICANN adopts different standards as a Consensus Policy pursuant to Section 4, NSI shall provide registry services to ICANN-accredited registrars meeting the performance and functional specifications set forth in SRS specification version 1.0.6 dated September 10, 1999, as supplemented by [Appendix E](#). In the event ICANN adopts different performance and functional standards for the registry as a Consensus Policy in compliance with Section 4, NSI shall comply with those standards to the extent practicable, provided that compensation pursuant to the provisions of Section 20 has been resolved prior to implementation

and provided further that NSI is given a reasonable time for implementation. In no event shall NSI be required to implement any such different standards before 3 years from the Effective Date of this Agreement.

19. Bulk Access to Zone Files. NSI shall provide third parties bulk access to the zone files for .com, .net, and .org TLDs on the terms set forth in the [zone file access agreement \(attached as Appendix D\)](#). Such agreement may be revised by NSI, provided however, that any such changes must be approved in advance by ICANN.

20. Price for Registry Services. The price(s) to accredited registrars for entering initial and renewal SLD registrations into the registry database and for transferring a SLD registration from one accredited registrar to another will be as set forth in Section 5 of [Appendix B, Registrar License and Agreement](#). These prices shall be increased through an amendment to this Agreement as approved by ICANN and NSI, such approval not to be unreasonably withheld, to reflect demonstrated increases in the net costs of operating the registry arising from (1) ICANN policies adopted after the date of this Agreement, or (2) legislation specifically applicable to the provision of Registry Services adopted after the date of this Agreement, to ensure that NSI recovers such costs and a reasonable profit thereon; provided that such increases exceed any reductions in costs arising from (1) or (2) above.

21. Additional NSI Obligations.

(A) NSI shall provide all licensed Accredited Registrars (including NSI acting as registrar) with equivalent access to the Shared Registration System. NSI further agrees that it will make a certification to ICANN every six months, using the objective criteria set forth in [Appendix F](#) that NSI is providing all licensed Accredited Registrars with equivalent access to its registry services.

(B) NSI will ensure, in a form and through ways described in [Appendix F](#) that the revenues and assets of the registry are not utilized to advantage NSI's registrar activities to the detriment of other registrars.

22. Designation of Successor Registry.

(A) Not later than one year prior to the end of the term of this Agreement, ICANN shall, in accordance with Section 4, adopt an open, transparent procedure for designating a Successor Registry. The requirement that this procedure be opened one year prior to the end of the Agreement shall be waived in the event that the Agreement is terminated prior to its expiration.

(B) NSI or its assignee shall be eligible to serve as the Successor Registry and neither the procedure established in accordance with subsection (A) nor the fact that NSI is the incumbent shall disadvantage NSI in comparison to other entities seeking to serve as the Successor Registry.

(C) If NSI or its assignee is not designated as the Successor Registry, NSI or its assignee shall cooperate with ICANN and with the Successor Registry in order to facilitate the smooth transition of operation of the registry to Successor Registry. Such cooperation shall include the timely transfer to the Successor Registry of an electronic copy of the registry database and of a full specification of the format of the data.

(D) ICANN shall select as the Successor Registry the eligible party that it reasonably determines is best qualified to perform the registry function under terms and conditions developed as a Consensus Policy, taking into account all factors relevant to the stability of the Internet, promotion of competition, and maximization of consumer choice, including without limitation: functional capabilities and performance specifications proposed by the eligible party for its operation of the registry, the price at which registry services are proposed to be provided by the party, relevant experience of the party, and demonstrated ability of the party to handle operations at the required scale. ICANN shall not charge any additional fee to the Successor Registry.

(E) In the event that a party other than NSI or its assignee is designated as the Successor Registry, NSI shall have the right to challenge the reasonableness of ICANN's failure to designate NSI or its assignee as the Successor Registry under the provisions of Section 13 of this Agreement.

23. Expiration of this Agreement. The Expiration Date shall be four years after the Effective Date, unless extended as provided below. In the event that NSI completes the legal separation of ownership of its Registry Services business from its registrar business by divesting all the assets and operations of one of those businesses within 18 months after Effective Date to an unaffiliated third party that enters an agreement enforceable by ICANN and the Department of Commerce (i) not to be both a registry and a registrar in the Registry TLDs, and (ii) not to control, own or have as an affiliate any individual(s) or entity(ies) that, collectively, act as both a registry and a registrar in the Registry TLDs, the Expiration Date shall be extended for an additional four years, resulting in a total term of eight years. For the purposes of this Section, "unaffiliated third party" means any entity in which NSI (including its successors and assigns, subsidiaries and divisions, and their respective directors, officers, employees, agents and representatives) does not have majority equity ownership or the ability to exercise managerial or operational control, either directly or indirectly through one or more intermediaries. "Control," as used in this Section 23, means any of the following: (1) ownership, directly or indirectly, or other interest entitling NSI to exercise in the aggregate 25% or more of the voting power of an entity; (2) the power, directly or indirectly, to elect 25% or more of the board of directors (or equivalent governing body) of an entity; or (3) the ability, directly or indirectly, to direct or cause the direction of the management, operations, or policies of an entity.

24. Withdrawal of Recognition of ICANN by the Department of Commerce. In the event that, prior to the expiration or termination of this Agreement under Section 14 or 16(C), the United States Department of Commerce withdraws its recognition of ICANN as NewCo under the Statement of Policy pursuant to the procedures set forth in Section 5 of Amendment 1 (dated November \_\_, 1999) to the Memorandum of Understanding between ICANN and the Department of Commerce, this Agreement shall terminate.

25. Assignment of Registry Assets. NSI may assign and transfer its registry assets in connection with the sale of its registry business only with the approval of the Department of Commerce.

26. Option to Substitute Generic Agreement. At NSI's option, it may substitute any generic ICANN/Registry agreement that may be adopted by ICANN for this Agreement; provided, however, that

Sections 16, 19, 20, 21, 23, 24, and 25 of this Agreement will remain in effect following any such election by NSI.

27. Notices, Designations, and Specifications. All notices to be given under this Agreement shall be given in writing at the address of the appropriate party as set forth below, unless that party has given a notice of change of address in writing. Any notice required by this Agreement shall be deemed to have been properly given when delivered in person, when sent by electronic facsimile, or when scheduled for delivery by internationally recognized courier service. Designations and specifications by ICANN under this Agreement shall be effective when written notice of them is deemed given to Registry.

If to ICANN, addressed to:

Internet Corporation for Assigned Names and Numbers  
4676 Admiralty Way, Suite 330  
Marina Del Rey, California 90292  
Telephone: 1/310/823-9358  
Facsimile: 1/310/823-8649  
Attention: Chief Executive Officer

If to Registry, addressed to:

1. Network Solutions, Inc.  
505 Huntmar Park Drive  
Herndon, VA 20170  
Telephone: 1/703/742-0400  
Facsimile: 1/703/742-3386  
Attention: General Counsel

2. Network Solutions, Inc.  
505 Huntmar Park Drive  
Herndon, VA 20170  
Telephone: 1/703/742-0400  
Facsimile: 1/703/742-3386  
Attention: Registry General Manager

28. Dates and Times. All dates and times relevant to this Agreement or its performance shall be computed based on the date and time observed in Los Angeles, California, USA.

29. Language. All notices, designations, and specifications made under this Agreement shall be in the English language.

30. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto pertaining to the registry for the Registry TLDs and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject. This Agreement is intended to coexist with any Registrar Accreditation Agreement between the parties.

31. Amendments and Waivers. No amendment, supplement, or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

32. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

By: \_\_\_\_\_

Michael M. Roberts

Interim President and CEO

Date: \_\_\_\_\_

NETWORK SOLUTIONS, INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

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**Page updated 28-September-1999**

# **EXHIBIT AC-26**

Redacted - Third Party Designated Confidential Information

# **EXHIBIT AC-27**



Redacted - Third Party Designated Confidential Information

# **EXHIBIT AC-28**

Redacted - Third Party Designated Confidential Information

# **EXHIBIT AC-29**

Redacted - Third Party Designated Confidential Information

# **EXHIBIT AC-30**



U.S. Department of Justice

Office of Legislative Affairs

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Office of the Assistant Attorney General

Washington, D.C. 20530

August 31, 2016

The Honorable Ted Cruz  
Chairman  
Subcommittee on Oversight, Agency Action,  
Federal Rights and Federal Courts  
Committee on the Judiciary  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

This responds to your letter to the Acting Assistant Attorney General for the Antitrust Division dated August 12, 2016, regarding a proposed agreement between the Internet Corporation for Assigned Names and Numbers (ICANN) and Verisign, Inc. The Department of Justice (the Department) appreciates having the benefit of your perspective. We are sending an identical response to the other Members who joined in your letter.

The Department's Antitrust Division (the Division) has worked with the Department of Commerce's National Telecommunications and Information Administration (NTIA) on competition issues relating to ongoing privatization and operation of the Domain Name System (DNS), including questions arising from the operations of the .com registry, and NTIA's efforts to transition the stewardship of the Internet Assigned Numbers Authority (IANA) functions to the global multi-stakeholder community. In 2012, at the time of the last renegotiation of the .com Registry Agreement between ICANN and Verisign, the Department thoroughly reviewed the proposal and consulted with NTIA before NTIA approved it. NTIA approved the agreement after Verisign agreed to forego the ability to increase the price of .com domains, which it would have had under the version of the .com Registry Agreement that was submitted for NTIA's approval, and to cap its price at \$7.85, the then-existing price for .com domains. At the same time, NTIA and Verisign also entered into Amendment 32 of the Cooperative Agreement, which independently specifies the \$7.85 cap on .com domain prices. While Verisign does have the ability to request cost-based price increases, under Amendment 32, such increases must be approved by NTIA, which may consult with the Division in its review. With the amended pricing provisions, NTIA approved the .com Registry Agreement renewal in 2012 as in the public interest.

As referenced in your letter, ICANN and Verisign are contemplating an early extension of this agreement, currently set to expire in November 2018, to November 2024. With the extension, the term of the .com Registry Agreement would coincide with the term of the Root

Zone Maintainer Services Agreement, pursuant to which Verisign will provide various root zone management services directly to ICANN after the IANA transition. Verisign and ICANN agreed to link the terms of the two agreements because portions of the root zone infrastructure are inextricably intertwined with Verisign's .com infrastructure. ICANN posted the proposed extension for public comment on its website on June 30, 2016; the public-comment period has ended, and the ICANN staff report is due on September 15, 2016. See *Public Comment on Proposed Amendment to .COM Registry Agreement* (last viewed Aug. 26, 2016), available at <https://www.icann.org/public-comments/com-amendment-2016-06-30-en>. ICANN's and Verisign's boards of directors will then consider the proposed extension. After they have acted, Verisign will submit any extension that emerges from this process for NTIA's approval.

As you may know, Verisign may not extend the .com Registry Agreement without obtaining NTIA's prior written approval. Amendment 30 of the Cooperative Agreement requires such prior approval and provides the standard for NTIA's review. In pertinent part, Amendment 30 provides: "[t]he Department [of Commerce] shall provide such written approval if it concludes that approval will serve the public interest in (a) the continued security and stability of the Internet domain name system and the operation of the .com registry. . . , and (b) the provision of Registry Services . . . offered at reasonable prices, terms, and conditions." We note that the current extension proposal contemplated by ICANN and Verisign does not change the price cap contained in the 2012 .com Registry Agreement, which will remain in effect through November 30, 2018. Nor does the current extension proposal alter the price cap in Amendment 32 of the Cooperative Agreement. Moreover, if NTIA were to approve an extension of the .com Registry Agreement, it would have the right in its sole discretion to extend the term of the Cooperative Agreement with the current price cap in place until 2024 at any time prior to November 30, 2018, the date on which the Cooperative Agreement is currently scheduled to expire. If this occurs, the \$7.85 fee cap would be extended another six years to 2024.

The Division has worked closely with NTIA on matters related to competition in the domain name space for many years. Consistent with past practices, we would expect that NTIA would continue to seek the advice of the Division on any competition issue implicated by any decision to extend the .com Registry Agreement or the Cooperative Agreement. Because of the Internet's critical role in the U.S. economy and in enabling competition, the Department has been and will continue to be vigilant in monitoring competition issues implicated by its operation and governance.



The Honorable Ted Cruz  
Page Three

We hope this information is helpful. Please do not hesitate to contact this office if we may provide additional assistance regarding this or any other matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter J. Kadzik for". The signature is fluid and cursive.

Peter J. Kadzik  
Assistant Attorney General

cc: The Honorable Christopher Coons  
Ranking Member

Lawrence E. Strickling  
Assistant Secretary for Communications and Information  
Department of Commerce



U.S. Department of Justice

Office of Legislative Affairs

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Office of the Assistant Attorney General

Washington, D.C. 20530

August 31, 2016

The Honorable Mike Lee  
Chairman  
Subcommittee on Antitrust, Competition  
Policy and Consumer Rights  
Committee on the Judiciary  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

This responds to your letter to the Acting Assistant Attorney General for the Antitrust Division dated August 12, 2016, regarding a proposed agreement between the Internet Corporation for Assigned Names and Numbers (ICANN) and Verisign, Inc. The Department of Justice (the Department) appreciates having the benefit of your perspective. We are sending an identical response to the other Members who joined in your letter.

The Department's Antitrust Division (the Division) has worked with the Department of Commerce's National Telecommunications and Information Administration (NTIA) on competition issues relating to ongoing privatization and operation of the Domain Name System (DNS), including questions arising from the operations of the .com registry, and NTIA's efforts to transition the stewardship of the Internet Assigned Numbers Authority (IANA) functions to the global multi-stakeholder community. In 2012, at the time of the last renegotiation of the .com Registry Agreement between ICANN and Verisign, the Department thoroughly reviewed the proposal and consulted with NTIA before NTIA approved it. NTIA approved the agreement after Verisign agreed to forego the ability to increase the price of .com domains, which it would have had under the version of the .com Registry Agreement that was submitted for NTIA's approval, and to cap its price at \$7.85, the then-existing price for .com domains. At the same time, NTIA and Verisign also entered into Amendment 32 of the Cooperative Agreement, which independently specifies the \$7.85 cap on .com domain prices. While Verisign does have the ability to request cost-based price increases, under Amendment 32, such increases must be approved by NTIA, which may consult with the Division in its review. With the amended pricing provisions, NTIA approved the .com Registry Agreement renewal in 2012 as in the public interest.

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We hope this information is helpful. Please do not hesitate to contact this office if we may provide additional assistance regarding this or any other matter.

Sincerely,



Peter J. Kadzik  
Assistant Attorney General

cc: The Honorable Amy Klobuchar  
Ranking Member

Lawrence E. Strickling  
Assistant Secretary for Communications and Information  
Department of Commerce





**U.S. Department of Justice**

Office of Legislative Affairs

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Office of the Assistant Attorney General

*Washington, D.C. 20530*

August 31, 2016

The Honorable Sean P. Duffy  
Chairman  
Subcommittee on Oversight and Investigations  
Financial Services Committee  
U.S. House of Representatives  
Washington, DC 20515

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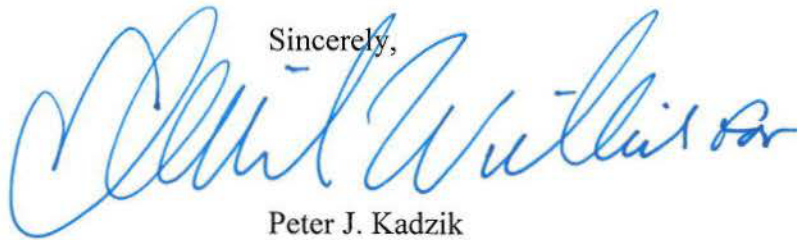
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Peter J. Kadzik  
Assistant Attorney General

cc: The Honorable Al Green  
Ranking Member

Lawrence E. Strickling  
Assistant Secretary for Communications and Information  
Department of Commerce

# **EXHIBIT AC-31**



Redacted - Third Party Designated Confidential Information

# **EXHIBIT AC-32**

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## Basics

[What Does ICANN Do? \(/en/basics/what\)](#)

[GNSO 101 \(/en/basics/101\)](#)

[GNSO Policy Development Introduction \(/en/basics/consensus-policy\)](#)

[About Consensus Policy \(/en/basics/consensus-policy/about\)](#)

[Policy Development Process \(/en/basics/consensus-policy/pdp\)](#)

[Working Group Guidelines \(https://gnso.icann.org/en/council/procedures\)](https://gnso.icann.org/en/council/procedures)

[Policy Update Archive \(/en/new-policy-update\)](#)

[DNS Infrastructure Basics \(/en/basics/dns-infrastructure\)](#)

[Learning on ICANN ORG \(http://www.icann.org/en/about/learning\)](http://www.icann.org/en/about/learning)

[ICANN Glossary \(http://www.icann.org/en/about/learning/glossary\)](http://www.icann.org/en/about/learning/glossary)

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## Tweets by @ICANN\_GNSO

**GNSO**

@ICANN\_GNSO

Extension: the public comment period for GNSO's Review of All Rights Protection Mechanisms in All gTLDs Phase 1 Initial Report has been extended for one week. Now the public comment will close on 4 May 2020. Make your voice heard >> [buff.ly/2Y39VKG](https://buff.ly/2Y39VKG)  
#ICANN #GNSO



Apr 22, 2020

GNSO Retweeted

**ICANN At-Large**

@ICANNAtLarge

Check out the 2020 #ALAC / At-Large Capacity Building Webinars: [go.icann.org/2XIOSNu](https://go.icann.org/2XIOSNu)  
The next webinar will be on the topic of DNS Abuse, led by ALAC Vice Chair for Policy, Jonathan

[Embed](#)[View on Twitter](#)

## About Consensus Policy

Last Updated 15 March 2013

CANN-accredited registrars and registries are bound to ICANN by contracts (<http://www.icann.org/en/general/agreement.htm> (<http://www.icann.org/en/general/agreement.htm>)) In this context, "consensus policy" is a specification broadly supported by ICANN stakeholders, and thus could bind registrars and registries.

Documents	Date	Format	File Size (Duration)
Consensus Policy, Registries, and Registrars (Podcast) ( <a href="http://audio.icann.org/icann_tart_04_consensus-policy-registries-and-registrars-20100329-en.mp3">http://audio.icann.org/icann_tart_04_consensus-policy-registries-and-registrars-20100329-en.mp3</a> )	29 Mar 2010	MP3	15 MB (12:29)

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Con en u Policy, Regi trie , and Registrars (Podcast Transcript) ( <a href="http://www.icann.org/en/learning/transcript-icann-start-04-31mar10-en.pdf">http://www.icann.org/en/learning/transcript-icann-start-04-31mar10-en.pdf</a> )	29 Mar 2010	PDF	35 KB
Scope and Consensus Policy Presentation (/corre pondence/ cope con en u policy 01jun09.pdf)	1 Jun 2009	PDF	1 MB

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Comments concerning the layout, construction and functionality of this site should be sent to [webmaster \[at\] gnso.icann.org](mailto:webmaster[at]gnso.icann.org)

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## ***ICANN Start, Episode 4: Consensus Policies, Registries, and Registrars***

Released 30 March, 2010

Welcome to *ICANN Start*. This is the show about one issue, five questions:

- What is it?
- Why does it matter?
- Who does it affect?
- What are the key concepts I must know about it?
- How can I learn more?

Produced by the Internet Corporation for Assigned Names and Numbers: ICANN. One world. One Internet. Everyone connected.

[Music]

Scott: Welcome back for another episode of *ICANN Start*. I'm Scott Pinzon. Our topic today is Consensus Policy and our subject matter expert is Margie Milam, Senior Policy Counselor. Welcome to the show, Margie.

Margie: Thanks for having me here.

Scott: We said that our topic is Consensus Policy. What is that exactly?

Margie: A consensus policy is a specification that is based on a consensus of Internet stakeholder groups. What that really means is, it's a policy that receives broad support, demonstrated by an ICANN board action that establishes the policy, or a recommendation made by the GNSO Council.

This is typically a written report that the GNSO Council puts together that describes the extent of the agreement, or the disagreement among the various impacted groups on the policy that should be adopted.

Scott: Okay.

Margie: This originates from the contracts between the registrars and the registries. ICANN enters into contracts with all of the registrars and all of the registries –

Scott: But I'm not sure that everyone listening understands the difference between those. Can you define what is a "registrar" and what is a "registry"?

Margie: A registry is the ultimate authority where domain names are registered. Registrars serve as more of a wholesaler, or distributor of domain names. The registrar is the party that has the relationship with all the registrants of domain names. The registry typically has no relationship with the registrants, and merely provides the service to the registrars to register the domain names in its central database of all the information related to the domain names in a particular top-level domain.

Scott: Is the difference that the registrars emphasize more of the marketing and the selling of the domain names? And then the registries actually handle everything that must happen in order for the domain name to work?

Margie: That's correct. The registrars are the ones that would provide the service to the customers to allow them to register the names. It'll help them manage the information related to their domain names. The registries provide more of a technical service. They just maintain the database and have the operational capabilities to keep the database running 24/7 and being able to provide quick queries related to the domain names.

Scott: So, that explains why if you're new to ICANN you probably could name some registrars. You've heard of GoDaddy or Network Solutions or 1&1, but you don't know who operates .org or .info or whatever.

Margie: That's correct.

Scott: And where this comes together in ICANN is that both these entities [registrars and registries] are bound by consensus policy.

Margie: Yes, that's right. The way that consensus policies can be made enforceable against these contracted parties is by going through the procedure that is specified in the agreements. The agreements leave a placeholder so that policies can be developed by the GNSO Council to address issues that may be important to the community, such as things that may evolve over time that relate to the domain name registration system and domain names.

The consensus policy process allows these new rules to be adopted, with consensus from the community and then enforced against the registrars and registries.

Scott: That sounds pretty unusual to me. Are you not saying that registrars and registries have signed on to a contract where the terms could change later, and they're agreeing that they'll be bound by these future terms?

Margie: In essence, that is what it says. But the contracts are written carefully so that only certain topics can be appropriate for consensus policies. For example, the registrars and registries obviously want to keep certain parts of their business to be unaffected by policies, like their prices, or things of that nature.

Scott: Sure.

Margie: The way the contracts are written, they've actually specified topics that are appropriate for consensus policies. As registrars and registries enter into contracts with ICANN, they know this upfront when they sign their contract -- that there are certain areas that are appropriate for consensus policy development by the GNSO Council, as long as it's within the topics that are suggested in the contract.

The registrars and registries understand that they need to abide by those rules and policies that may be developed. They actually have a role in participating through their representatives, for example, in the GNSO Council. They will actually participate in the working groups and the other policy formats and procedures to make sure that their side and their needs are addressed.

Scott: Yeah, so there's some flexibility there but it's not a total blank check for the community to just say whatever they want to and force it onto these registrars and registries.

Margie: Yeah, that's correct. A little history behind that: ICANN and through its Bylaws and Articles of Incorporation try to limit the amount of issues that it gets involved with. We don't want to regulate domain names with a heavy hand. The types of issues that are addressed in the consensus policy are, maybe, to address things like technical stability or interoperability of the Internet and domain name services.

But we try to stay away from things that would make it difficult for competition to occur. We want to encourage innovation and technical advancements. We don't want to hinder the domain name system with too many rules and regulations that don't have the right support through the consensus process.

Scott: Okay.

Margie: And that's why the consensus policy process is so important, because without the contracts and following the procedures in the contracts, policy development may not have the effect that members of the community would like, if the policy is not adopted in the manner that's described in the contracts.

Scott: Now, another question we often ask here is, Who does it affect? So does consensus policy only affect registrars and registries?

Margie: Actually, that's an interesting question because it affects *more* than just registrars and registries. For example, the policies might actually relate to obligations to registrants. Those might be adopted through the consensus policy process. The types of protections or rules that relate to domain name registration services affect registrants but they're only adopted through the consensus policy process.

It could affect a registrant, and it also affects just members of the community in general who may have concerns about how the domain name registration system works. Things like Whois contact information or issues like warehousing or speculation on domain names are topics that have been clarified to be appropriate for consensus policy development.

So, really it affects everyone in the community that has some involvement in the domain name system. If they feel that there are particular areas that need special attention, everyone would need to understand the consensus policy process to see whether or not there's an ability to make policies that affect registrars and registries through the contracts.

Scott: It sounds like we're already heading into the answer to our next question. Why does this matter?

Margie: You're right.

Scott: It affects everyone.

Margie: It affects everyone. It affects the kind of work and the end result from the GNSO Council. For example, the GNSO Council is charged with developing policies that relate to generic top-level domains. There are lots of policies that can be developed but it doesn't necessarily mean that they will be enforceable against registrars or registries if they're not within what we call the "picket fence."

"Picket fence" is a phrase that's been applied to the consensus policies because consensus policies list the limitations on what can be appropriate for this type of



policy development. So if it's not a consensus policy under the contract terms, there are other types of policies that might be developed. For example, best practices, or guidelines for ICANN or advice to ICANN. But these are things that registrars or registries may not necessarily be obligated to comply with.

Scott: So, in participating in ICANN, it sounds like it would be important to understand that there's a distinction between policy in general and "consensus policy."

Margie: Yes, that's right. To the extent that the community feels it's important that registrars and registries comply with these new procedures, then they need to understand the parameters and look into the contracts to see what would be appropriate for a consensus policy development.

Scott: Okay. So the ICANN community can't band together and force all registrars to give all domain names away for free, because that's not inside the "picket fence."

Margie: Right. That's right.

Scott: So we've drawn a distinction between policy in general and consensus policy, and in doing so, I've heard you mention many times this term "contracts." What contracts are we talking about? If someone wants to learn more about this, can they read these contracts somewhere?

Margie: Sure. There are two sets of contracts that apply here. ICANN is all contract-based so any of the obligations that registrars or registries are obligated to perform are in these contracts.

On the registrar side, it's a one-standard agreement that is adopted for all registrars. That contract is posted on the ICANN web site, and it's called the Registrar Accreditation Agreement, the [RAA](#). So, if you looked at that contract you would find a description of the types of things that can be consensus policies. That's a useful way of understanding what falls within the picket fence, and what types of things are appropriate for GNSO consensus policy development.

The other place you would look is to the [registry agreements](#), and that's also posted on ICANN's web site. The registry agreements are a little different than the registrar agreements because they are not standard, and they all have different terms. So if you go to the ICANN web site, you'll see the dozen or so contracts.

But they follow the same general theme, even though the words may not be exactly the same. They all have adopted this consensus policy approach where they agree that they would be bound by policies developed by the community if they're within the topics that are prescribed in the contract.

So, that's where you would go. You would go to the ICANN web site, take a look at all the contracts, and they're actually specified there with a definition of what constitutes a consensus policy.

Scott: All right. That was a great basic orientation to consensus policy. Thank you very much. Will you come back sometime and talk to us more about this Registration Accreditation Agreement? Because that sounds like a whole topic in itself.

Margie: Sure, I'd love to, Scott. Thanks.

Scott: Okay, thanks. We hope that you, listener, will join us next time on *ICANN Start*.

[Music]

Scott: Before we wrap up, I wanted to let you know that we post related links for each episode on our web site. For example, if you want to learn more about consensus policies, Margie just encouraged you to read the Registrar Accreditation Agreement and the Registry Agreements. Once you look at the RAA, I think you'll also want our "[Non-Lawyer's Guide to the RAA](#)." We've posted links to all of those next to this episode.

And, beginning this month, that includes a transcript of each episode. To find them, go to ICANN.org, click the E-Learning tab, and follow it to the podcast page.

If *ICANN Start* is useful to you and you want us to keep it going, please let us know. Just drop a short email to [start@icann.org](mailto:start@icann.org). Thanks for your support.

[Music]

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[Music]

# **EXHIBIT AC-33**

# Domain Name Agreements between the U.S. Department of Commerce, Network Solutions, Inc., and the Internet Corporation for Assigned Names and Numbers (ICANN) (September 28, 1999)

- Registrar Accreditation Agreement
- Registrar License and Agreement
- Amendment 1 to JPA/MoU
- Zone File Access Agreement
- NSI Registry Agreement



*Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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- - 
  - **REGISTRAR ACCREDITATION AGREEMENT**
    - **Table of Contents**
    - **I. DEFINITIONS**
    - **II. TERMS AND CONDITIONS OF AGREEMENT**
      - A. Accreditation.
      - B. Registrar Use of ICANN Name.
      - C. General Obligations of ICANN.
      - D. General Obligations of Registrar.
      - E. Submission of SLD Holder Data to Registry.
      - F. Public Access to Data on SLD Registrations.
      - G. Retention of SLD Holder and Registration Data.
      - H. Rights in Data.
      - I. Data Escrow.
      - J. Business Dealings, Including with SLD Holders.
      - K. Domain-Name Dispute Resolution.
      - L. Accreditation Fees.
      - M. Specific Performance.
      - N. Termination of Agreement.
      - O. Term of Agreement; Renewal; Right to Substitute Updated Agreement.
      - P. Resolution of Disputes Under This Agreement.
      - Q. Limitations on Monetary Remedies for Violations of this Agreement.
      - R. Handling by ICANN of Registrar-Supplied Data.
      - S. Miscellaneous.

- \_\_\_\_\_
- This REGISTRAR ACCREDITATION AGREEMENT ("Agreement") is by and between the Internet Corporation for Assigned Names and Numbers, a not-for-profit corporation, and \_\_\_\_\_ ("Registrar"), a \_\_\_\_\_, and shall be deemed made on \_\_\_\_\_, 1999, at Los Angeles, California, USA.
- **I. DEFINITIONS**
- As used in this Agreement, the following terms shall have the following meanings:
  - A. "Accredit" means to identify and set minimum standards for the performance of registration functions, to recognize persons or entities meeting those standards, and to enter into an accreditation agreement that sets forth the rules and procedures applicable to the provision of registration services.
  - B. A "Consensus Policy" is one adopted by ICANN as follows:
    - 1. "Consensus Policies" are those adopted based on a consensus among Internet stakeholders represented in the ICANN process, as demonstrated by (1) the adoption of the policy by the ICANN Board of Directors, (2) a recommendation that the policy should be adopted, by at least a two-thirds vote of the council of the ICANN Supporting Organization to which the matter is delegated, and (3) a written report and supporting materials (which must include all substantive submissions to the Supporting Organization relating to the proposal) that (i) documents the extent of agreement and disagreement among impacted groups, (ii) documents the outreach process used to seek to achieve adequate representation of the views of groups that are likely to be impacted, and (iii) documents the nature and intensity of reasoned support and opposition to the proposed policy.
    - 2. In the event that Registrar disputes the presence of such a consensus, it shall seek review of that issue from an Independent Review Panel established under ICANN's bylaws. Such review must be sought within fifteen working days of publication of the Board's action adopting the policy. The decision of the panel shall be based on the report and supporting materials required by Section I.B.1 above. In the event that Registrar seeks review and the Panel sustains the Board's determination that the policy is based on a consensus among Internet stakeholders represented in the ICANN process, then Registrar must implement such policy unless it promptly seeks and obtains a stay or injunctive relief under Section II.P.
    - 3. In the event, following a decision by the Independent Review Panel convened under Section I.B.2 above, that Registrar still disputes the presence of such a consensus, it may seek further review of that issue within fifteen working days of publication of the decision in accordance with the dispute-resolution procedures set forth in Section II.P below; provided, however, that Registrar must continue to implement the policy unless it has obtained a stay or injunctive relief under Section II.P or a final decision is rendered in accordance with the provisions of Section II.P that relieves Registrar of such obligation. The decision in any such further review shall be based on the report and supporting materials required by Section I.B.1 above.

- 4. A policy adopted by the ICANN Board of Directors on a temporary basis, without a prior recommendation by the council of an ICANN Supporting Organization, shall also be considered to be a Consensus Policy if adopted by the ICANN Board of Directors by a vote of at least two-thirds of its members, and if immediate temporary adoption of a policy on the subject is necessary to maintain the stability of the Internet or the operation of the domain name system, and if the proposed policy is as narrowly tailored as feasible to achieve those objectives. In adopting any policy under this provision, the ICANN Board of Directors shall state the period of time for which the policy is temporarily adopted and shall immediately refer the matter to the appropriate Supporting Organization for its evaluation and review with a detailed explanation of its reasons for adopting the temporary policy and why the Board believes the policy should receive the consensus support of Internet stakeholders. If the period of time for which the policy is adopted exceeds 45 days, the Board shall reaffirm its temporary adoption every 45 days for a total period not to exceed 180 days, in order to maintain such policy in effect until such time as it meets the standard set forth in Section I.B.1. If the standard set forth in Section I.B.1 above is not met within the temporary period set by the Board, or the council of the Supporting Organization to which it has been referred votes to reject the temporary policy, it will no longer be a "Consensus Policy."
- 5. For all purposes under this Agreement, the policies specifically identified by ICANN on its website (www.icann.org) at the date of this Agreement as having been adopted by the ICANN Board of Directors before the date of this Agreement shall be treated in the same manner and have the same effect as "Consensus Policies."
- 6. In the event that, at the time the ICANN Board adopts a policy under Section I.B.1 during the term of this Agreement, ICANN does not have in place an Independent Review Panel established under ICANN's bylaws, the fifteen-working-day period allowed under Section I.B.2 to seek review shall be extended until fifteen working days after ICANN does have such an Independent Review Panel in place and Registrar shall not be obligated to comply with the policy in the interim.
- C. "DNS" refers to the Internet domain-name system.
- D. "ICANN" refers to the Internet Corporation for Assigned Names and Numbers, a party to this Agreement.
- E. An "ICANN-adopted policy" (and references to ICANN "adopt[ing]" a policy or policies) refers to a Consensus Policy adopted by ICANN (i) in conformity with applicable provisions of its articles of incorporation and bylaws and Section II.C of this Agreement and (ii) of which Registrar has been given notice and a reasonable period in which to comply.
- F. "IP" means Internet Protocol.
- G. "Personal Data" refers to data about any identified or identifiable natural person.
- H. The word "Registrar," when appearing with an initial capital letter, refers to \_\_\_\_\_, a party to this Agreement.

- I. The word "registrar," when appearing without an initial capital letter, refers to a person or entity that contracts with SLD holders and a registry, collecting registration data about the SLD holders and submitting zone file information for entry in the registry database.
- J. A "Registry" is the person(s) or entity(ies) then responsible, in accordance with an agreement between ICANN and that person or entity (those persons or entities) or, if that agreement is terminated or expires, in accordance with an agreement between the US Government and that person or entity (those persons or entities), for providing registry services.
- K. An "SLD" is a second-level domain of the DNS.
- L. An SLD registration is "sponsored" by the registrar that placed the record associated with that registration into the registry. Sponsorship of a registration may be changed at the express direction of the SLD holder or, in the event a registrar loses accreditation, in accordance with then-current ICANN-adopted policies.
- M. A "TLD" is a top-level domain of the DNS.

- **II. TERMS AND CONDITIONS OF AGREEMENT**

- The parties agree as follows:
- A. Accreditation. During the term of this Agreement, Registrar is hereby accredited by ICANN to act as a registrar (including to insert and renew registration of SLDs in the registry database) for the .com, .net, and .org TLDs.
- B. Registrar Use of ICANN Name. Registrar is hereby granted a non-exclusive worldwide license to state during the term of this Agreement that it is accredited by ICANN as a registrar in the .com, .net, and .org TLDs. No other use of ICANN's name is licensed hereby. This license may not be assigned or sublicensed by Registrar.
- C. General Obligations of ICANN. With respect to all matters that impact the rights, obligations, or role of Registrar, ICANN shall during the Term of this Agreement:
  - 1. exercise its responsibilities in an open and transparent manner;
  - 2. not unreasonably restrain competition and, to the extent feasible, promote and encourage robust competition;
  - 3. not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and not single out Registrar for disparate treatment unless justified by substantial and reasonable cause; and
  - 4. ensure, through its reconsideration and independent review policies, adequate appeal procedures for Registrar, to the extent it is adversely affected by ICANN standards, policies, procedures or practices.
- D. General Obligations of Registrar.
  - 1. During the Term of this Agreement:
    - a. Registrar agrees that it will operate as a registrar for TLDs for which it is accredited by ICANN in accordance with this Agreement;

- b. Registrar shall comply, in such operations, with all ICANN-adopted Policies insofar as they:
- i. relate to one or more of the following: (A) issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, technical reliability and/or stable operation of the Internet or domain-name system, (B) registrar policies reasonably necessary to implement Consensus Policies relating to the Registry, or (C) resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names), and
- ii. do not unreasonably restrain competition.
- 2. To the extent that Consensus Policies are adopted in conformance with Section II.C of this Agreement, the measures permissible under Section II.D.1.b.i shall include, without limitation:
  - i. principles for allocation of SLD names (e.g., first-come/first-served, timely renewal, holding period after expiration);
  - ii. prohibitions on warehousing of or speculation in domain names by registrars;
  - iii. reservation of SLD names that may not be registered initially or that may not be renewed due to reasons reasonably related to (a) avoidance of confusion among or misleading of users, (b) intellectual property, or (c) the technical management of the DNS or the Internet (e.g., "example.com" and single-letter/digit names);
  - iv. the allocation among continuing registrars of the SLD names sponsored in the registry by a registrar losing accreditation; and
  - v. the transfer of registration data upon a change in registrar sponsoring the registration.
- Nothing in this Section II.D shall limit or otherwise affect Registrar's obligations as set forth elsewhere in this Agreement.
- E. Submission of SLD Holder Data to Registry. During the term of this Agreement:
  - 1. As part of its registration of SLDs in the .com, .net, and .org TLDs, Registrar shall submit to, or shall place in the registry database operated by Registry the following data elements concerning SLD registrations that Registrar processes:
    - a. The name of the SLD being registered;
    - b. The IP addresses of the primary nameserver and secondary nameserver(s) for the SLD;
    - c. The corresponding names of those nameservers;
    - d. Unless automatically generated by the registry system, the identity of the registrar;
    - e. Unless automatically generated by the registry system, the expiration date of the registration; and
    - f. Other data required as a result of further development of the registry system by the Registry.
  - 2. Within five (5) business days after receiving any updates from the SLD holder to the data elements listed in Sections II.E.1.b and c for any SLD registration



Registrar sponsors, Registrar shall submit the updated data elements to, or shall place those elements in the registry database operated by Registry.

- 3. In order to allow reconstitution of the registry database in the event of an otherwise unrecoverable technical failure or a change in the designated Registry permitted by the contract Registry has with ICANN and/or the United States Department of Commerce, within ten days of any such request by ICANN Registrar shall submit an electronic database containing the data elements listed in Sections II.F.1.a through d for all active records in the registry sponsored by Registrar, in a format specified by ICANN, to the Registry for the appropriate TLD.
- F. Public Access to Data on SLD Registrations. During the term of this Agreement:
  - 1. At its expense, Registrar shall provide interactive public access on a current basis (such as through a Whois service) to data concerning all active SLD registrations sponsored by Registrar in the registry for the .com, .net, and .org TLDs. The data accessible shall consist of elements that are designated from time to time according to an ICANN-adopted policy. Until ICANN otherwise specifies by means of an ICANN-adopted policy, this data shall consist of the following elements as contained in Registrar's database:
    - a. The name of the SLD being registered and the TLD for which registration is being requested;
    - b. The IP addresses of the primary nameserver and secondary nameserver(s) for the SLD;
    - c. The corresponding names of those nameservers;
    - d. The identity of Registrar (which may be provided through Registrar's website);
    - e. The original creation date of the registration;
    - f. The expiration date of the registration;
    - g. The name and postal address of the SLD holder;
    - h. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the SLD; and
    - i. The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the SLD.
  - 2. Upon receiving any updates to the data elements listed in Sections II.F.1.b through d and f through i from the SLD holder, Registrar shall promptly update its database used to provide the public access described in Section II.F.1.
  - 3. Registrar may subcontract its obligation to provide the public access described in Section II.F.1 and the updating described in Section II.F.2, provided that Registrar shall remain fully responsible for the proper provision of the access and updating.
  - 4. Registrar shall abide by any ICANN-adopted Policy that requires registrars to cooperatively implement a distributed capability that provides query-based Whois search functionality across all registrars. If the Whois service implemented by registrars does not in a reasonable time provide reasonably robust, reliable, and convenient access to accurate and up-to-date data, the Registrar shall abide by any ICANN-adopted Policy requiring Registrar, if reasonably determined by ICANN to be necessary (considering such

possibilities as remedial action by specific registrars), to supply data from Registrar's database to facilitate the development of a centralized Whois database for the purpose of providing comprehensive Registrar Whois search capability.

- 5. In providing query-based public access to registration data as required by Sections II.F.1 and II.F.4, Registrar shall not impose terms and conditions on use of the data provided except as permitted by an ICANN-adopted policy. Unless and until ICANN adopts a different policy, Registrar shall permit use of data it provides in response to queries for any lawful purposes except to: (a) allow, enable, or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via e-mail (spam); or (b) enable high volume, automated, electronic processes that apply to Registrar (or its systems).
- 6. In addition, Registrar shall provide third-party bulk access to the data subject to public access under Section II.F.1 under the following terms and conditions:
  - a. Registrar shall make a complete electronic copy of the data available at least one time per week for download by third parties who have entered into a bulk access agreement with Registrar.
  - b. Registrar may charge an annual fee, not to exceed US\$10,000, for such bulk access to the data.
  - c. Registrar's access agreement shall require the third party to agree not to use the data to allow, enable, or otherwise support the transmission of mass unsolicited, commercial advertising or solicitations via e-mail (spam).
  - d. Registrar's access agreement may require the third party to agree not to use the data to enable high-volume, automated, electronic processes that apply to Registrar (or its systems).
  - e. Registrar's access agreement may require the third party to agree not to sell or redistribute the data except insofar as it has been incorporated by the third party into a value-added product or service that does not permit the extraction of a substantial portion of the bulk data from the value-added product or service for use by other parties.
  - f. Registrar may enable SLD holders to elect not to have data concerning their registrations available for bulk access based on Registrar's "Opt-Out" policy, and Registrar may require the third party to abide by the terms of that Opt-Out policy; provided, however, that Registrar may not use such data subject to opt-out in its own value-added product or service.
- 7. Registrar's obligations under Section II.F.6 shall remain in effect until the earlier of (a) replacement of this policy with a different ICANN-adopted policy governing bulk access to the data subject to public access under Section II.F.1, or (b) demonstration, to the satisfaction of the United States Department of Commerce, that no individual or entity is able to exercise market power with respect to registrations or with respect to registration data used for development of value-added products and services by third parties.
- 8. To comply with applicable statutes and regulations and for other reasons, ICANN may from time to time adopt policies establishing limits on the Personal Data concerning SLD registrations that Registrar may make available to the public through a public-access service described in this Section II.F and on the

manner in which Registrar may make them available. In the event ICANN adopts any such policy, Registrar shall abide by it.

- G. Retention of SLD Holder and Registration Data.
- 1. During the term of this Agreement, Registrar shall maintain its own electronic database, as updated from time to time, containing data for each active SLD registration sponsored by it in the registry for the .com, .net, and .org TLDs. The data for each such registration shall include the elements listed in Sections II.F.1.a through i, as well as the name and (where available) postal address, e-mail address, voice telephone number, and fax number of the billing contact.
- 2. During the term of this Agreement and for three years thereafter, Registrar (itself or by its agent) shall maintain the following records relating to its dealings with the Registry and SLD holders:
  - a. In electronic form, the submission date and time, and the content, of all registration data (including updates) submitted in electronic form to the Registry;
  - b. In electronic, paper, or microfilm form, all written communications constituting registration applications, confirmations, modifications, or terminations and related correspondence with actual SLD holders, including registration contracts; and
  - c. In electronic form, records of the accounts of all SLD holders with Registrar, including dates and amounts of all payments and refunds.
- Registrar shall make these records available for inspection by ICANN upon reasonable notice. ICANN shall not disclose such records except as expressly permitted by an ICANN-adopted policy.
- H. Rights in Data. Registrar disclaims all rights to exclusive ownership or use of the data elements listed in Sections II.E.1.a. through c. for all SLD registrations submitted by Registrar to, or sponsored by Registrar in, the registry database for the .com, .net, and .org TLDs. Registrar does not disclaim rights in the data elements listed in Sections II.E.1.d through f and II.F.1.d through i concerning active SLD registrations sponsored by it in the registry for the .com, .net, and .org TLDs, and agrees to grant non-exclusive, irrevocable, royalty-free licenses to make use of and disclose the data elements listed in Sections II.F.1.d through i for the purpose of providing a service (such as a Whois service under II.F.4) providing interactive, query-based public access. Upon a change in sponsorship from Registrar of any SLD registration in the registry for the .com, .net, and .org TLDs, Registrar acknowledges that the registrar gaining sponsorship shall have the rights of an owner to the data elements listed in Sections II.E.1.d and e and II.F.1.d through i concerning that registration, with Registrar also retaining the rights of an owner in that data. Nothing in this Section II.H prohibits Registrar from (1) restricting bulk public access to data elements in a manner consistent with any ICANN-adopted policies or (2) transferring rights it claims in data elements subject to the provisions of this Section II.H.
- I. Data Escrow. During the term of this Agreement, on a schedule, under the terms, and in the format specified in the then-current ICANN-adopted policy on registrar escrow requirements, Registrar shall submit an electronic copy of the database described in Section II.G.1 to ICANN or, at Registrar's election and at

its expense, to a reputable escrow agent mutually approved by Registrar and ICANN, such approval also not to be unreasonably withheld by either party. The data shall be held under an agreement among Registrar, ICANN, and the escrow agent (if any) providing that (1) the data shall be received and held in escrow, with no use other than verification that the deposited data is complete and in proper format, until released to ICANN; (2) the data shall be released from escrow upon expiration without renewal or termination of this Agreement; and (3) ICANN's rights under the escrow agreement shall be assigned with any assignment of this Agreement. The escrow shall provide that in the event the escrow is released under this Section II.I, ICANN (or its assignee) shall have a non-exclusive, irrevocable, royalty-free license to exercise (only for transitional purposes) or have exercised all rights necessary to provide registrar services.

- J. Business Dealings, Including with SLD Holders.
- 1. In the event ICANN adopts a policy supported by a consensus of ICANN-accredited registrars establishing or approving a Code of Conduct for such registrars, Registrar shall abide by that Code.
- 2. Registrar shall abide by applicable laws and governmental regulations.
- 3. Registrar shall not represent to any actual or potential SLD holder that Registrar enjoys access to a registry for which Registrar is accredited that is superior to that of any other registrar accredited for that registry.
- 4. Registrar shall not activate any SLD registration unless and until it is satisfied that it has received a reasonable assurance of payment of its registration fee. For this purpose, a charge to a credit card, general commercial terms extended to creditworthy customers, or other mechanism providing a similar level of assurance of payment shall be sufficient, provided that the obligation to pay becomes final and non-revocable by the SLD holder upon activation of the registration.
- 5. Registrar shall register SLDs to SLD holders only for fixed periods. At the conclusion of the registration period, failure by or on behalf of the SLD holder to pay a renewal fee within the time specified in a second notice or reminder shall, in the absence of extenuating circumstances, result in cancellation of the registration. In the event that ICANN adopts a policy concerning procedures for handling expiration of registrations, Registrar shall abide by that policy.
- 6. Registrar shall not insert or renew any SLD name in any registry for which Registrar is accredited by ICANN in a manner contrary to an ICANN-adopted policy stating a list or specification of excluded SLD names that is in effect at the time of insertion or renewal.
- 7. Registrar shall require all SLD holders to enter into an electronic or paper registration agreement with Registrar including at least the following provisions:
  - a. The SLD holder shall provide to Registrar accurate and reliable contact details and promptly correct and update them during the term of the SLD registration, including: the full name, postal address, e-mail address, voice telephone number, and fax number if available of the SLD holder; name of authorized person for contact purposes in the case of an SLD holder that is an organization, association, or corporation; and the data elements listed in Section II.F.1.b, c, and h through i above.

- An SLD holder's willful provision of inaccurate or unreliable information, its willful failure promptly to update information provided to Registrar, or its failure to respond for over fifteen calendar days to inquiries by Registrar concerning the accuracy of contact details associated with the SLD holder's registration shall constitute a material breach of the SLD holder-registrar contract and be a basis for cancellation of the SLD registration.
- Any SLD holder that intends to license use of a domain name to a third party is nonetheless the SLD holder of record and is responsible for providing its own full contact information and for providing and updating accurate technical and administrative contact information adequate to facilitate timely resolution of any problems that arise in connection with the SLD.
- b. Registrar shall provide notice to each new or renewed SLD holder stating:
  - i. The purposes for which any Personal Data collected from the applicant are intended;
  - ii. The intended recipients or categories of recipients of the data (including the Registry and others who will receive the data from Registry);
  - iii. Which data are obligatory and which data, if any, are voluntary; and
  - iv. How the SLD holder or data subject can access and, if necessary, rectify the data held about them.
- c. The SLD holder shall consent to the data processing referred to in Section II.J.7.b.
- d. The SLD holder shall represent that notice has been provided equivalent to that described in Section II.J.7.b. above to any third-party individuals whose Personal Data are supplied to Registrar by the SLD holder, and that the SLD holder has obtained consent equivalent to that referred to in Section II.J.7.c of any such third-party individuals.
- e. Registrar shall agree that it will not process the Personal Data collected from the SLD holder in a way incompatible with the purposes and other limitations about which it has provided notice to the SLD holder in accordance with Section II.J.7.b, above.
- f. Registrar shall agree that it will take reasonable precautions to protect Personal Data from loss, misuse, unauthorized access or disclosure, alteration, or destruction.
- g. The SLD holder shall represent that, to the best of the SLD holder's knowledge and belief, neither the registration of the SLD name nor the manner in which it is directly or indirectly used infringes the legal rights of a third party.
- h. For the adjudication of disputes concerning or arising from use of the SLD name, the SLD holder shall submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts (1) of the SLD holder's domicile and (2) where Registrar is located.
- i. The SLD holder shall agree that its registration of the SLD name shall be subject to suspension, cancellation, or transfer pursuant to any ICANN-adopted policy, or pursuant to any registrar or registry procedure not inconsistent with an ICANN-adopted policy, (1) to correct mistakes by Registrar or the Registry in registering the name or (2) for the resolution of disputes concerning the SLD name.

- j. The SLD holder shall indemnify and hold harmless the Registry and its directors, officers, employees, and agents from and against any and all claims, damages, liabilities, costs, and expenses (including reasonable legal fees and expenses) arising out of or related to the SLD holder's domain name registration.
- 8. Registrar shall abide by any ICANN-adopted policies requiring reasonable and commercially practicable (a) verification, at the time of registration, of contact information associated with an SLD registration sponsored by Registrar or (b) periodic re-verification of such information. Registrar shall, upon notification by any person of an inaccuracy in the contact information associated with an SLD registration sponsored by Registrar, take reasonable steps to investigate that claimed inaccuracy. In the event Registrar learns of inaccurate contact information associated with an SLD registration it sponsors, it shall take reasonable steps to correct that inaccuracy.
- 9. Registrar shall abide by any ICANN-adopted policy prohibiting or restricting warehousing of or speculation in domain names by registrars.
- 10. Registrar shall maintain in force commercial general liability insurance with policy limits of at least US\$500,000 covering liabilities arising from Registrar's registrar business during the term of this Agreement.
- 11. Nothing in this Agreement prescribes or limits the amount Registrar may charge SLD holders for registration of SLD names.
- K. Domain-Name Dispute Resolution. During the term of this Agreement, Registrar shall have in place a policy and procedure for resolution of disputes concerning SLD names. In the event that ICANN adopts a policy or procedure for resolution of disputes concerning SLD names that by its terms applies to Registrar, Registrar shall adhere to the policy or procedure.
- L. Accreditation Fees. As a condition of accreditation, Registrar shall pay accreditation fees to ICANN. These fees consist of yearly and on-going components.
  - 1. The yearly component for the term of this Agreement shall be US \$5,000. Payment of the yearly component shall be due upon execution by Registrar of this Agreement and upon each anniversary date after such execution during the term of this Agreement (other than the expiration date).
  - 2. Registrar shall pay the on-going component of Registrar accreditation fees adopted by ICANN in accordance with the provisions of Section II.C above, provided such fees are reasonably allocated among all registrars that contract with ICANN and that any such fees must be expressly approved by registrars accounting, in aggregate, for payment of two-thirds of all registrar-level fees. Registrar shall pay such fees in a timely manner for so long as all material terms of this Agreement remain in full force and effect, and notwithstanding the pendency of any dispute between Registrar and ICANN.
  - 3. On reasonable notice given by ICANN to Registrar, accountings submitted by Registrar shall be subject to verification by an audit of Registrar's books and records by an independent third-party that shall preserve the confidentiality of such books and records (other than its findings as to the accuracy of, and any necessary corrections to, the accountings).

- M. Specific Performance. While this Agreement is in effect, either party may seek specific performance of any provision of this Agreement in the manner provided in Section II.P below, provided the party seeking such performance is not in material breach of its obligations.
- N. Termination of Agreement. This Agreement may be terminated before its expiration by Registrar by giving ICANN thirty days written notice. It may be terminated before its expiration by ICANN in any of the following circumstances:
  - 1. There was a material misrepresentation, material inaccuracy, or materially misleading statement in Registrar's application for accreditation or any material accompanying the application.
  - 2. Registrar:
    - a. is convicted of a felony or other serious offense related to financial activities, or is judged by a court to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN reasonably deems as the substantive equivalent of any of these; or
    - b. is disciplined by the government of its domicile for conduct involving dishonesty or misuse of funds of others.
  - 3. Any officer or director of Registrar is convicted of a felony or of a misdemeanor related to financial activities, or is judged by a court to have committed fraud or breach of fiduciary duty, or is the subject of a judicial determination that ICANN deems as the substantive equivalent of any of these; provided, such officer or director is not removed in such circumstances.
  - 4. Registrar fails to cure any breach of this Agreement (other than a failure to comply with a policy adopted by ICANN during the term of this Agreement as to which Registrar is seeking, or still has time to seek, review under Section I.B.2 of whether a consensus is present) within fifteen working days after ICANN gives Registrar notice of the breach.
  - 5. Registrar fails to comply with a ruling granting specific performance under Sections II.M and II.P.
  - 6. Registrar continues acting in a manner that ICANN has reasonably determined endangers the stability or operational integrity of the Internet after receiving three days notice of that determination.
  - 7. Registrar becomes bankrupt or insolvent.
- This Agreement may be terminated in circumstances 1 through 6 above only upon fifteen days written notice to Registrar (in the case of circumstance 4 occurring after Registrar's failure to cure), with Registrar being given an opportunity during that time to initiate arbitration under Section II.P to determine the appropriateness of termination under this Agreement. In the event Registrar initiates litigation or arbitration concerning the appropriateness of termination by ICANN, the termination shall be stayed an additional thirty days to allow Registrar to obtain a stay of termination under Section II.P below. If Registrar acts in a manner that ICANN reasonably determines endangers the stability or operational integrity of the Internet and upon notice does not immediately cure, ICANN may suspend this Agreement for five working days pending ICANN's application for more extended specific performance or injunctive relief under

Section II.P. This Agreement may be terminated immediately upon notice to Registrar in circumstance 7 above.

- O. Term of Agreement; Renewal; Right to Substitute Updated Agreement. This Agreement shall have an initial term of five years, unless sooner terminated. Thereafter, if Registrar seeks to continue its accreditation, it may apply for renewed accreditation, and shall be entitled to renewal provided it meets the ICANN-adopted policy on accreditation criteria then in effect, is in compliance with its obligations under this Agreement, as amended, and agrees to be bound by the then-current Registrar accreditation agreement (which may differ from those of this Agreement) that ICANN adopts in accordance with Section II.C. and II.D (as Section II.D may have been amended by an ICANN-adopted policy). In connection with renewed accreditation, Registrar shall confirm its assent to the terms and conditions of the such then-current Registrar accreditation agreement by signing that accreditation agreement. In the event that, during the term of this Agreement, ICANN posts on its web site an updated form of registrar accreditation agreement applicable to accredited registrars in the .com, .net, or .org TLDs, Registrar (provided it has not received (1) a notice of breach that it has not cured or (2) a notice of termination of this Agreement under Section II.N above) may elect, by giving ICANN written notice, to enter an agreement in the updated form in place of this Agreement. In the event of such election, Registrar and ICANN shall promptly sign a new accreditation agreement that contains the provisions of the updated form posted on the web site, with the length of the term of the substituted agreement as stated in the updated form posted on the web site, calculated as if it commenced on the date this Agreement was made, and this Agreement will be deemed terminated.
- P. Resolution of Disputes Under this Agreement. Disputes arising under or in connection with this Agreement, including (1) disputes arising from ICANN's failure to renew Registrar's accreditation and (2) requests for specific performance, shall be resolved in a court of competent jurisdiction or, at the election of either party, by an arbitration conducted as provided in this Section II.P pursuant to the International Arbitration Rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in English and shall occur in Los Angeles County, California, USA. There shall be three arbitrators: each party shall choose one arbitrator and, if those two arbitrators do not agree on a third arbitrator, the third shall be chosen by the AAA. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety days of the conclusion of the arbitration hearing. In the event Registrar initiates arbitration to contest the appropriateness of termination of this Agreement by ICANN, Registrar may at the same time request that the arbitration panel stay the termination until the arbitration decision is rendered, and that request shall have the effect of staying the termination until the arbitration panel has granted an ICANN request for specific performance and Registrar has failed to comply with such ruling. In the



event Registrar initiates arbitration to contest an Independent Review Panel's decision under Section I.B.2 sustaining the Board's determination that a policy is supported by consensus, Registrar may at the same time request that the arbitration panel stay the requirement that it comply with the policy until the arbitration decision is rendered, and that request shall have the effect of staying the requirement until the decision or until the arbitration panel has granted an ICANN request for lifting of the stay. In all litigation involving ICANN concerning this Agreement (whether in a case where arbitration has not been elected or to enforce an arbitration award), jurisdiction and exclusive venue for such litigation shall be in a court located in Los Angeles, California, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of the parties during the pendency of an arbitration, the parties shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or in a court located in Los Angeles, California, USA, which shall not be a waiver of this arbitration agreement.

- Q. Limitations on Monetary Remedies for Violations of this Agreement. ICANN's aggregate monetary liability for violations of this Agreement shall not exceed the amount of accreditation fees paid by Registrar to ICANN under Section II.L of this Agreement. Registrar's monetary liability to ICANN for violations of this Agreement shall be limited to accreditation fees owing to ICANN under this Agreement. In no event shall either party be liable for special, indirect, incidental, punitive, exemplary, or consequential damages for any violation of this Agreement.
- R. Handling by ICANN of Registrar-Supplied Data. Before receiving any Personal Data from Registrar, ICANN shall specify to Registrar in writing the purposes for and conditions under which ICANN intends to use the Personal Data. ICANN may from time to time provide Registrar with a revised specification of such purposes and conditions, which specification shall become effective no fewer than thirty days after it is provided to Registrar. ICANN shall not use Personal Data provided by Registrar for a purpose or under conditions inconsistent with the specification in effect when the Personal Data were provided. ICANN shall take reasonable steps to avoid uses of the Personal Data by third parties inconsistent with the specification.
- S. Miscellaneous.
- 1. Assignment. Either party may assign or transfer this Agreement only with the prior written consent of the other party, which shall not be unreasonably withheld, except that ICANN may, with the written approval of the United States Department of Commerce, assign this agreement by giving Registrar written notice of the assignment. In the event of assignment by ICANN, the assignee may, with the approval of the United States Department of Commerce, revise the definition of "Consensus Policy" to the extent necessary to meet the organizational circumstances of the assignee, provided the revised definition requires that Consensus Policies be based on a demonstrated consensus of Internet stakeholders.

- 2. No Third-Party Beneficiaries. This Agreement shall not be construed to create any obligation by either ICANN or Registrar to any non-party to this Agreement, including any SLD holder.
- 3. Notices, Designations, and Specifications. All notices to be given under this Agreement shall be given in writing at the address of the appropriate party as set forth below, unless that party has given a notice of change of address in writing. Any notice required by this Agreement shall be deemed to have been properly given when delivered in person, when sent by electronic facsimile, or when scheduled for delivery by internationally recognized courier service. Designations and specifications by ICANN under this Agreement shall be effective when written notice of them is deemed given to Registrar.
  - If to ICANN, addressed to:
  - Internet Corporation for Assigned Names and Numbers  
Registrar Accreditation  
4676 Admiralty Way, Suite 330  
Marina Del Rey, California 90292  
Telephone: 1/310/823-9358  
Facsimile: 1/310/823-8649
  - If to Registrar, addressed to:
  - With a copy to:
- 4. Dates and Times. All dates and times relevant to this Agreement or its performance shall be computed based on the date and time observed in Los Angeles, California, USA.
- 5. Language. All notices, designations, and specifications made under this Agreement shall be in the English language.
- 6. Entire Agreement. Except for any written transition agreement that may be executed concurrently herewith by both parties, this Agreement constitutes the entire agreement of the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties.
- 7. Amendments and Waivers. No amendment, supplement, or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.
- 8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.
- INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS
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- By: \_\_\_\_\_
- Michael M. Roberts  
Interim President and CEO

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- [REGISTRAR]
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- By: \_\_\_\_\_
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- \_\_\_\_\_

- **Transition Agreement**

- In connection and simultaneously with entry into a Registrar Accreditation Agreement ("Accreditation Agreement"), and as a condition of the effectiveness thereof, ICANN and NSI hereby agree as follows:
  - 1. ICANN accepts NSI's application for accreditation, finds the application fully satisfactory, and agrees that it shall not at any time assert, for purposes of the Accreditation Agreement, that there was any material misrepresentation, material inaccuracy, or materially misleading statement in NSI's application for accreditation or any material accompanying the application.
  - 2. It is recognized that the Whois lookup capability is currently generated by NSI from static database files and lags the Registry database in timeliness. NSI will complete the development of an interactive Whois capability providing near real-time-access (referred to as a "current basis" in Section II.F.1 of the Accreditation Agreement) to the database within six months after the date of the Accreditation Agreement.
  - 3. NSI's obligation under II.J.4. shall not become effective until four months after the date of the Accreditation Agreement.
  - 4. NSI will approve the on-going component of Registrar accreditation fees, as provided in Section II.L.2 of the Accreditation Agreement, if its portion thereof does not exceed \$2,000,000 annually. NSI agrees to prepay \$1,000,000 toward its share of the on-going component of its Registrar accreditation fees at the time of signing of the Accreditation Agreement.
  - 5. In the case of actual conflict while they are both in effect, the term(s) of the Cooperative Agreement shall take precedence over this Agreement.
- IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.

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- INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS
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- By: \_\_\_\_\_
- Michael M. Roberts  
Interim President and CEO

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- NETWORK SOLUTIONS, INC.
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- By: \_\_\_\_\_

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- Page modified 28-September-1999



*Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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[Note: ICANN has posted the following document for public review and comment. To submit comments, [click here.](#)]

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## **REGISTRAR LICENSE AND AGREEMENT**

This Registrar License and Agreement (the "Agreement") is dated as of \_\_\_\_\_, 1999 ("Effective Date") by and between Network Solutions, Inc., a Delaware corporation, with its principal place of business located at 505 Huntmar Park Drive, Herndon, Virginia 20170 ("NSI" or the "Registry"), and \_\_\_\_\_, a \_\_\_\_\_ corporation, with its principal place of business located at \_\_\_\_\_ ("Registrar"). NSI and Registrar may be referred to individually as a "Party" and collectively as the "Parties."

**WHEREAS**, multiple registrars will provide Internet domain name registration services within the .com, .org and .net top-level domains wherein NSI operates and maintains certain TLD servers and zone files ("Registry");

**WHEREAS**, Registrar wishes to register second-level domain names in the multiple registrar system for the .com, .org and .net TLDs.

**NOW, THEREFORE**, for and in consideration of the mutual promises, benefits and covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, NSI and Registrar, intending to be legally bound, hereby agree as follows:

### **1. DEFINITIONS**

**1.1** "DNS" refers to the Internet domain name system.

**1.2** "IP" means Internet Protocol.

**1.3** An "SLD" is a second-level domain of the DNS.

**1.4** The "System" refers to the multiple registrar system developed by NSI for registration of second-level domain names in the .com, .org and .net TLDs.

**1.5** A "TLD" is a top-level domain of the DNS.

**1.6** The "Licensed Product" refers to the RRP, APIs, and software, collectively.

## **2. OBLIGATIONS OF THE PARTIES**

**2.1 System Operation and Access.** Throughout the Term of this Agreement, NSI shall operate the System and provide Registrar with access to the System enabling Registrar to transmit domain name registration information for the .com, .org and .net TLDs to the System according to a protocol developed by NSI and known as the Registry Registrar Protocol ("RRP").

**2.2 Distribution of RRP, APIs and Software.** No later than three business days after the Effective Date of this Agreement, NSI shall provide to Registrar (i) full documentation of the RRP, (ii) "C" and "Java" application program interfaces ("APIs") to the RRP with documentation, and (iii) reference client software ("Software") that will enable Registrar to develop its system to register second-level domain names through the System for the .com, .org and .net TLDs. If NSI elects to modify or upgrade the APIs and/or RRP, NSI shall provide updated APIs to the RRP with documentation and updated Software to Registrar promptly as such updates become available.

**2.3 New Architectural Features.** NSI will use its best commercial efforts to develop and implement two additional modifications to the Licensed Product by January 15, 2000 as follows:

2.3.1 NSI will issue an upgrade to the Licensed Product that will enable a Registrar to accept initial domain name registrations or renewals of a minimum of one year in length, or in multiples of one year increments, up to a maximum of ten (10) years.

2.3.2 NSI will issue an upgrade to the Licensed Product that will enable registrars to accept the addition of one additional year to a registrant's "current" registration period when a registrant changes from one registrar to another.

Registrars will be able to offer these new features only for new registrations or renewals occurring after the Upgrade is deployed. Both Upgrades will be introduced into the Operational Test and Evaluation environment for testing prior to deployment.

**2.4 Registrar Responsibility for Customer Support.** Registrar shall be responsible for providing customer service (including domain name record support), billing and technical support, and customer interface to accept customer (the "SLD holder") orders.

**2.5 Data Submission Requirements.** As part of its registration of all SLD registrations in the .com, .net, and .org TLDs during the Term of this Agreement, Registrar shall submit the following data elements using the RRP concerning SLD registrations it processes:

2.5.1 The name of the SLD being registered;

2.5.2 The IP addresses of the primary nameserver and any secondary nameservers for the SLD; and

2.5.3 The corresponding host names of those nameservers.

**2.6 License.** Registrar grants NSI as Registry a non-exclusive non-transferable limited license to the data elements consisting of the SLD name registered, the IP addresses of nameservers, and the identity of the registering registrar for propagation of and the provision of authorized access to the TLD zone files.

**2.7 Registrar's Registration Agreement and Domain Name Dispute Policy.** Registrar shall have developed and employ in its domain name registration business an electronic or paper registration agreement, including a domain name dispute policy, a copy of which is attached to this Agreement as Exhibit A (which may be amended from time to time by Registrar, provided a copy is furnished to the Registry three (3) business days in advance of any such amendment), to be entered into by Registrar with each SLD holder as a condition of registration. Registrar shall include terms in its agreement with each SLD holder that are consistent with Registrar's duties to NSI hereunder.

**2.8 Secure Connection.** Registrar agrees to develop and employ in its domain name registration business all necessary technology and restrictions to ensure that its connection to the System is secure. All data exchanged between Registrar's system and the System shall be protected to avoid unintended disclosure of information. Each RRP session shall be authenticated and encrypted using two-way secure socket layer ("SSL") protocol. Registrar agrees to authenticate every RRP client connection with the System using both an X.509 server certificate issued by a commercial Certification Authority identified by the Registry and its Registrar password, which it shall disclose only to its employees with a need to know. Registrar agrees to notify Registry within four hours of learning that its Registrar password has been compromised in any way or if its server certificate has been revoked by the issuing Certification Authority or compromised in any way.

**2.9 Domain Name Lookup Capability.** Registrar agrees to employ in its domain name registration business NSI's Registry domain name lookup capability to determine if a requested domain name is available or currently unavailable for registration.

**2.10 Transfer of Sponsorship of Registrations.** Registrar agrees to implement transfers of SLD registrations from another registrar to Registrar and vice versa pursuant to the Policy on Transfer of Sponsorship of Registrations Between Registrars appended hereto as Exhibit B.

**2.11 Time.** Registrar agrees that in the event of any dispute concerning the time of the entry of a domain name registration into the Registry database, the time shown in the NSI Registry records shall control.

**2.12 Compliance with Terms and Conditions.** Registrar agrees to comply with all other reasonable terms or conditions established from time to time, to assure sound operation of the System, by NSI as Registry in a non-arbitrary manner and applicable to all registrars, including NSI, and consistent with NSI's Cooperative Agreement with the United States Government or NSI's Registry Agreement with the Internet Corporation for Assigned Names and Numbers ("ICANN"), as applicable, upon NSI's notification to Registrar of the establishment of those terms and conditions.

**2.13 Resolution of Technical Problems.** Registrar agrees to employ necessary employees, contractors, or agents with sufficient technical training and experience to respond to and fix all technical problems concerning the use of the RRP and the APIs in conjunction with Registrar's systems. Registrar agrees that in the event of significant degradation of the System or other emergency, Network Solutions, as Registry, may, in its sole discretion, temporarily suspend access to the System. Such temporary suspensions shall be applied in a nonarbitrary manner and shall apply fairly to any registrar similarly situated, including NSI.

**2.14 Surety Instrument.** During the Initial Term and any Renewal Terms, Registrar shall have in place a performance bond, letter of credit or equivalent instrument (the "Surety Instrument") from a surety acceptable to NSI, in the amount of \$100,000 U.S. dollars. The terms of the Surety Instrument shall indemnify and hold harmless NSI and its employees, directors, officers, representatives, agents and affiliates from all costs and damages (including reasonable attorneys' fees) which it may suffer by reason of Registrar's failure to indemnify NSI as provided in Section 6.16 by making payment(s) up to the full amount of the bond within ten (10) days of NSI's having notified the surety of its claim(s) of damages, having identified the basis for any such claim. NSI shall not be entitled to payment under the Surety Instrument until such time as it has certified that it has incurred expenses for which it is entitled to reimbursement in accordance with the provisions of Section 6.16 of this Agreement.

**2.15 Prohibited Domain Name Registrations.** Registrar agrees to comply with the policies of NSI as Registry that will be applicable to all registrars and that will prohibit the registration of certain domain names in the .com, .org and .net TLDs which are not allowed to be registered by statute or regulation.

**2.16 Indemnification Required of SLD Holders.** Registrar shall require each SLD holder to indemnify, defend and hold harmless NSI, and its directors, officers, employees and agents from and against any and all claims, damages, liabilities, costs and expenses, including reasonable legal fees and expenses arising out of or relating to the SLD holder's domain name registration.

### **3. LICENSE**

**3.1 License Grant.** Subject to the terms and conditions of this Agreement, NSI hereby grants Registrar and Registrar accepts a non-exclusive, non-transferable, worldwide limited license to use for the Term and purposes of this Agreement the RRP, APIs and Software, as well as updates and redesigns thereof,

to provide domain name registration services in the .com, .org and .net TLDs only and for no other purpose. The RRP, APIs and Software, as well as updates and redesigns thereof, will enable Registrar to register domain names with the Registry on behalf of its SLD holders. Registrar, using the RRP, APIs and Software, as well as updates and redesigns thereof, will be able to invoke the following operations on the System: (i) check the availability of a domain name, (ii) register a domain name, (iii) re-register a domain name, (iv) cancel the registration of a domain name it has registered, (v) update the nameservers of a domain name, (vi) transfer a domain name from another registrar to itself with proper authorization, (vii) query a domain name registration record, (viii) register a nameserver, (ix) update the IP addresses of a nameserver, (x) delete a nameserver, (xi) query a nameserver, and (xii) establish and end an authenticated session.

**3.2 Limitations on Use.** Notwithstanding any other provisions in this Agreement, except with the written consent of NSI, Registrar shall not: (i) sublicense the RRP, APIs or Software or otherwise permit any use of the RRP, APIs or Software by or for the benefit of any party other than Registrar, (ii) publish, distribute or permit disclosure of the RRP, APIs or Software other than to employees, contractors, and agents of Registrar for use in Registrar's domain name registration business, (iii) decompile, reverse engineer, copy or re-engineer the RRP, APIs or Software for any unauthorized purpose, or (iv) use or permit use of the RRP, APIs or Software in violation of any federal, state or local rule, regulation or law, or for any unlawful purpose.

Registrar agrees to employ the necessary measures to prevent its access to the System granted hereunder from being used for (i) the transmission of unsolicited, commercial e-mail (spam) to entities other than Registrar's customers; (ii) high volume, automated, electronic processes that apply to NSI for large numbers of domain names, except as reasonably necessary to register domain names or modify existing registrations; or (iii) high volume, automated, electronic, repetitive queries for the purpose of extracting data to be used for Registrar's purposes, except as reasonably necessary to register domain names or modify existing registrations.

**3.3 Changes to Licensed Materials.** NSI may from time to time make modifications to the RRP, APIs or Software licensed hereunder that will enhance functionality or otherwise improve the System. NSI will provide Registrar with at least sixty (60) days notice prior to the implementation of any material changes to the RRP, APIs or software licensed hereunder.

## **4. SUPPORT SERVICES**

**4.1 Engineering Support.** NSI agrees to provide Registrar with reasonable engineering telephone support (between the hours of 9 a.m. to 5 p.m. local Herndon, Virginia time or at such other times as may be mutually agreed upon) to address engineering issues arising in connection with Registrar's use of the System.

**4.2 Customer Service Support.** During the Term of this Agreement, NSI will provide reasonable telephone and e-mail customer service support to Registrar, not SLD holders or prospective customers of Registrar, for non-technical issues solely relating to the System and its operation. NSI will provide Registrar with a telephone number and e-mail address for such support during implementation of the



RRP, APIs and Software. First-level telephone support will be available on a 7-day/24-hour basis. NSI will provide a web-based customer service capability in the future and such web-based support will become the primary method of customer service support to Registrar at such time.

## **5. FEES**

**5.1 License Fee.** As consideration for the license of the RRP, APIs and Software, Registrar agrees to pay NSI on the Effective Date a non-refundable one-time fee in the amount of \$ 10,000 payable in United States dollars (the "License Fee") and payable by check to Network Solutions, Inc., Attention: Registry Accounts Receivable, 505 Huntmar Park Drive, Herndon, Virginia 20170 or by wire transfer to NationsBank, for the credit of Network Solutions, Inc., Account #004112889843, ABA # 05000017, Swift, NABKUS3ARIC. No later than three (3) business days after either the receipt (and final settlement if payment by check) of such License Fee, or the Effective Date of this Agreement, whichever is later, NSI will provide the RRP, APIs and Software to Registrar.

### **5.2 Registration Fees.**

(a) From the Effective Date of this Agreement through January 15, 2000, Registrar agrees to pay NSI the non-refundable amounts of \$18 United States dollars for each initial two-year domain name registration and \$9 United States dollars for each one-year domain name re-registration (collectively, the "Registration Fees") registered by Registrar through the System.

(b) Thereafter, and for the balance of the term of this Agreement, Registrar agrees to pay NSI the non-refundable amounts of \$6 United States dollars for each annual increment of an initial domain name registration and \$6 United States dollars for each annual increment of a domain name re-registration (collectively, the "Registration Fees") registered by Registrar through the System.

(c) NSI reserves the right to adjust the Registration Fees prospectively upon thirty (30) days prior notice to Registrar, provided that such adjustments are consistent with NSI's Cooperative Agreement with the United States Government or its Registry Agreement with ICANN, as applicable, and are applicable to all registrars in the .com, .org and .net TLDs. NSI will invoice Registrar monthly in arrears for each month's Registration Fees. All Registration Fees are due immediately upon receipt of NSI's invoice pursuant to a letter of credit, deposit account, or other acceptable credit terms agreed by the Parties.

**5.3 Change in Registrar Sponsoring Domain Name.** Registrar may assume sponsorship of a SLD holder's existing domain name registration from another registrar by following the policy set forth in Exhibit B to this Agreement. Registrar agrees to pay NSI the applicable Registration Fee as set forth above. For transfers taking place after January 15, 2000, this shall result in a corresponding extension of the existing registration. The losing registrar's Registration Fees will not be refunded as a result of any such transfer.

**5.4 Non-Payment of Registration Fees.** Timely payment of Registration Fees is a material condition of performance under this Agreement. In the event that Registrar fails to pay its Registration Fees, either initial or re-registration fees, within three (3) days of the date when due, NSI may stop accepting new

registrations and/or delete the domain names associated with invoices not paid in full from the Registry database and give written notice of termination of this Agreement pursuant to Section 6.1(b) below.

## **6. MISCELLANEOUS**

### **6.1 Term of Agreement and Termination.**

(a) **Term of the Agreement.** The duties and obligations of the Parties under this Agreement shall apply from the Effective Date through and including the last day of the calendar month sixty (60) months from the Effective Date (the "Initial Term"). Upon conclusion of the Initial Term, all provisions of this Agreement will automatically renew for successive five (5) year renewal periods until the Agreement has been terminated as provided herein, Registrar elects not to renew, or NSI ceases to operate as the registry for the .com, .org and .net TLDs. In the event that revisions to NSI's Registrar License and Agreement are approved or adopted by the U.S. Department of Commerce, or ICANN, as appropriate, Registrar will execute an amendment substituting the revised agreement in place of this Agreement, or, at Registrar's option, exercised within fifteen (15) days, may terminate this Agreement immediately by giving written notice to NSI.

(b) **Termination For Cause.** In the event that either Party materially breaches any term of this Agreement including any of its representations and warranties hereunder and such breach is not substantially cured within thirty (30) calendar days after written notice thereof is given by the other Party, then the non-breaching Party may, by giving written notice thereof to the other Party, terminate this Agreement as of the date specified in such notice of termination.

(c) **Termination at Option of Registrar.** Registrar may terminate this Agreement at any time by giving NSI thirty (30) days notice of termination.

(d) **Termination Upon Loss of Registrar's Accreditation.** This Agreement shall terminate in the event Registrar's accreditation by ICANN, or its successor, is terminated or expires without renewal.

(e) **Termination in the Event that Successor Registry is Named.** This Agreement shall terminate in the event that the U.S. Department of Commerce or ICANN, as appropriate, designates another entity to serve as the registry for the .com, .net. and .org TLDs (the "Successor Registry").

(f) **Termination in the Event of Bankruptcy.** Either Party may terminate this Agreement if the other Party is adjudged insolvent or bankrupt, or if proceedings are instituted by or against a Party seeking relief, reorganization or arrangement under any laws relating to insolvency, or seeking any assignment for the benefit of creditors, or seeking the appointment of a receiver, liquidator or trustee of a Party's property or assets or the liquidation, dissolution or winding up of a Party's business.

(g) **Effect of Termination.** Upon expiration or termination of this Agreement, NSI will complete the registration of all domain names processed by Registrar prior to the date of such expiration or termination, provided that Registrar's payments to NSI for Registration Fees are current and timely.

Immediately upon any expiration or termination of this Agreement, Registrar shall (i) transfer its sponsorship of SLD name registrations to another licensed registrar(s) of the Registry, in compliance with any procedures established or approved by the U.S. Department of Commerce or ICANN, as appropriate, and (ii) either return to NSI or certify to NSI the destruction of all data, software and documentation it has received under this Agreement.

(h) **Survival.** In the event of termination of this Agreement, the following shall survive: (i) Sections 2.6, 2.7, 2.14, 6.1(g), 6.6, 6.7, 6.10, 6.12, 6.13, 6.14 and 6.16; (ii) the SLD holder's obligations to indemnify, defend, and hold harmless NSI, as stated in Section 2.16; (iii) the surety's obligations under the Surety Instrument described in Section 2.13 with respect to matters arising during the term of this Agreement; and (iv) Registrar's payment obligations as set forth in Section 5.2 with respect to initial registrations or re-registrations during the term of this Agreement. Neither Party shall be liable to the other for damages of any sort resulting solely from terminating this Agreement in accordance with its terms but each Party shall be liable for any damage arising from any breach by it of this Agreement.

**6.2. No Third Party Beneficiaries; Relationship of The Parties.** This Agreement does not provide and shall not be construed to provide third parties (i.e., non-parties to this Agreement), including any SLD holder, with any remedy, claim, cause of action or privilege. Nothing in this Agreement shall be construed as creating an employer-employee or agency relationship, a partnership or a joint venture between the Parties.

**6.3 Force Majeure.** Neither Party shall be responsible for any failure to perform any obligation or provide service hereunder because of any Act of God, strike, work stoppage, governmental acts or directives, war, riot or civil commotion, equipment or facilities shortages which are being experienced by providers of telecommunications services generally, or other similar force beyond such Party's reasonable control.

**6.4 Further Assurances.** Each Party hereto shall execute and/or cause to be delivered to each other Party hereto such instruments and other documents, and shall take such other actions, as such other Party may reasonably request for the purpose of carrying out or evidencing any of the transactions contemplated by this Agreement.

**6.5 Amendment in Writing.** Any amendment or supplement to this Agreement shall be in writing and duly executed by both Parties.

**6.6 Attorneys' Fees.** If any legal action or other legal proceeding (including arbitration) relating to the performance under this Agreement or the enforcement of any provision of this Agreement is brought against either Party hereto, the prevailing Party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing Party may be entitled).

**6.7 Dispute Resolution; Choice of Law; Venue.** The Parties shall attempt to resolve any disputes between them prior to resorting to litigation. This Agreement is to be construed in accordance with and governed by the internal laws of the Commonwealth of Virginia, United States of America without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other

than the internal laws of the Commonwealth of Virginia to the rights and duties of the Parties. Any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced in any state or federal court located in the eastern district of the Commonwealth of Virginia. Each Party to this Agreement expressly and irrevocably consents and submits to the jurisdiction and venue of each state and federal court located in the eastern district of the Commonwealth of Virginia (and each appellate court located in the Commonwealth of Virginia) in connection with any such legal proceeding.

**6.8 Notices.** Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service or by telecopier during business hours) to the address or telecopier number set forth beneath the name of such Party below, unless party has given a notice of a change of address in writing:

if to Registrar:

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with a copy to:

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if to NSI:

Network Solutions, Inc.  
505 Huntmar Park Drive

Herndon, Virginia 20170  
Attention: Director, Customer Affairs  
Telecopier: + 1 (703) 742-8706

with a copy to:

General Counsel  
505 Huntmar Park Drive  
Herndon, Virginia 20170  
Telecopier: + 1 (703) 742-0065

**6.9 Assignment/Sublicense.** Except as otherwise expressly provided herein, the provisions of this Agreement shall inure to the benefit of and be binding upon, the successors and permitted assigns of the Parties hereto. Registrar shall not assign, sublicense or transfer its rights or obligations under this Agreement to any third person without the prior written consent of NSI.

**6.10 Use of Confidential Information.** The Parties' use and disclosure of Confidential Information disclosed hereunder are subject to the terms and conditions of the Parties' Confidentiality Agreement (Exhibit C) that will be executed contemporaneously with this Agreement. Registrar agrees that the RRP, APIs and Software are the Confidential Information of NSI.

**6.11 Delays or Omissions; Waivers.** No failure on the part of either Party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either Party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise or waiver of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

**6.12 Limitation of Liability.** IN NO EVENT WILL NSI BE LIABLE TO REGISTRAR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES, OR ANY DAMAGES RESULTING FROM LOSS OF PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF NSI HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

**6.13 Construction.** The Parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be applied in the construction or interpretation of this Agreement.

**6.14 Intellectual Property.** Subject to Section 2.6 above, each Party will continue to independently own its intellectual property, including all patents, trademarks, trade names, service marks, copyrights, trade secrets, proprietary processes and all other forms of intellectual property.

## 6.15 Representations and Warranties

(a) **Registrar.** Registrar represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the law of the \_\_\_\_\_, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, (3) it is, and during the Term of this Agreement will continue to be, accredited by ICANN or its successor, pursuant to an accreditation agreement dated after November \_\_, 1999, (4) the execution, performance and delivery of this Agreement has been duly authorized by Registrar, (5) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by Registrar in order for it to enter into and perform its obligations under this Agreement, and (6) Registrar's Surety Instrument provided hereunder is a valid and enforceable obligation of the surety named on such Surety Instrument.

(b) **NSI.** NSI represents and warrants that: (1) it is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (2) it has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, (3) the execution, performance and delivery of this Agreement has been duly authorized by NSI, and (4) no further approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by NSI in order for it to enter into and perform its obligations under this Agreement.

(c) **Disclaimer of Warranties.** The RRP, APIs and Software are provided "as-is" and without any warranty of any kind. NSI EXPRESSLY DISCLAIMS ALL WARRANTIES AND/OR CONDITIONS, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY OR SATISFACTORY QUALITY AND FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT OF THIRD PARTY RIGHTS. NSI DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE RRP, APIs OR SOFTWARE WILL MEET REGISTRAR'S REQUIREMENTS, OR THAT THE OPERATION OF THE RRP, APIs OR SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE RRP, APIs OR SOFTWARE WILL BE CORRECTED. FURTHERMORE, NSI DOES NOT WARRANT NOR MAKE ANY REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF THE RRP, APIs, SOFTWARE OR RELATED DOCUMENTATION IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE. SHOULD THE RRP, APIs OR SOFTWARE PROVE DEFECTIVE, REGISTRAR ASSUMES THE ENTIRE COST OF ALL NECESSARY SERVICING, REPAIR OR CORRECTION OF REGISTRAR'S OWN SYSTEMS AND SOFTWARE.

6.16. **Indemnification.** Registrar, at its own expense and within thirty (30) days of presentation of a demand by NSI under this paragraph, will indemnify, defend and hold harmless NSI and its employees, directors, officers, representatives, agents and affiliates, against any claim, suit, action, or other proceeding brought against NSI or any affiliate of NSI based on or arising from any claim or alleged claim (i) relating to any product or service of Registrar; (ii) relating to any agreement, including Registrar's dispute policy, with any SLD holder of Registrar; or (iii) relating to Registrar's domain name registration business, including, but not limited to, Registrar's advertising, domain name application process, systems and other processes, fees charged, billing practices and customer service; provided, however, that in any such case: (a) NSI provides Registrar with prompt notice of any such claim, and (b) upon Registrar's written request, NSI will provide to Registrar all available information and assistance

reasonably necessary for Registrar to defend such claim, provided that Registrar reimburses NSI for its actual and reasonable costs. Registrar will not enter into any settlement or compromise of any such indemnifiable claim without NSI's prior written consent, which consent shall not be unreasonably withheld. Registrar will pay any and all costs, damages, and expenses, including, but not limited to, reasonable attorneys' fees and costs awarded against or otherwise incurred by NSI in connection with or arising from any such indemnifiable claim, suit, action or proceeding.

**6.17 Entire Agreement; Severability.** This Agreement, which includes Exhibits A, B and C, constitutes the entire agreement between the Parties concerning the subject matter hereof and supersedes any prior agreements, representations, statements, negotiations, understandings, proposals or undertakings, oral or written, with respect to the subject matter expressly set forth herein. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, each Party agrees that such provision shall be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. If necessary to effect the intent of the Parties, the Parties shall negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language that reflects such intent as closely as possible.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set forth in the first paragraph hereof.

Network Solutions, Inc.

By:

By:

Name:

Name:

Title:

Title:

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**Exhibit A**

**Registrar's Dispute Policy**

**[To be supplied from time to time by Registrar]**

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## **Exhibit B**

### **Policy on Transfer of Sponsorship of Registrations Between Registrars**

#### **Registrar Requirements**

The registration agreement between each Registrar and its SLD holder shall include a provision explaining that an SLD holder will be prohibited from changing its Registrar during the first 60 days after initial registration of the domain name with the Registrar. Beginning on the 61<sup>st</sup> day after the initial registration with the Registrar, the procedures for change in sponsoring registrar set forth in this policy shall apply. Enforcement shall be the responsibility of the Registrar sponsoring the domain name registration.

For each instance where an SLD holder wants to change its Registrar for an existing domain name (i.e., a domain name that appears in a particular top-level domain zone file), the gaining Registrar shall:

1) Obtain express authorization from an individual who has the apparent authority to legally bind the SLD holder (as reflected in the database of the losing Registrar).

a) The form of the authorization is at the discretion of each gaining Registrar.

b) The gaining Registrar shall retain a record of reliable evidence of the authorization.

2) In those instances when the Registrar of record is being changed simultaneously with a transfer of a domain name from one party to another, the gaining Registrar shall also obtain appropriate authorization for the transfer. Such authorization shall include, but not be limited to, one of the following:

a) A bilateral agreement between the parties.

b) The final determination of a binding dispute resolution body.

c) A court order.

3) Request, by the transmission of a "transfer" command as specified in the Registry Registrar Protocol, that the Registry database be changed to reflect the new Registrar.

a) Transmission of a "transfer" command constitutes a representation on the part of the gaining Registrar that:

(1) the requisite authorization has been obtained from the SLD holder listed in the database of the losing Registrar, and



(2) the losing Registrar will be provided with a copy of the authorization if and when requested.

In those instances when the Registrar of record denies the requested change of Registrar, the Registrar of record shall notify the prospective gaining Registrar that the request was denied and the reason for the denial.

Instances when the requested change of sponsoring Registrar may be denied include, but are not limited to:

- 1) Situations described in the Domain Name Dispute Resolution Policy
- 2) A pending bankruptcy of the SLD Holder
- 3) Dispute over the identity of the SLD Holder
- 4) Request to transfer sponsorship occurs within the first 60 days after the initial registration with the Registrar

In all cases, the losing Registrar shall respond to the email notice regarding the "transfer" request within five (5) days. Failure to respond will result in a default "approval" of the "transfer."

#### **Registry Requirements.**

Upon receipt of the "transfer" command from the gaining Registrar, the Registry will transmit an email notification to both Registrars.

The Registry shall complete the "transfer" if either:

- 1) the losing Registrar expressly "approves" the request, or
- 2) the Registry does not receive a response from the losing Registrar within five (5) days.

When the Registry's database has been updated to reflect the change to the gaining Registrar, the Registry will transmit an email notification to both Registrars.

#### **Records of Registration.**

Each SLD holder shall maintain its own records appropriate to document and prove the initial domain name registration date, regardless of the number of Registrars with which the SLD holder enters into a contract for registration services.

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#### **Exhibit C**

#### **CONFIDENTIALITY AGREEMENT**

**THIS CONFIDENTIALITY AGREEMENT** is entered into by and between Network Solutions, Inc. ("NSI"), a Delaware corporation having its principal place of business in Herndon, VA, and , a \_\_\_\_\_ corporation having its principal place of business in \_\_\_\_\_ ("Registrar"), through their authorized representatives, and takes effect on the date executed by the final party (the "Effective Date").

Under this Confidentiality Agreement ("Confidentiality Agreement"), the Parties intend to disclose to one another information which they consider to be valuable, proprietary, and confidential.

**NOW, THEREFORE**, the parties agree as follows:

### **1. Confidential Information**

1.1 "Confidential Information", as used in this Confidentiality Agreement, shall mean all information and materials including, without limitation, computer software, data, information, databases, protocols, reference implementation and documentation, and functional and interface specifications, provided by the disclosing party to the receiving party under this Confidentiality Agreement and marked or otherwise identified as Confidential, provided that if a communication is oral, the disclosing party will notify the receiving party in writing within 15 days of the disclosure.

### **2. Confidentiality Obligations**

2.1 In consideration of the disclosure of Confidential Information, the Parties agree that:

(a) The receiving party shall treat as strictly confidential, and use all reasonable efforts to preserve the secrecy and confidentiality of, all Confidential Information received from the disclosing party, including implementing reasonable physical security measures and operating procedures.

(b) The receiving party shall make no disclosures whatsoever of any Confidential Information to others, provided however, that if the receiving party is a corporation, partnership, or similar entity, disclosure is permitted to the receiving party's officers, employees, contractors and agents who have a demonstrable need to know such Confidential Information, provided the receiving party shall advise such personnel of the confidential nature of the Confidential Information and of the procedures required to maintain the confidentiality thereof, and shall require them to acknowledge in writing that they have read, understand, and agree to be individually bound by the terms of this Confidentiality Agreement.

(c) The receiving party shall not modify or remove any Confidential legends and/or copyright notices appearing on any Confidential Information.

2.2 The receiving party's duties under this section (2) shall expire five (5) years after the information is received or earlier, upon written agreement of the Parties.

### **3. Restrictions On Use**

3.1 The receiving party agrees that it will use any Confidential Information received under this Confidentiality Agreement solely for the purpose of providing domain name registration services as a registrar and for no other purposes whatsoever.

3.2 No commercial use rights or any licenses under any patent, patent application, copyright, trademark, know-how, trade secret, or any other NSI proprietary rights are granted by the disclosing party to the receiving party by this Confidentiality Agreement, or by any disclosure of any Confidential Information to the receiving party under this Confidentiality Agreement.

3.3 The receiving party agrees not to prepare any derivative works based on the Confidential Information.

3.4 The receiving party agrees that any Confidential Information which is in the form of computer software, data and/or databases shall be used on a computer system(s) that is owned or controlled by the receiving party.

#### 4. **Miscellaneous**

4.1 This Confidentiality Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia and all applicable federal laws. The Parties agree that, if a suit to enforce this Confidentiality Agreement is brought in the U.S. Federal District Court for the Eastern District of Virginia, they will be bound by any decision of the Court.

4.2 The obligations set forth in this Confidentiality Agreement shall be continuing, provided, however, that this Confidentiality Agreement imposes no obligation upon the Parties with respect to information that (a) is disclosed with the disclosing party's prior written approval; or (b) is or has entered the public domain through no fault of the receiving party; or (c) is known by the receiving party prior to the time of disclosure; or (d) is independently developed by the receiving party without use of the Confidential Information; or (e) is made generally available by the disclosing party without restriction on disclosure.

4.3 This Confidentiality Agreement may be terminated by either party upon breach by the other party of any its obligations hereunder and such breach is not cured within three (3) calendar days after the allegedly breaching party is notified by the disclosing party of the breach. In the event of any such termination for breach, all Confidential Information in the possession of the Parties shall be immediately returned to the disclosing party; the receiving party shall provide full voluntary disclosure to the disclosing party of any and all unauthorized disclosures and/or unauthorized uses of any Confidential Information; and the obligations of Sections 2 and 3 hereof shall survive such termination and remain in full force and effect. In the event that the Registrar License and Agreement between the Parties is terminated, the Parties shall immediately return all Confidential Information to the disclosing party and the receiving party shall remain subject to the obligations of Sections 2 and 3.

4.4 The terms and conditions of this Confidentiality Agreement shall inure to the benefit of the Parties and their successors and assigns. The Parties' obligations under this Confidentiality Agreement may not be assigned or delegated.

4.5 The Parties agree that they shall be entitled to seek all available legal and equitable remedies for the breach of this Confidentiality Agreement.

4.6 The terms and conditions of this Confidentiality Agreement may be modified only in a writing signed by NSI and Registrar.

4.7 EXCEPT AS MAY OTHERWISE BE SET FORTH IN A SIGNED, WRITTEN AGREEMENT BETWEEN THE PARTIES, THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE ACCURACY, COMPLETENESS, CONDITION, SUITABILITY, PERFORMANCE, FITNESS FOR A PARTICULAR PURPOSE, OR MERCHANTABILITY OF ANY CONFIDENTIAL INFORMATION, AND THE PARTIES SHALL HAVE NO LIABILITY WHATSOEVER TO ONE ANOTHER RESULTING FROM RECEIPT OR USE OF THE CONFIDENTIAL INFORMATION.

4.8 If any part of this Confidentiality Agreement is found invalid or unenforceable, such part shall be deemed stricken herefrom and the Parties agree: (a) to negotiate in good faith to amend this Confidentiality Agreement to achieve as nearly as legally possible the purpose or effect as the stricken part, and (b) that the remainder of this Confidentiality Agreement shall at all times remain in full force and effect.

4.9 This Confidentiality Agreement contains the entire understanding and agreement of the Parties relating to the subject matter hereof.

4.10 Any obligation imposed by this Confidentiality Agreement may be waived in writing by the disclosing party. Any such waiver shall have a one-time effect and shall not apply to any subsequent situation regardless of its similarity.

4.11 Neither Party has an obligation under this Confidentiality Agreement to purchase, sell, or license any service or item from the other Party.

4.12 The Parties do not intend that any agency or partnership relationship be created between them by this Confidentiality Agreement.

IN WITNESS WHEREOF, and intending to be legally bound, duly authorized representatives of NSI and Registrar have executed this Confidentiality Agreement in Virginia on the dates indicated below.

("Registrar") Network Solutions, Inc.

("NSI")

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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Page modified 28-September-1999

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*Tentative Agreements among ICANN, the U.S. Department of Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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[Note: ICANN has posted the following document for public review and comment. To submit comments, [click here.](#)]

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**Memorandum of Understanding (MOU) between the Department of Commerce (DOC) and the Internet Corporation for Assigned Names and Numbers (ICANN)**

**AMENDMENT 1**

Pursuant to the Memorandum of Understanding (MOU) between the Department of Commerce (DOC) and the Internet Corporation for Assigned Names and Numbers (ICANN), dated November 25, 1998, the Parties hereby agree to adopt the following terms as contemplated in Section V of the MOU:

1. The Agreement entitled "Registry Agreement" between ICANN and Network Solutions, Inc. (NSI) dated \_\_\_\_\_ and relating to the provision of registry services for the .com, .net and .org TLDs is hereby approved by the DOC. ICANN will not enter into any amendment of, or substitute for, said agreement, nor will said agreement be assigned by ICANN, without the prior approval of DOC.
2. ICANN shall not enter into any agreement with any successor registry to NSI for the .com, .net. and .org TLDs without the prior approval by DOC of the successor registry and the provisions of the agreement between the registry and ICANN.
3. ICANN agrees that, in the event of the termination by DOC of the Cooperative Agreement pursuant to Section 1.B.8 of their agreement, ICANN shall (1) exercise its rights under its Registry Agreement with

NSI to terminate NSI as the operator of the registry database for .com, .net and .org and (2) cooperate with the Department to facilitate the transfer of those registry operations to a successor registry.

4. In the event that the DOC, pursuant to the terms of the Registry Agreement between ICANN and NSI, approves the assignment of that agreement by ICANN to another non-profit entity, that new entity shall also be required to agree to be bound by this Agreement, and that entity shall succeed to the duties, obligations and benefits of this Agreement, and shall be recognized by DOC as the "NewCo" identified in Amendment 11 to the Cooperative Agreement and Section I.B.1 of Amendment 19 of the Cooperative Agreement.

5. If DOC withdraws its recognition of ICANN or any successor entity by terminating this Agreement, ICANN agrees that it will assign to DOC any rights that ICANN has in all existing contracts with registries and registrars.

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Michael R. Roberts  
Interim President and CEO  
Internet Corporation for Assigned  
Names and Numbers

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J. Beckwith Burr  
Assistant Administrator  
National Telecommunications and  
Information Administration

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**Page modified 28-September-1999**

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*Tentative Agreements among ICANN, the U.S. Department of  
Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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**[Note: ICANN has posted the following document for public review and comment. To submit comments, click here.]**

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**Zone File Access Agreement**



505 Huntmar Park Drive · Herndon, Virginia, USA 20170

Telephone +1-703-326-2600 · Fax +1-703-834-2652

**AGREEMENT**

**1. PARTIES**

The User named in this Agreement hereby contracts with Network Solutions, Inc. ("Network Solutions") for a non-exclusive, non-transferable, limited right to access Internet host rz.internic.net, or other servers designated by Network Solutions from time to time, and to transfer a copy of the described Data to the User's Internet Host machine specified below, under the terms of this Agreement. Upon execution of this Agreement by Network Solutions, Network Solutions will return a copy of this Agreement to you for your records with your UserID and Password entered in the spaces set forth below.

**2. USER INFORMATION**

(a) User: \_\_\_\_\_

(b) Contact Person: \_\_\_\_\_

(c) Street Address: \_\_\_\_\_

(d) City, State or Province: \_\_\_\_\_

(e) Country and Postal Code: \_\_\_\_\_

(f) Telephone Number: \_\_\_\_\_

(including area/country code)

(g) Fax Number: \_\_\_\_\_

(including area/country code)

(h) E-Mail Address: \_\_\_\_\_

(i) Specific Internet host machine which will be used to access Network Solutions' server to transfer copies of the Data:

Name: \_\_\_\_\_

IP Address: \_\_\_\_\_

(j) Purpose(s) for which the Data will be used: During the term of this Agreement, you may use the data for any legal purpose, not prohibited under Section 4 below. You may incorporate some or all of the Data in your own products or services, and distribute those products or services for a purpose not prohibited under Section 4 below.

### 3. TERM

This Agreement is effective for a period of three (3) months from the date of execution by Network Solutions (the "Initial Term"). Upon conclusion of the Initial Term this Agreement will automatically renew for successive three month renewal terms (each a "Renewal Term") until terminated by either party as set forth in Section 12 of this Agreement or one party provides the other party with a written notice of termination at least seven (7) days prior to the end of the Initial Term or the then current Renewal Term.

**NOTICE TO USER: CAREFULLY READ THE FOLLOWING TERMS AND CONDITIONS. YOU MAY USE THE USER ID AND ASSOCIATED PASSWORD PROVIDED IN CONJUNCTION WITH THIS AGREEMENT ONLY TO OBTAIN A COPY OF NETWORK SOLUTIONS' AGGREGATED .COM, .ORG, AND .NET TOP LEVEL DOMAIN ("TLD") ZONE FILES, AND ANY ASSOCIATED ENCRYPTED CHECKSUM FILES (COLLECTIVELY THE "DATA"), VIA THE FILE TRANSFER PROTOCOL ("FTP") PURSUANT TO THESE TERMS.**

### 4. GRANT OF ACCESS

Network Solutions grants to you a non-exclusive, non-transferable, limited right to access Internet host rz.internic.net, or such other servers designated by Network Solutions from time to time, and to transfer a copy of the Data to the Internet host machine identified in Section 2 of this Agreement no more than once per 24 hour period using FTP for the purposes described in the next following sentence. You agree that you will use this Data only for lawful purposes but that, under no circumstances will you use this Data to: (1) allow, enable, or otherwise support the transmission of unsolicited, commercial e-mail (spam) to entities other than your own existing customers; (2) enable high volume, automated, electronic processes that apply to Network Solutions (or its systems) for large numbers of domain names; or (3) enable high volume, automated, electronic, repetitive queries against Network Solutions' Whois database or Whois databases of third parties. Network Solutions reserves the right, with the approval of the U.S. Department of Commerce, which shall not unreasonably be withheld, to specify additional specific categories of prohibited uses by giving you reasonable written notice at any time and upon receiving such notice you shall not make such prohibited use of the Data you obtain under this Agreement. You agree that you will only copy the Data you obtain under this Agreement into a machine-readable or printed form as necessary to use it in accordance with this Agreement in support of your use of the Data. You agree that you will comply with all applicable laws and regulations governing the use of



the Data. You agree to take all reasonable steps to protect against unauthorized access to, use and disclosure of the Data you obtain under this Agreement. Except as provided in Section 2(j) above, you agree not to distribute the Data you obtained under this Agreement or any copy thereof to any other party without the express prior written consent of Network Solutions.

#### 5. FEE

You agree to remit in advance to Network Solutions a quarterly fee of \$0 (USD) for the right to access the files during either the Initial Term or Renewal Term of this Agreement. Network Solutions reserves the right to adjust this fee on thirty days' prior notice to reflect a change in the cost of providing access to the files.

#### 6. PROPRIETARY RIGHTS

You agree that no ownership rights in the Data are transferred to you under this Agreement. You agree that any copies of the Data that you make will contain the same notice that appears on and in the Data obtained under this Agreement.

#### 7. METHOD OF ACCESS

Network Solutions reserves the right, with the approval of the U.S. Department of Commerce, which shall not unreasonably be withheld, to change the method of access to the Data at any time. You also agree that, in the event of significant degradation of system processing or other emergency, Network Solutions may, in its sole discretion, temporarily suspend access under this Agreement in order to minimize threats to the operational stability and security of the Internet and the NSI system.

#### 8. NO WARRANTIES

The Data is being provided "as-is." Network Solutions disclaims all warranties with respect to the Data, either expressed or implied, including but not limited to the implied warranties of merchantability, fitness for a particular purpose and non-infringement of third party rights. Some jurisdictions do not allow the exclusion of implied warranties or the exclusion or limitation of incidental or consequential damages, so the above limitations or exclusions may not apply to you.

#### 9. SEVERABILITY

In the event of invalidity of any provision of this Agreement, the parties agree that such invalidity shall not affect the validity of the remaining provisions of this Agreement.

#### 10. NO CONSEQUENTIAL DAMAGES

In no event shall Network Solutions be liable to you for any consequential, special, incidental or indirect damages of any kind arising out of the use of the Data or the termination of this Agreement, even if Network Solutions has been advised of the possibility of such damages.

#### 11. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia. You agree that any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced in the state or federal courts located in the eastern district of the Commonwealth of Virginia. You expressly and irrevocably agree and consent to the personal jurisdiction and venue of the federal and states courts located in the eastern district of the Commonwealth of Virginia (and each appellate court located therein). The United Nations Convention on Contracts for the International Sale of Goods is specifically disclaimed.

## 12. TERMINATION

You may terminate this Agreement at any time by erasing the Data you obtained under this Agreement from your Internet host machine together with all copies of the Data and providing written notice of your termination to Network Solutions, Attention: Registry, Customer Affairs, 505 Huntmar Park Drive, Herndon, Virginia 20170. Network Solutions has the right to terminate this Agreement immediately if you fail to comply with any term or condition of this Agreement. You agree upon receiving notice of such termination of this Agreement by Network Solutions or expiration of this Agreement to erase the Data you obtained under this Agreement together with all copies of the Data.

## 13. ENTIRE AGREEMENT

This is the entire agreement between you and Network Solutions concerning access and use of the Data, and it supersedes any prior agreements or understandings, whether written or oral, relating to access and use of the Data.

Network Solutions, Inc.

User: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

(sign)

(sign)

Name: \_\_\_\_\_

Name: \_\_\_\_\_

(print)

(print)

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## ASSIGNED USERID AND PASSWORD

(To be assigned by Network Solutions upon execution of this Agreement):

USERID: \_\_\_\_\_ PASSWORD: \_\_\_\_\_

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Page modified 28-September-1999

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*Tentative Agreements among ICANN, the U.S. Department of  
Commerce, and Network Solutions, Inc.*

(Posted September 28, 1999)

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## REGISTRY AGREEMENT

This REGISTRY AGREEMENT ("Agreement") is by and between the Internet Corporation for Assigned Names and Numbers, a not-for-profit corporation, and Network Solutions, Inc., a Delaware corporation.

### Definitions

For purposes of this Agreement, the following definitions shall apply:

1. A "Consensus Policy" is one adopted by ICANN as follows:

(a) "Consensus Policies" are those adopted based on a consensus among Internet stakeholders represented in the ICANN process, as demonstrated by (1) the adoption of the policy by the ICANN Board of Directors, (2) a recommendation that the policy should be adopted by at least a two-thirds vote of the council of the ICANN Supporting Organization to which the matter is delegated, and (3) a written report and supporting materials (which must include all substantive submissions to the Supporting Organization relating to the proposal) that (i) documents the extent of agreement and disagreement among impacted groups, (ii) documents the outreach process used to seek to achieve adequate

representation of the views of groups that are likely to be impacted, and (iii) documents the nature and intensity of reasoned support and opposition to the proposed policy.

(b) In the event that NSI disputes the presence of such a consensus, it shall seek review of that issue from an Independent Review Panel established under ICANN's bylaws. Such review must be sought within fifteen working days of the publication of the Board's action adopting the policy. The decision of the panel shall be based on the report and supporting materials required by subsection (a) above. In the event that NSI seeks review and the Panel sustains the Board's determination that the policy is based on a consensus among Internet stakeholders represented in the ICANN process, then NSI must implement such policy unless it promptly seeks and obtains injunctive relief under Section 13 below.

(c) If, following a decision by the Independent Review Panel convened under subsection (b) above, NSI still disputes the presence of such a consensus, it may seek further review of that issue within fifteen working days of publication of the decision in accordance with the dispute resolution procedures set forth in Section 13 below; provided, however, that NSI must continue to implement the policy unless it has obtained injunctive relief under Section 13 below or a final decision is rendered in accordance with the provisions of Section 13 that relieves NSI of such obligation. The decision in any such further review shall be based on the report and supporting materials required by subsection (a) above.

(d) A policy adopted by the ICANN Board of Directors on a temporary basis, without a prior recommendation by the council of an ICANN Supporting Organization, shall also be considered to be a Consensus Policy if adopted by the ICANN Board of Directors by a vote of at least two-thirds of its members, and if immediate temporary adoption of a policy on the subject is necessary to maintain the stability of the Internet or the operation of the domain name system, and if the proposed policy is as narrowly tailored as feasible to achieve those objectives. In adopting any policy under this provision, the ICANN Board of Directors shall state the period of time for which the policy is temporarily adopted and shall immediately refer the matter to the appropriate Supporting Organization for its evaluation and review with a detailed explanation of its reasons for adopting the temporary policy and why the Board believes the policy should receive the consensus support of Internet stakeholders. If the period of time for which the policy is adopted exceeds 45 days, the Board shall reaffirm its temporary adoption every 45 days for a total period not to exceed 180 days, in order to maintain such policy in effect until such time as it meets the standard set forth in subsection (a) above. If the standard set forth in subsection (a) above is not met within the temporary period set by the Board, or the council of the Supporting Organization to which it has been referred votes to reject the temporary policy, it will no longer be a "Consensus Policy."

(e) For all purposes under this Agreement, the policies identified in [Appendix A](#) adopted by the ICANN Board of Directors before the effective date of this Agreement shall be treated in the same manner and have the same effect as "Consensus Policies."

(f) In the event that, at the time the ICANN Board adopts a policy under subsection (a) above during the term of this Agreement, ICANN does not have in place an Independent Review Panel established under ICANN's bylaws, the fifteen working day period allowed under subsection (b) above to seek review shall

be extended until fifteen working days after ICANN does have such an Independent Review Panel in place and NSI shall not be obligated to comply with the policy in the interim.

2. The "Effective Date" is the date on which the Agreement is signed by ICANN and NSI.
3. The "Expiration Date" is the date specified in Section 23 below.
4. "gTLDs" means the .com, .net, and .org TLDs, and any new gTLDs established by ICANN.
5. "ICANN" refers to the Internet Corporation for Assigned Names and Numbers, a party to this Agreement.
6. "NSI" refers to Network Solutions, Inc., in its capacity as a domain name registry for the Registry TLDs, a party to this Agreement.
7. "Personal Data" refers to data about any identified or identifiable natural person.
8. "Registry Data" means all data maintained in electronic form in the registry database, and shall include Zone File Data, all data submitted by registrars in electronic form, and all other data concerning particular registrations or nameservers maintained in electronic form in the registry database.
9. "Registry Services" means operation of the registry for the Registry TLDs and shall include receipt of data concerning registrations and nameservers from registrars, provision of status information to registrars, operation of the registry TLD zone servers, and dissemination of TLD zone files.
10. "Registry TLDs" refers to the .com, .net, and .org TLDs.
11. "SLD" refers to a second-level domain in the Internet domain name system.
12. "Term of this Agreement" begins on the Effective Date and runs through the earliest of (a) the Expiration Date, (b) termination of this Agreement under Section 14 or Section 16(c), or (c) termination of this Agreement pursuant to withdrawal of the Department of Commerce's recognition of ICANN under Section 24.
13. "TLD" refers to a top-level domain in the Internet domain name system.
14. "Zone File Data" means all data contained in domain name system zone files for the Registry TLDs as provided to TLD nameservers on the Internet.

### **Agreements**

NSI and ICANN agree as follows:

1. Designation of Registry. ICANN acknowledges and agrees that NSI is and will remain the registry for the Registry TLD(s) throughout the Term of this Agreement.

2. Recognition in Authoritative Root Server System. In the event and to the extent that ICANN is authorized to set policy with regard to an authoritative root server system, it will ensure that (A) the authoritative root will point to the TLD zone servers designated by NSI for the Registry TLDs throughout the Term of this Agreement and (B) any changes to TLD zone server designation submitted to ICANN by NSI will be implemented by ICANN within five business days of submission. In the event that this Agreement is terminated (A) under Section 14 or 16(C) by NSI or (B) under Section 24 due to the withdrawal of recognition of ICANN by the United States Department of Commerce, ICANN's obligations concerning TLD zone server designations for the .com, .net, and .org TLDs in the authoritative root server system shall be as stated in a separate agreement between ICANN and the Department of Commerce.

3. General Obligations of NSI.

(A) During the Term of this Agreement:

(i) NSI agrees that it will operate the registry for the Registry TLDs in accordance with this Agreement;

(ii) NSI shall comply, in its operation of the registry, with all Consensus Policies insofar as they:

(a) are adopted by ICANN in compliance with Section 4 below,

(b) relate to one or more of the following: (1) issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, technical reliability and/or stable operation of the Internet or domain-name system, (2) registry policies reasonably necessary to implement Consensus Policies relating to registrars, or (3) resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names), and

(c) do not unreasonably restrain competition.

(B) NSI acknowledges and agrees that upon the earlier of (i) the Expiration Date or (ii) termination of this Agreement by ICANN pursuant to Section 14, it will cease to be the registry for the Registry TLDs, unless prior to the end of the term of this Agreement NSI is chosen as the Successor Registry in accordance with the provisions of this Agreement.

(C) To the extent that Consensus Policies are adopted in conformance with Section 4 of this Agreement, the measures permissible under Section 3(A)(ii)(b) shall include, without limitation:

(i) principles for allocation of SLD names (e.g., first-come/first-served, timely renewal, holding period after expiration);

(ii) prohibitions on warehousing of or speculation in domain names by registries or registrars;

(iii) reservation of SLD names that may not be registered initially or that may not be renewed due to reasons reasonably related to (a) avoidance of confusion among or misleading of users, (b) intellectual property, or (c) the technical management of the DNS or the Internet (e.g., "example.com" and single-letter/digit names); and

(iv) the allocation among continuing registrars of the SLD names sponsored in the registry by a registrar losing accreditation.

Nothing in this Section 3 shall limit or otherwise affect NSI's obligations as set forth elsewhere in this Agreement.

4. General Obligations of ICANN. With respect to all matters that impact the rights, obligations, or role of NSI, ICANN shall during the Term of this Agreement:

(A) exercise its responsibilities in an open and transparent manner;

(B) not unreasonably restrain competition and, to the extent feasible, promote and encourage robust competition;

(C) not apply standards, policies, procedures or practices arbitrarily, unjustifiably, or inequitably and not single out NSI for disparate treatment unless justified by substantial and reasonable cause; and

(D) ensure, through its reconsideration and independent review policies, adequate appeal procedures for NSI, to the extent it is adversely affected by ICANN standards, policies, procedures or practices.

5. Protection from Burdens of Compliance With ICANN Policies. ICANN hereby agrees to indemnify and hold harmless NSI, and its directors, officers, employees and agents from and against any and all claims, damages or liabilities arising solely from NSI's compliance as required by this Agreement with an ICANN policy adopted after both parties have entered into this Agreement, except that NSI shall not be indemnified or held harmless hereunder to the extent that the claims, damages or liabilities arise from the particular manner in which NSI has chosen to comply with the policy. In addition, NSI shall be given a reasonable period after receiving notice of adoption of an ICANN Consensus Policy in which to comply with that policy.

6. NSI Registry-Level Financial Support of ICANN. NSI, in its role as operator of the registry for the Registry TLDs, shall pay the gTLD registry-level fees adopted by ICANN in conformance with Section 4 of this Agreement, provided such fees are reasonably allocated among all gTLD registries that contract with ICANN and provided further that, if NSI's share of the total gTLD registry-level fees are or are budgeted to be in excess of \$250,000 in any given year, any such excess must be expressly approved by gTLD registries accounting, in aggregate, for payment of two-thirds of all gTLD registry-level fees. NSI shall pay such fees in a timely manner throughout the Term of this Agreement, and notwithstanding the pendency of any dispute between NSI and ICANN. NSI agrees to prepay \$250,000 toward its share of gTLD registry-level fees at the time of signing of this Agreement.

7. Data Escrow. NSI shall deposit into escrow all Registry Data on a schedule (not more frequently than weekly for a complete set of Registry Data, and daily for incremental updates) and in an electronic format mutually approved from time to time by NSI and ICANN, such approval not to be unreasonably withheld by either party. The escrow shall be maintained, at NSI's expense, by a reputable escrow agent mutually approved by NSI and ICANN, such approval also not to be unreasonably withheld by either party. The escrow shall be held under an agreement among ICANN, NSI, the United States Department

of Commerce, and the escrow agent providing that (A) the data shall be received and held in escrow, with no use other than verification that the deposited data is complete and in proper format, until released to ICANN or to the United States Department of Commerce; (B) the data shall be released to ICANN upon termination of this Agreement by ICANN under Section 14 or upon the Expiration Date if (1) this Agreement has not sooner been terminated and (2) it has been finally determined by the ICANN Board (and no injunction obtained pursuant to Section 13 has been obtained) that NSI will not be designated as the successor registry under Section 22 of this Agreement; and (C), in the alternative, the data shall be released to the United States Department of Commerce according to the terms of the cooperative agreement between NSI and the United States Government.

8. NSI Handling of Personal Data. NSI agrees to notify registrars sponsoring registrations in the registry of the purposes for which Personal Data submitted to the registry by registrars is collected, the recipients (or categories of recipients) of such Personal Data, and the mechanism for access to and correction of such Personal Data. NSI shall take reasonable steps to protect Personal Data from loss, misuse, unauthorized disclosure, alteration or destruction. NSI shall not use or authorize the use of Personal Data in a way that is incompatible with the notice provided to registrars.

9. Publication by NSI of Registry Data.

(A) NSI shall provide an interactive service (such as a WHOIS service) providing free public query-based (web and, after January 15, 2000, command-line) access to current registry database data which, in response to input of an SLD name, shall report at least the following data elements in response to queries: (a) the SLD name registered, (b) the TLD in which the SLD is registered; (c) the IP addresses and corresponding names of the primary nameserver and secondary nameserver(s) for such SLD, (d) the identity of the sponsoring Registrar, and (e) the date of the most recent modification to the domain name record in the registry database; provided, however, that if ICANN adopts a Consensus Policy that adds to or subtracts from these elements, NSI will implement that policy.

(B) To ensure operational stability of the registry, NSI may temporarily limit access under subsection (A) on an equitable basis, in which case NSI shall immediately notify ICANN of the nature of and reason for the limitation. NSI shall not continue the limitation longer than three business days if ICANN objects in writing, which objection shall not be unreasonably made.

(C) NSI as registry shall comply with Consensus Policies providing for development and operation of a capability that provides distributed free public query-based (web and command-line) access to current registration data implemented by registrars providing for capabilities comparable to WHOIS, including (if called for by the Consensus Policy) registry database lookup capabilities according to a specified format. If such a service implemented by registrars on a distributed basis does not within a reasonable time provide reasonably robust, reliable and convenient access to accurate and up-to-date registration data, NSI as registry shall cooperate and, if reasonably determined to be necessary by ICANN (considering such possibilities as remedial action by specific registrars), provide data from the registry database to facilitate the development of a centralized service providing equivalent functionality in a manner established by a Consensus Policy.



10. Rights in Data. Except as permitted by the Registrar License and Agreement, NSI shall not be entitled to claim any intellectual property rights in data in the registry supplied by or through registrars other than NSI. In the event that Registry Data is released from escrow under Section 7 or transferred to a Successor Registry under Section 22(D), any rights held by NSI as registry in the data shall automatically be licensed on a non-exclusive, irrevocable, royalty-free, paid-up basis to the recipient of the data.

11. Limitation of Liability. Neither party shall be liable to the other under this Agreement for any special, indirect, incidental, punitive, exemplary or consequential damages.

12. Specific Performance. During the Term of this Agreement, either party may seek specific performance of any provision of this Agreement as provided by Section 13, provided the party seeking such performance is not in material breach of its obligations.

13. Resolution of Disputes Under This Agreement. Disputes arising under or in connection with this Agreement, including requests for specific performance, shall be resolved in a court of competent jurisdiction or, at the election of both parties (except for any dispute over whether a policy adopted by the Board is a Consensus Policy, in which case at the election of either party), by an arbitration conducted as provided in this Section pursuant to the International Arbitration Rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in English and shall occur in Los Angeles County, California, USA. There shall be three arbitrators: each party shall choose one arbitrator and, if the two arbitrators are not able to agree on a third arbitrator, the third shall be chosen by the AAA. The parties shall bear the costs of the arbitration in equal shares, subject to the right of the arbitrators to reallocate the costs in their award as provided in the AAA rules. The parties shall bear their own attorneys' fees in connection with the arbitration, and the arbitrators may not reallocate the attorneys' fees in conjunction with their award. The arbitrators shall render their decision within ninety days of the initiation of arbitration. In all litigation involving ICANN concerning this Agreement (whether in a case where arbitration has not been elected or to enforce an arbitration award), jurisdiction and exclusive venue for such litigation shall be in a court located in Los Angeles, California, USA; however, the parties shall also have the right to enforce a judgment of such a court in any court of competent jurisdiction. For the purpose of aiding the arbitration and/or preserving the rights of the parties during the pendency of an arbitration, the parties shall have the right to seek temporary or preliminary injunctive relief from the arbitration panel or a court located in Los Angeles, California, USA, which shall not be a waiver of this arbitration agreement.

14. Termination.

(A) In the event an arbitration award or court judgment is rendered specifically enforcing any provision of this Agreement or declaring a party's rights or obligations under this Agreement, either party may, by giving written notice, demand that the other party comply with the award or judgment. In the event that the other party fails to comply with the order or judgment within ninety days after the giving of notice (unless relieved of the obligation to comply by a court or arbitration order before the end of that ninety-day period), the first party may terminate this Agreement immediately by giving the other party written notice of termination.

(B) In the event of termination by DOC of its Cooperative Agreement with NSI pursuant to Section I.B.8 of that Agreement, ICANN shall, after receiving express notification of that fact from DOC and a request from DOC to terminate NSI as the operator of the registry database for the Registry TLDs, terminate NSI's rights under this Agreement, and shall cooperate with DOC to facilitate the transfer of the operation of the registry database to a successor registry.

15. Assignment. Neither party may assign this Agreement without the prior written approval of the other party, such approval not to be unreasonably withheld. Notwithstanding the foregoing sentence, a party may assign this Agreement by giving written notice to the other party in the following circumstances, provided the assignee agrees in writing with the other party to assume the assigning party's obligations under this Agreement: (a) NSI may assign this Agreement as part of the transfer of its registry business approved under Section 25 and (b) ICANN may, in conjunction with a reorganization or reincorporation of ICANN and with the written approval of the Department of Commerce, assign this Agreement to another non-profit corporation organized for the same or substantially the same purposes as ICANN.

16. Relationship to Cooperative Agreement Between NSI and U.S. Government.

(A) NSI's obligations under this Agreement are conditioned on the agreement by NSI and the Department of Commerce to [Amendment 19 to the Cooperative Agreement](#) in the form attached to this Agreement as [Appendix C](#).

(B) If within a reasonable period of time ICANN has not made substantial progress towards having entered into agreements with competing registries and NSI is adversely affected from a competitive perspective, NSI may terminate this Agreement with the approval of the U.S. Department of Commerce. In such event, as provided in Section 16(A) above, the Cooperative Agreement shall replace this Agreement.

(C) In the case of conflict while they are both in effect, and to the extent that they address the same subject in an inconsistent manner, the term(s) of the Cooperative Agreement shall take precedence over this Agreement.

17. NSI Agreements with Registrars. NSI shall make access to the Shared Registration System available to all ICANN-accredited registrars subject to the terms of the [NSI/Registrar License and Agreement \(attached as Appendix B\)](#). Such agreement may be revised by NSI, provided however, that any such changes must be approved in advance by ICANN.

18. Performance and Functional Specifications for Registry Services. Unless and until ICANN adopts different standards as a Consensus Policy pursuant to Section 4, NSI shall provide registry services to ICANN-accredited registrars meeting the performance and functional specifications set forth in SRS specification version 1.0.6 dated September 10, 1999, as supplemented by [Appendix E](#). In the event ICANN adopts different performance and functional standards for the registry as a Consensus Policy in compliance with Section 4, NSI shall comply with those standards to the extent practicable, provided that compensation pursuant to the provisions of Section 20 has been resolved prior to implementation

and provided further that NSI is given a reasonable time for implementation. In no event shall NSI be required to implement any such different standards before 3 years from the Effective Date of this Agreement.

19. Bulk Access to Zone Files. NSI shall provide third parties bulk access to the zone files for .com, .net, and .org TLDs on the terms set forth in the [zone file access agreement \(attached as Appendix D\)](#). Such agreement may be revised by NSI, provided however, that any such changes must be approved in advance by ICANN.

20. Price for Registry Services. The price(s) to accredited registrars for entering initial and renewal SLD registrations into the registry database and for transferring a SLD registration from one accredited registrar to another will be as set forth in Section 5 of [Appendix B, Registrar License and Agreement](#). These prices shall be increased through an amendment to this Agreement as approved by ICANN and NSI, such approval not to be unreasonably withheld, to reflect demonstrated increases in the net costs of operating the registry arising from (1) ICANN policies adopted after the date of this Agreement, or (2) legislation specifically applicable to the provision of Registry Services adopted after the date of this Agreement, to ensure that NSI recovers such costs and a reasonable profit thereon; provided that such increases exceed any reductions in costs arising from (1) or (2) above.

21. Additional NSI Obligations.

(A) NSI shall provide all licensed Accredited Registrars (including NSI acting as registrar) with equivalent access to the Shared Registration System. NSI further agrees that it will make a certification to ICANN every six months, using the objective criteria set forth in [Appendix F](#) that NSI is providing all licensed Accredited Registrars with equivalent access to its registry services.

(B) NSI will ensure, in a form and through ways described in [Appendix F](#) that the revenues and assets of the registry are not utilized to advantage NSI's registrar activities to the detriment of other registrars.

22. Designation of Successor Registry.

(A) Not later than one year prior to the end of the term of this Agreement, ICANN shall, in accordance with Section 4, adopt an open, transparent procedure for designating a Successor Registry. The requirement that this procedure be opened one year prior to the end of the Agreement shall be waived in the event that the Agreement is terminated prior to its expiration.

(B) NSI or its assignee shall be eligible to serve as the Successor Registry and neither the procedure established in accordance with subsection (A) nor the fact that NSI is the incumbent shall disadvantage NSI in comparison to other entities seeking to serve as the Successor Registry.

(C) If NSI or its assignee is not designated as the Successor Registry, NSI or its assignee shall cooperate with ICANN and with the Successor Registry in order to facilitate the smooth transition of operation of the registry to Successor Registry. Such cooperation shall include the timely transfer to the Successor Registry of an electronic copy of the registry database and of a full specification of the format of the data.

(D) ICANN shall select as the Successor Registry the eligible party that it reasonably determines is best qualified to perform the registry function under terms and conditions developed as a Consensus Policy, taking into account all factors relevant to the stability of the Internet, promotion of competition, and maximization of consumer choice, including without limitation: functional capabilities and performance specifications proposed by the eligible party for its operation of the registry, the price at which registry services are proposed to be provided by the party, relevant experience of the party, and demonstrated ability of the party to handle operations at the required scale. ICANN shall not charge any additional fee to the Successor Registry.

(E) In the event that a party other than NSI or its assignee is designated as the Successor Registry, NSI shall have the right to challenge the reasonableness of ICANN's failure to designate NSI or its assignee as the Successor Registry under the provisions of Section 13 of this Agreement.

23. Expiration of this Agreement. The Expiration Date shall be four years after the Effective Date, unless extended as provided below. In the event that NSI completes the legal separation of ownership of its Registry Services business from its registrar business by divesting all the assets and operations of one of those businesses within 18 months after Effective Date to an unaffiliated third party that enters an agreement enforceable by ICANN and the Department of Commerce (i) not to be both a registry and a registrar in the Registry TLDs, and (ii) not to control, own or have as an affiliate any individual(s) or entity(ies) that, collectively, act as both a registry and a registrar in the Registry TLDs, the Expiration Date shall be extended for an additional four years, resulting in a total term of eight years. For the purposes of this Section, "unaffiliated third party" means any entity in which NSI (including its successors and assigns, subsidiaries and divisions, and their respective directors, officers, employees, agents and representatives) does not have majority equity ownership or the ability to exercise managerial or operational control, either directly or indirectly through one or more intermediaries. "Control," as used in this Section 23, means any of the following: (1) ownership, directly or indirectly, or other interest entitling NSI to exercise in the aggregate 25% or more of the voting power of an entity; (2) the power, directly or indirectly, to elect 25% or more of the board of directors (or equivalent governing body) of an entity; or (3) the ability, directly or indirectly, to direct or cause the direction of the management, operations, or policies of an entity.

24. Withdrawal of Recognition of ICANN by the Department of Commerce. In the event that, prior to the expiration or termination of this Agreement under Section 14 or 16(C), the United States Department of Commerce withdraws its recognition of ICANN as NewCo under the Statement of Policy pursuant to the procedures set forth in Section 5 of Amendment 1 (dated November \_\_, 1999) to the Memorandum of Understanding between ICANN and the Department of Commerce, this Agreement shall terminate.

25. Assignment of Registry Assets. NSI may assign and transfer its registry assets in connection with the sale of its registry business only with the approval of the Department of Commerce.

26. Option to Substitute Generic Agreement. At NSI's option, it may substitute any generic ICANN/Registry agreement that may be adopted by ICANN for this Agreement; provided, however, that

Sections 16, 19, 20, 21, 23, 24, and 25 of this Agreement will remain in effect following any such election by NSI.

27. Notices, Designations, and Specifications. All notices to be given under this Agreement shall be given in writing at the address of the appropriate party as set forth below, unless that party has given a notice of change of address in writing. Any notice required by this Agreement shall be deemed to have been properly given when delivered in person, when sent by electronic facsimile, or when scheduled for delivery by internationally recognized courier service. Designations and specifications by ICANN under this Agreement shall be effective when written notice of them is deemed given to Registry.

If to ICANN, addressed to:

Internet Corporation for Assigned Names and Numbers  
4676 Admiralty Way, Suite 330  
Marina Del Rey, California 90292  
Telephone: 1/310/823-9358  
Facsimile: 1/310/823-8649  
Attention: Chief Executive Officer

If to Registry, addressed to:

1. Network Solutions, Inc.  
505 Huntmar Park Drive  
Herndon, VA 20170  
Telephone: 1/703/742-0400  
Facsimile: 1/703/742-3386  
Attention: General Counsel

2. Network Solutions, Inc.  
505 Huntmar Park Drive  
Herndon, VA 20170  
Telephone: 1/703/742-0400  
Facsimile: 1/703/742-3386  
Attention: Registry General Manager

28. Dates and Times. All dates and times relevant to this Agreement or its performance shall be computed based on the date and time observed in Los Angeles, California, USA.

29. Language. All notices, designations, and specifications made under this Agreement shall be in the English language.

30. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto pertaining to the registry for the Registry TLDs and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties on that subject. This Agreement is intended to coexist with any Registrar Accreditation Agreement between the parties.

31. Amendments and Waivers. No amendment, supplement, or modification of this Agreement or any provision hereof shall be binding unless executed in writing by both parties. No waiver of any provision of this Agreement shall be binding unless evidenced by a writing signed by the party waiving compliance with such provision. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

32. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives.

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

By: \_\_\_\_\_

Michael M. Roberts

Interim President and CEO

Date: \_\_\_\_\_

NETWORK SOLUTIONS, INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

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**Page updated 28-September-1999**

# **EXHIBIT AC-34**



New Generic Top-Level  
**Domains**

N Q

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Fairness - \_\_\_\_\_

disadvantage compared to

fairness

Materiality - criteria

materiality

Priority Evaluation ("CPE")

criteria

Impact - critical

impact

to change from being an exclusive to a non-exclusive registry does not create unfairness because exclusiveness is not an evaluation criterion and has no bearing on contention resolution.

In line with the announced GAC Category 2 implementation plan, ICANN has approved change requests from applicants wishing to address GAC Category 2 Advice by making their applications non-exclusive access registries and will continue to do so.

# **EXHIBIT AC-35**

# NEW gTLDs APPLICANT GUIDEBOOK APRIL 2011 DISCUSSION DRAFT

## PUBLIC COMMENT SUMMARY AND ANALYSIS

### Sources:

Public Comment Postings (15 April 2011-15 May 2011). The full text of the comments may be found at <http://www.icann.org/en/topics/new-gtlds/comments-6-en.htm>.

## GENERAL COMMENTS

### Support for New gTLD Program

#### Key Points

- As in previous rounds, ICANN continues to listen, analyze and incorporate constructive Community feedback into this version of the Applicant Guidebook as one of the implementation steps towards launch.
- ICANN has worked hard to resolve any remaining outstanding issues and move forward with the program.
- We understand that there is a demand for the program to launch as there are opportunities for promoting competition, consumer choice, and innovation.
- While not perfect, the Applicant Guidebook is on its way to being robust enough to support the launch of the new gTLD application process

#### Summary of Comments

##### Support for current version of guidebook.

The current applicant guidebook substantially addresses most of the outstanding issues and is robust enough to support the launch of the new gTLD application process. A document of this complexity and importance can never be “perfect” or “complete” in the eyes of every stakeholder member. The guidebook will evolve over time as ICANN becomes aware of issues or difficulties arising during the application process and the launch of the first new gTLDs. *Network Solutions (12 May 2011). Minds + Machines (15 May 2011). M. Neylon (15 May 2011). Bayern Connect (15 May 2011). Demand Media (15 May 2011). AFNIC (15 May 2011). AusRegistry (16 May 2011). Domain Dimensions (16 May 2011). R. Tindal (16 May 2011).*

The ICANN Board should keep its commitment to a 20 June 2011 vote to preserve the legitimacy of the consensus-driven policy making program. We look forward to final acceptance of the AGB and launch of the new gTLD program. The AGB has evolved into a program that fully protects rights yet retains objective standards for launching new gTLDs. The potential public benefit of new TLDs has already been demonstrated by the success of the IDN Russian TLD and the recent re-launch of the .co ccTLD. The public is hungry for more domain options

and the new gTLD program answers that need while strongly protecting consumers, trademarks, and governments from bad actors. The AGB provides more protections than any other policy put into practice up to this point. Trademark holders and consumers will benefit from at least ten new protection policies that are not in place in current TLDs. *Minds + Machines (15 May 2011)*.

The AG should be approved by the ICANN Board and the communications program should start at the ICANN Singapore meeting. Innovation will result from the new gTLD program. The protections in the AG far exceed those in the existing gTLDs. Either new gTLDs will create a massive benefit which will far outweigh any harms, or we need not worry about protections. The GAC role inside of ICANN is important and should evolve separately from and not be driven by the new gTLD process. The adoption of the AG should not be contingent on “finalizing” the role of the GAC, nor should it be impacted by narrow interests lobbying national governments. The AG, hopefully approved in Singapore, is simply doing what should have been done in 1999 and what would have been done if ICANN had then been in a stronger position. It is a natural step that is twelve years too late but better late than never. *Tucows (15 May 2011)*.

We look forward to the release of the final AG on 20 June in Singapore. With regard to the latest attempts to delay the new gTLD process further based on claims that new gTLDs introduction should not be done “in a rush,” ICANN’s bottom-up multi-stakeholder model has provided over the past six years there have been thousands of opportunities for all parties to comment and participate. The nature of the bottom-up model is a compromise which naturally cannot meet everyone’s wishes. *DOTZON (15 May 2011)*.

It is time to bring the process of establishing the rules for new gTLDs to a close and commence with the opening of the application period, with additional revisions to new gTLD policy being made in the future based on actual experience rather than overhyped projections. Any continuation of this process is only likely to provide additional time for the GAC to pursue its ill-considered goal of eroding registrant rights on behalf of large corporate trademark interests. *ICA (15 May 2011)*.

“Cause-based TLDs”. Some new initiatives have designed business plans with the primary purpose of benefiting the greater and global public good—i.e., “cause-based TLDs” –which can offer benefits useful to people around the world regardless of how or if they use the internet. Time is crucial for some of these, so ICANN’s Board and the GAC are urged to avoid further delays and allow TLD innovation and the benefits of cause-based TLDs to commence by approving a 2011 application window for new TLDs and consider shortening the application window to 30 days. *DotGreen (15 May 2011)*.

## **Opposition to New gTLD Program**

### **Key Points**

- There are inherent risks to the program whether ICANN limits the amount of gTLDs available per round or not. Were ICANN to go ahead with limiting the number of gTLDs in a round, it could potentially still introduce new levels of risk and simultaneously lose the anticipated benefits of new gTLDs.

## Summary of Comments

The new gTLD program should be stopped—the internet society is not interested in it.

ICANN has not presented evidence and convincing arguments to support the idea of introducing the new gTLD program. The internet society (legitimate owners of the internet—private users and companies owning domain names) is not interested in the new gTLD program. They are not given reasonable representation in the decision boards, so ICANN can get away with not presenting evidence to support introducing the new gTLD program. Comments and concerns, especially regarding the protection of trademark rights, are not taken into account by ICANN. Brand owners will have to fight for exactly the same domain names with the new proposed program as they are with the present system, but with much more money involved. There is nothing to be gained from the perspective of the internet users. Those who will earn money from this new, very expensive program (registrars and ICANN itself) are the ones who are interested in it. The process of introducing this expensive new gTLD program should be stopped immediately and only considered again once ICANN has produced convincing documentation that the internet society is interested in this program. The present, well-functioning and low cost set up for the internet secures freedom of speech for the many. The new gTLD program has very high costs and could evolve into a limitation of the freedom of speech for the many. *H. Lundbeck (4 May 2011).*

It is time for ICANN to go back to first principles and reboot the new TLD program in its entirety. ICANN is rushing to implement a plan that is not supported by the public. ICANN's policies do not maximize consumer welfare but rather raise consumer costs. The DOC, NTIA, DOJ and GAC should compel ICANN to go back to the drawing board. In the alternative, if ICANN does not demonstrate a willingness to do so, it is time to end the ICANN "experiment," end the outsourcing of TLD management to ICANN, and instead restore management of TLDs to the DOC/NTIA. *G. Kirikos (15 May 2011).*

ICANN should reconsider overarching issues before any new gTLDs are released.

Until the overarching issues are satisfactorily and comprehensively addressed, it is premature to proceed with the launch of the new gTLD proposal. The stated objectives of the work on new gTLDs still do not seem to be achieved with the applicant guidebook. ICANN has not shown that the new gTLDs will bring innovation, consumer choice and lower prices or that they serve any public interest. ICANN has definitely not shown that with new gTLDs "the need for brand protection and the opportunity for user confusion will be greatly diminished" (p. 2, ICANN Feb. 21, 2011, Public Comment Summary). Quite the opposite seems to be the realistic outcome of the release of the new gTLDs. *LEGO (Module 5, 12 May 2011). Arla Foods (13 May 2011). Adobe Systems (13 May 2011). CADNA (13 May 2011). IACC (15 May 2011).*

No compelling economic need.

ICANN's own economic studies indicate that there is no compelling economic need to introduce new gTLDs and that the current gTLD structure adequately accommodates Internet users' current and forecasted needs. *AIPLA (13 May 2011). Partridge (14 May 2011). INTA (14 May 2011).*

ICANN never provided proof of a demonstrable need or demand for new gTLDs or that the economic benefits will outweigh the costs. *CADNA (13 May 2011). INTA (14 May 2011). G. Kirikos (15 May 2011). DIFO (15 May 2011). MarkMonitor (16 May 2011).*

New gTLD program--getting it right.

ICANN must get the new gTLDs launch right. The success of the multistakeholder model depends on it. In recent months tremendous progress has been made on the applicant guidebook. ICANN should approve an AG only when the community supports it. We remain willing and available to provide input. *News Corporation (13 May 2011).*

ICANN should continue to refine the new gTLD program with the goal of getting it right, not just getting it done, even if it takes beyond June 20, 2011, to do so. *Time Warner (14 May 2011).* *Microsoft (15 May 2011).*

#### Limited launch--Pilot Program.

A wide-open new gTLDs program should not proceed until mechanisms to address IP protection and other concerns are fully developed and tested. These issues need to be addressed before the business and intellectual property community can support ICANN's new gTLD plan. If ICANN believes that further delays are unacceptable then it should proceed with a small pilot program as previously suggested by the GAC for a strictly limited number of gTLDs designed to serve linguistic, geographical, and cultural communities. The pilot could provide actual data that could be used to refine and improve the application rules for subsequent rounds. The lack of economic need for new gTLDs demonstrates that there is adequate time to test new gTLDs through a pilot program. *AIPLA (13 May 2011).* *Partridge (14 May 2011).* *Coca-Cola (15 May 2011).* *Hogan Lovells (15 May 2011).*

We are perplexed by ICANN not following the advice of its own economic studies and the GAC to do a pilot program (a limited launch) of new gTLDs. A detailed explanation for this rationale would be appreciated. *News Corporation (13 May 2011).* *INTA (14 May 2011).*

ICANN has a critical overall task of appropriately narrowing the focus of the entire new gTLD project. ICANN's refusal to re-orient the scope, pace and targeting of the new gTLD launch is profoundly disappointing and casts serious doubt on ICANN's claim to be acting in the public interest and in conformance with a consensus of stakeholders. COA urges ICANN to grasp what may be the last opportunity to re-focus the new gTLD launch on the types of applications that offer the greatest potential benefits for the public, while minimizing the costs imposed on third parties. Some proposed new gTLDs may be targeted toward enhancing the Internet experience for "the next billion Internet users," whose everyday languages are written in non-Latin scripts, or toward fulfilling clearly specified needs of limited and well-defined communities; others will add little but confusion and noise to an already chaotic online environment. As ICANN must realize by now, unless it relaxes its insistence on welcoming all these new gTLD applications without distinction, it will do nothing but buttress the position of those clamoring to call the ICANN experiment a failure and to move to an entirely different method of managing the Domain Name System. ICANN must not adhere obsessively to the arbitrary deadline set by the Board to take final action on the applicant guidebook by 20 June. ICANN must take the additional time needed to re-orient this exceptionally important initiative into a more targeted, better focused and more incremental approach. *COA (15 May 2011).* *SIIA (15 May 2011).*

The IPC joins with the GAC in urging ICANN to: (1) authorize only a discrete and limited number of new gTLDs; (2) undertake with respect to each application an evaluation of the social benefits and costs of each new gTLD application and to implement mechanisms for the denial of the application if such benefits are not clearly weighted in favor of consumer protection; and (3) implement data reporting for all approved new gTLDs on the subjects of malicious conduct, cyber squatting and other RPMs to assist ICANN in evaluating social costs of the new gTLD program. *IPC (15 May 2011).* *MarkMonitor (16 May 2011).*

DIFO is skeptical about the idea that 1,000 (or less) new TLDs will benefit the global Internet Society and would have been more confident if the new TLD introduction were limited to 50 new TLDs. *DIFO (15 May 2011)*.

The new gTLD program threatens brand integrity with attendant financial impact for brand owners and poses significant risk of consumer detriment. ICANN should not proceed with a full-scale new gTLD program until these issues have been properly addressed. *BBC (Module 5, 13 May 2011)*. *Adobe Systems (13 May 2011)*. *CADNA (13 May 2011)*. *INTA (14 May 2011)*. *MARQUES/ECTA (15 May 2011)*. *Coca-Cola (15 May 2011)*. *NCTA (Module 2, 13 May 2011)*.

Risks to ICANN with unlimited rollout. ICANN cannot avail itself of a “safe harbor.” If registries begin to fail, they will likely take more risks to stay afloat, including turning a blind eye to fraud and malicious conduct on a massive scale. Without significant compliance and enforcement monitoring, ICANN may unwittingly be subject to liability for acts of fraud or malicious conduct it should have been aware of and which were allowed to continue. ICANN’s future will be tied to the success and failure of future registries. A large number of such failures could impact its global reputation as a trusted custodian of the Internet. *MarkMonitor (16 May 2011)*.

## **Analysis of Comments**

Throughout the development of the new gTLD program and the Applicant Guidebook, there have been discussions about limiting the number of new gTLDs in the first round and/or adding categories (i.e., beyond open and community such as brand). It is possible that such measures could mitigate some risks with new gTLDs; however, they may also introduce new and unpredictable risks, i.e., abuses. Additionally, curtailing the introduction to certain categories of TLDs will severely limit the anticipated benefits of new TLDs: innovation, choice and competition. The full discussion of these issues has taken place under separate cover, in previous comment summaries and in public meetings. Finally, while the round is not limited by category, it is limited by rounds. The GNSO policy stated that the introduction of new TLDs should take place in rounds until well tested. The round is limited by the number of applications received during the limited open window. While a second round is planned, several assessments will be done prior to the launch. So the launch is not unlimited. Rather, it is limited in a way that takes advantage of lessons learned in previous rounds, provides protections, and provides the best chance of achieving the anticipated benefits. For these reasons, the process remains as it is today, limited.

ICANN continues to execute on its mission and the bottom-up, multi-stakeholder model has provided an opportunity for all parties to participate and comment. The recent, intensive involvement of governments is one example of this collaboration, along with the extensive public comment rounds for the evolution of the Applicant Guidebook.

Based on the principles embodied in ICANN’s founding documents, it is believed that the expansion of the generic top-level domain (gTLD) space will allow for a greater degree of innovation and choice.

Implementation of this program is a complex and involved process that has required the coordination and consensus of many groups and factions.



While not perfect, the Applicant Guidebook is on its way to being robust enough to support the launch of the new gTLD application process and ICANN is committed to diligently working towards consensus on implementation and operational solutions.

## ICANN PROCEDURES

### Key Points

- ICANN's Governmental Advisory Committee has reiterated its intent to follow its Operational Procedures and the GAC will advise the ICANN Board on both consensus concerns and the concerns of several members as required.
- The gTLD program will remain flexible to implement changes as needed to improve the program and address community concerns on a timely basis going forward. A process to identify, prioritize, and implement necessary changes is being built into the program.

### Summary of Comments

Explicit definition of "GAC Consensus" needed. The current applicant guidebook makes reference to "GAC consensus" and its ramifications for a new gTLD application. We do not see a definition for "GAC consensus" in the guidebook; this term needs to be promptly and explicitly defined. We are not confident that the ICANN community's concept and application of "consensus" matches that of the GAC. Any misunderstanding on this point will be detrimental to the new gTLD process, to potential applicants and to ICANN in general. *Network Solutions (12 May 2011).*

#### GAC-ICANN negotiations.

Asociacion Puntogal is comfortable with all the points that already have been agreed to in the GAC-Board negotiations to improve the applicant guidebook. Improvements made in response to GAC advice such as early warning and trademark protection measures will help achieve a more robust process. These changes are easy to implement by truly community-based cultural and linguistic TLDs or other solid and non-controversial initiatives. Asociacion Puntogal urges the Board and the GAC to find an agreement where possible on the remaining points. *Asociacion Puntogal (13 May. 2011).*

It is perhaps disappointing that it has taken a strong intervention by the GAC to ensure that the concerns of IP rights holders have been taken into account in the new gTLD program, especially when one considers the levels of participation in the public comment periods to date. Thus many do question whether commenting in such a forum is an efficient means to put forward constructive comments. *Hogan Lovells (15 May 2011).*

U.S. government restrictions. It is worrying that a new TLD applicant may not be considered due to a restriction imposed by the U.S. government (i.e. OFAC) and this could be seen as a weakness of ICANN's links to the U.S. *M. Neylon (15 May 2011).*

#### New gTLD Program—Ongoing Reviews.

We support the logical decision of ICANN to collect data from each launch and review systems such as the URS after a year to improve policy and procedure. *News Corporation (13 May 2011)*.

ICANN must remain flexible to future amendments as the community identifies problems during the launch of the first round of new gTLDs. ICANN should establish more concrete plans for evaluating the launch of new gTLDs and rapidly implementing modifications and enhancements to address any problems that arise. *USCIB (15 May 2011)*.

## **Analysis of Comments**

A comment requests that GAC consensus have an explicit definition in the Guidebook to avoid potential issues with varying definitions by the GAC and the ICANN community. The GAC has stated that, “the GAC will clarify the basis on which consensus advice is developed.” In its “GAC comments on the ICANN Board’s response to the GAC Scorecard” dated 12 April 2011 (see <http://gac.icann.org/press-release/gac-comments-board-reponse-gac-scorecard-following-san-francisco-meetin>) the GAC maintains its “intention to follow its Operating Procedures when developing advice for the Board’s consideration related to objections raised by its membership.” The GAC will advise the ICANN Board on both consensus concerns and the concerns of several members as required. The GAC has expressed the intention to develop a vocabulary for use in its advice so that the meaning is clear and can be consistently understood by all parties.

A comment expresses concern about certain legal restrictions imposed by the U.S. government on ICANN (i.e., the Office of Foreign Asset Control (OFAC) requirements) The intention with inclusion of this section in the Guidebook is to be transparent about this aspect of ICANN’s current legal structure and obligations. ICANN considers it important to disclose this information to prospective applicants, as well as to detail what steps ICANN takes in handling such cases (e.g., seeking and obtaining licenses).

A few comments suggest that the gTLD program should remain flexible and establish more concrete plans to timely implement improvements or address problems identified by the community. We agree and this is already part of the gTLD program. ICANN is working to identify critical success factors and will implement a process to identify, prioritize, and implement improvements to the program based on these factors as well as lessons learned from various sources including the applicant and general community.

## **TIMELINE/MODELS**

### **Key Points**

- There is a plan to announce a final timeline, with appropriate caveats, once the Applicant Guidebook is approved.

### **Summary of Comments**

Reliable timeline needed.

A reliable timeline is the only way to restore the credibility of the process. The vote scheduled is especially relevant for the viability of cultural and linguistic TLD applicants who will foster cultural diversity on the Internet. Any further delays will harm their cause. The more than 12,000 Internet users and 100 cultural organizations that have already signed up to support Asociacion Puntogal help to demonstrate that there is a real social and economic need for new gTLDs. *Asociacion Puntogal (13 May 2011)*.

What prospective applicants now need, above all, is the final timeline. *AFNIC (15 May 2011)*.

Date certain for subsequent rounds. To avoid numerous panic applicants (concerned about the risk of not applying and about a possible lengthy gap between application rounds) a date certain should be announced for the subsequent new gTLD application round. It should not be later than one year after the first round. It is no problem if there is overlap between the first and the subsequent round. The correct time to start evaluation is immediately at the moment when all strings are published. The evaluation of the first round will be meaningless if it was dominated by “panic applicants.” ICANN should therefore announce opening of the coming 60-day TLD application period for a set day in November 2011, and announce at the same time that the subsequent round will open on a set date in November 2012. *W. Staub (15 May 2011)*.

## **Analysis of Comments**

Comments request that a definitive timeline be provided for the initial application round as well for a subsequent round. The former will help applicants with planning and the latter would help mitigate the risk that some set of applicants will simply apply to avoid the uncertainty of when the next round will launch.

The plan following the approval of the Applicant Guidebook is to announce a final timeline that is expected to cover all aspects of the application program (e.g., communication campaign, the launch date, initial evaluation). The timeline will include all appropriate dependencies. The timing of subsequent application rounds will be determined based on these factors as well as experiences gained and changes required after the initial round is completed.

## **COMMUNICATIONS**

### **Key Points**

- ICANN is planning a global communications campaign that will incorporate outreach activities in the five ICANN regions, including targeted outreach to developing countries.
- As part of the communications campaign, ICANN plans to continue to publish critical program documentation into the six UN languages – Arabic, Chinese, English, French, Russian and Spanish.
- The communications campaign will highlight specific areas of the program, such as timelines for submission of applications, the evaluation process, the objection process, and rights protection mechanisms.

## Summary of Comments

Effective communications and outreach activities are essential to the success of gTLD expansion. ICANN's communications effort must do more than simply promote new gTLD applications. It must also fully inform user and business communities around the world of all the major changes coming with the introduction of new gTLDs. BC (15 May 2011).

Global awareness and understanding of new gTLD program. Geographic name strings raise concern given that many countries (especially developing nations) will not know when to object to them (e.g., early termination). Governments will likely end up having to go to a U.S. court and pay for associated costs, which will only make the U.S. more rich. Indonesia, in particular, has more than 200 million people, and faces a challenge in understanding all the details of the new gTLD program and the DAG (i.e. translation issue). Also, why must all parties bow to U.S. law and use a U.S. court? Why not use PNG's laws and courts, or have Indonesia host all the domain cases? Regarding the GAC's proposal to ICANN that it translate the DAG into languages for places where there are large numbers of Internet users, what about PNG, Timor Last, Fiji, and Palau, which do not use English as the mother tongue--does ICANN never count people who live there as internet users? This raises doubt about ICANN's vision to make one world, one connection. ICANN does not seem to have significant efforts to socialize the DAG all over the world and the ICANN website is not well-known. Most countries still do not understand or do not even know about the DAG. *D. Elfrida (6 May 2011).*

Publicizing Rights Protection Mechanisms (RPMs). It is incumbent on ICANN to publicize the RPMs as fully as it publicizes the overall gTLD program in the four month period between approval of the guidebook and the opening of the first window for new gTLD applications. Also, so that the public can timely determine whether to seek such protection and how to do it, ICANN needs to make available on a continuing basis into the future literature that clearly advises the general public of the existence of these RPMs and how to access and use them. *IBM (13 May 2011).*

## Analysis of Comments

The goal of the planned communications campaign is to increase global awareness of the new gTLD program. This campaign will raise awareness among interested parties and applicants worldwide on the who, what, when, where and why of new gTLDs. It will address a range of audiences. The goal is to educate so that interested parties are aware of the program details and things they need to consider, whether applying for a new gTLD or not.

As part of the communications effort, ICANN translates the Applicant Guidebook into the six UN languages. Other critical material relating to the program such as the Objection Process and Rights Protection mechanisms will be adequately communicated and translated as well.

As part of our communications efforts we intend to reach as many people as possible through global outreach in each of ICANN's five regions – Africa, Asia (including the Middle East), Europe, Latin America, and North America. These outreach efforts will include informative sessions, new conferences, speeches and targeted media interviews to gain the furthest reach possible. The education process will include helping people understand both the opportunities and risks associated with applying for a new TLD as well as how this program will ultimately change the Internet.

We have and will continue to publish critical program documents in the six UN languages – Arabic, Chinese, English, French, Russian, and Spanish. Interested parties will always be provided with ways of obtaining more information either from our website or through a dedicated email address.

It is agreed that critical elements of the program such as the Objection Process and Rights Protection Mechanisms be adequately communicated so people are well informed about when and how to object and the steps they can take should they determine whether and how to seek such protections. As part of the communications plan we will call out these areas to make them more accessible to those seeking such information.

## APPLICATION PROCESS

### Key Points

- Further details on the GAC Early Warning and Advice processes are requested for applicants to understand potential impact and allow for appropriate action as necessary. Additional detail is provided here and in the Guidebook; and we will work to provide additional details and answers to clarifying questions.
- Clarification on a number of questions regarding the application process is being provided in the updated Guidebook. In addition, a robust customer service process will be implemented to help applicants with specific questions during the application process
- While it is virtually impossible to ensure no “bad actors” secure a Top-Level Domain, additional protective measures have been put in place such as an expanded background screening and a GAC Early Warning process. (See Malicious Conduct summary for more details.)

### Summary of Comments

Support for GAC changes made by ICANN. UNINETT Norid is pleased that ICANN has listened to the Governmental Advisory Committee and included paragraphs on Early Warning in 1.1.2.4 and Receipt of GAC Advice on New gTLDs in 1.1.2.7. These changes will reduce possible conflicts and objections later on and minimize the costs for all parties. *UNINETT Norid (Module 1, 11 May 2011). DIFO (15 May 2011).*

#### GAC Early Warning.

CADNA is pleased with the GAC Early Warning addition to the Guidebook. This could be improved upon with stronger wording, forcing the ICANN Board to take a warning into consideration instead of being able to entirely disregard it. Governments should have more and stronger ways of raising formal complaints about a TLD application, of course without the ability to abuse the system. *CADNA (13 May 2011).*

Regarding 1.1.2.4 Early Warning, it is very important that the Early Warning Notice to the applicant be accompanied by the reason for the warning and that it identify the objecting countries with applicable points of contact; otherwise it will be difficult for the applicant to try to mitigate the concerns and/or make a timely decision about withdrawing the application. *RySG (15 May 2011).*

GAC Advice. CADNA is encouraged by the addition of GAC Advice which enables the GAC to provide public policy advice directly to the ICANN Board for consideration on any application, although this provision should be more strongly worded (e.g., it is unclear what is meant by the phrase that the Board must “strongly” consider GAC advice when deciding whether to approve an application). A measure should be put in place to show how GAC advice will be taken into account and the reasons for which the Board decides to disregard it and proceed with approving the application. *CADNA (13 May 2011).*

GAC guidelines for Early Warning and Advice. ICANN should clarify the guidelines which the GAC will refer to when making GAC Early Warnings and GAC Advice. The current explanation does not make it clear as to what kind of issues would cause a string to be considered questionable or sensitive. At the moment it seems that almost anything falls into the scope of GAC decision making. *Brights Consulting (14 May 2011).*

Eligibility –restrictions. CADNA applauds the detail added to applicant eligibility provisions. Conducting more thorough background checks and placing tougher restrictions on eligibility will hopefully ensure that there are fewer opportunities for applicants with bad intentions to proceed and that only those applicants who should be applying for new gTLDs make it through the process. *CADNA (13 May 2011).*

#### Dot Brand Applicants.

It will greatly benefit potential dot brand applicants if a separate application category were created for them (dot brand model is mentioned in the Registry Code of Conduct) or alternatively if such a model were to be identified in the main body of the applicant guidebook. *Brights Consulting (14 May 2011).*

It is disappointing that there is not a specific dot brand category available for essentially what may be closed or defensive registries. There should be a separate dot brand category defined and more clarification as to how businesses applying for a dot brand should structure their application. *Hogan Lovells (15 May 2011).*

Applicants for a dot brand TLD need more details in the final AGB for planning reliability on costs, requirements and processes. So far only a few details are included in the AGB like in the Registry Code of Conduct. *DOTZON (15 May 2011).*

Regulated and professional sector gTLDs. It is not just geographical designations that are sensitive in nature and in need of special protections. Special care should also be given to regulated sectors (e.g. financial) and professions as the potential for damage and harm to society is high (financial harm and loss of trust in e-commerce and the internet at large). ICANN must mitigate the risks of sensitive strings being controlled or operated through rules and safeguards and the applicant guidebook should not be approved without their inclusion:

- (1) Applicants for a regulated profession, industry or sector (e.g. .bank, .insurance) should be required to submit a written endorsement of their application by the relevant supervisory bodies or authorities (analogous to the government support requirement for geographical names) or a valid and in-force license to operate such a business, and such applications should not be admitted to delegation absent such endorsement or valid license.
- (2) Analogous to community-based applications, regulated sector applications should also be subject to certain post-delegation contractual obligations to operate the gTLD

in a manner consistent with the restrictions associated with this regulated sector designation and to take adequate measures to avoid consumer confusion and harm, including but not limited to the obligation to take action against a second level domain registrant, or suspend such registration(s) or service(s) upon intervention or complaint by a competent national regulatory or supervisory body.

- (3) As proposed by the GAC, the application evaluation process should include review by governments, via the GAC explicitly also for applications relating to sectors that are subject to national regulation (i.e., GAC Early Warning and GAC Advice should be applied to such applications). Intervention by a competent supervisory authority via the GAC would create a strong presumption for the ICANN Board that the subject application should not be approved.
- (4) The Limited Public Interest Objections should explicitly include objections based on national regulations for the protection of consumers and sector specific national regulations that are also intended as consumer protections.

*Swiss Re (15 May 2011).*

Updated timelines. ICANN should clarify the application process by providing a diagram with the updated timelines for each portion of the process. As of now there are some places that have confusing information. *Brights Consulting (14 May 2011).*

Section 1.1: ICANN should take into account external holiday calendar events as well as the timing of ICANN meetings, and adjust accordingly the Application Program timeline. *RySG (15 May 2011).*

Batching. ICANN should provide details in the final AG on the batching process. Details are not yet available, apart from basic information that a separate process still has to be established. *DOTZON (15 May 2011). RySG (15 May 2011). AFNIC (15 May 2011).*

The first batch should be significantly less than 500 applications in order to test the operational readiness of newly designed application processing and objection/contention systems. A significant portion of the first batch should be comprised of Community-Based applications. Subsequent application rounds should be launched as quickly as possible but only after ICANN adjusts the application process and guidebook to reflect experience learned in the initial round. *BC (15 May 2011).*

Fee reductions/package pricing for IDNs and other languages.

Applicants should be granted fee reductions for additional versions of the applied-for string in IDN scripts and other languages. This would serve as an incentive mechanism for build-out of IDNs and underserved language-script communities. If the applicant is seeking new translations of a current gTLD, then all registrants should have the option to register their second level names in all of the linguistic variations offered by that TLD. *BC (15 May 2011).*

The ICANN Board and staff should work with the community to provide an approach that enables applicants to offer multiple (“bundled”) applications that include different script versions of the same string at a lower, packaged price. Packaged pricing fits ICANN’s values by, among other things, promoting diversity; makes budget sense; and would stay within ICANN’s cost neutrality guidelines. Packaged review of related applications will lower ICANN’s review costs and lower the costs to applicants—leading to more IDN build out around the world. *R. Andruff et al. (15 May 2011). C. Roussos (16 May 2011).*

Not-for-profit pricing option (1.5.1). ICANN should provide a not-for-profit new gTLD applicant pricing option which could only be available to a subset of not-for-profits based on criteria. *NPOC (16 May 2011)*.

Legal compliance (module 1, p.23). Regarding the requirement that “ICANN must comply with all U.S. laws, regulations and rules, and prohibits offering license to the individual or entity of the U.S. Treasury SDN list,” this provision is inconsistent with ICANN’s multi-stakeholder model and bottom-up process, which makes it difficult for ICANN to be open, fair and equitable to other governments and other stakeholders. ICANN should bear in mind the development and application characteristics and trends of the Internet, having full consideration of the interests of all stakeholders and making appropriate amendments to the provisions. *Internet Society of China (27 May 2011)*.

Background screening (1.2.1). Background screening should occur at the level of the entity, named individuals, and entity affiliates and subsidiaries. When the ICANN Board eliminated any restrictions on cross ownership or vertical integration, it increased the importance of screening applicants for prior abusive conduct. Cyber squatting has been documented at affiliates and subsidiaries of the registrars and registries who are likely to be applicants for new gTLDs. ICANN should expand disqualification criteria to apply to affiliates or subsidiaries of the applicant entity. *BC (15 May 2011)*.

Modify the “three strikes” UDRP reference for applicant disqualification.

This criteria should be adjusted to take into account the size of an applicant’s domain portfolio as well as the percentage of adverse UDRP decisions rendered against them in comparison to all UDRP proceedings they have been involved with. If unchanged, ICA intends to carefully monitor the actual enforcement of this disqualification criteria for both companies and individuals and suspects that ICANN will exercise a significant degree of enforcement flexibility based upon the “exceptional circumstances” and “generally be considered” phrases in the current proposed language, rather than bar applications for new gTLDs submitted by large registrars. Any flexibility in applying this criteria should be accorded equally to both corporate and individual new gTLD applications. Individual owners of large domain portfolios, unlike corporations, cannot establish subsidiaries or affiliates of themselves, yet may otherwise be in the same position as regards their UDRP histories. *ICA (15 May 2011)*.

A hard and fast line—whether an entity or person has lost 3 or more UDRP cases—is not appropriate and will unintentionally disqualify otherwise qualified applicants. Further, the language is not clear on what constitutes cyber squatting. ICANN should revert to the DAGv4 definition of “bad faith in regard to domain name registration” and in conjunction with this definition use a definition of history or pattern of cyber squatting that does not involve a specific number but rather is closer to a “customary way of operation or behavior” and thus allows for a contextual analysis for each applicant. *Demand Media (15 May 2011)*.

“Adverse, final” in revised Sec. 1.2.1.m. New language in this section referencing “adverse, final” decisions appears to be responsive to ICA’s December 2010 comments that a UDRP loss that has been reversed on appeal should not count against an applicant and ICA thanks ICANN for that adjustment. *ICA (15 May 2011)*.

Reverse Domain Name Hijacking (RDNH)—Equivalent Treatment. New language in Section 1.2.1m that disqualifies entities who have engaged in RDNH under the UDRP or bad faith or reckless disregard under the ACPA or equivalent legislation is responsive to ICA’s December



2010 comment seeking equivalent treatment and ICA thanks ICANN for that adjustment. *ICA (15 May 2011)*.

Sec. 1.1.2.3: Where clarification is sought from the applicant because consideration of the comments has impacted the scoring of the application, how will the clarification sought by the evaluators and the clarification provided be recorded and made public? This should be explained. *RySG (15 May 2011)*.

Sec. 1.2.8: This section is entitled Voluntary Designation for High Security Zones. Considering the final report of the High Security Zone TLD Advisory Group, shouldn't this section be deleted? *RySG (15 May 2011)*.

Answer length requirements. Where there are requirements for numbers of pages per answer (applies to a number of the 50 questions), ICANN should provide details regarding the necessary font size, page size and spacing between lines (correspondent with those used in TAS), or alternatively ICANN should set the length of the answers by number of words or characters. *Brights Consulting (14 May 2011)*.

More TAS information. Once the AG is approved by the ICANN Board at the 20 June 2011 meeting, it would be useful to have more information about the TAS and how it will work. A demo version or Operational Testing Environment (OTE) of the TAS should be made available as soon as possible. *AusRegistry (16 May 2011)*.

## **Analysis of Comments**

Several comments express their appreciation and support for incorporating GAC Early Warning and Advice processes and a more comprehensive background screening check into the gTLD program.

A number of comments also request more details about the GAC Early Warning and Advice processes, such as clarification/guidance on what might raise an issue or concern, requiring that the GAC provide specific details in their Early Warnings to enable Applicants to take timely and appropriate action, and a clear process for how the Board will consider GAC Early Warnings and GAC Advice.

Note that the purpose of the Early Warning process is to provide GAC members with an opportunity to raise concerns directly with the applicant over their string(s) and/or their application(s) early in the process. While definitive guidance has not been issued, the GAC Scorecard indicated that strings that could raise concerns include those that "purport to represent or that embody a particular group of people or interests based on historical, cultural or social components of identity, such as nationality, race or ethnicity, religion, belief, culture or particular social origin or group, political opinion, membership of a national minority, disability, age, and/or a language or linguistic group (non exhaustive)" and "those strings that refer to particular sectors, such as those subject to national regulation (such as .bank, .pharmacy) or those that describe or are targeted to a population or industry that is vulnerable to online fraud or abuse."

In the case of an Early Warning, the GAC has been requested to provide the reasons for the Early Warning and to identify the countries raising the concern in order to best inform applicants so that the applicants can make informed decisions.

Existing processes for how the Board considers GAC Advice have not changed, although the Board may now consider Early Warnings provided to the applicant as part of its review of GAC Advice received later.

A few comments continue to request the creation of a dotBrand category. While we have discussed the concerns with introducing categories in response to previous comments, the central issue appears to focus on how certain applicants can meet the requirements to secure a gTLD given their unique registry/business model. For example, an applicant might secure a TLD with the intent of having a “closed” or internal facing registry (i.e., having no intent of allowing the general public to register domains). It should be noted that the pre-establishment of special requirements in the application for such TLDs would likely not meet all possible circumstances, “dotBrand” TLDs mean different things to different parties, and does not cover the possibility that the applicant’s intended registration approach may change, especially in those cases where the applicant has not designated itself as a community-based TLD.

The application form is designed to allow evaluation of the necessary financial, technical, and operational components of the applicant’s plans. We do understand that additional guidance may be necessary for applicants in particular cases in relation to particular questions while progressing through the application process. Accordingly, we will continue to provide necessary updates and guidance on submitting an application and will implement a robust customer service program to provide clarification where necessary.

Another comment highlights the concerns associated with certain strings that may be deemed sensitive by various parties and requests that regulated sectors and professions should be given special care to minimize the potential harm and damage to the public. As discussed in response to previous comments, there are issues with introducing a new category of strings. For “sensitive” strings, there is no general agreement on what qualifies as a “sensitive” string nor has a definitive and agreed on list of such strings been provided. Concerns about particular strings may be addressed via the independent objection and dispute resolution process, or through the GAC Early Warning and GAC Advice processes.

Further comments request that background screening scope be expanded to include affiliates, subsidiaries, and other entities that have relationships with the applying entity. These comments presumably focus on preventing “bad actors” from securing certain Top-Level Domains. The potential benefits of expanding the scope of background screening for all applicants must be weighed against the costs for processing all applications and increased costs incurred in performing background screening on an extended chain of related entities. ICANN has discussed and considered the process suggested to screen applicant affiliates as well as applicants themselves. Such a step would introduce significant complications and costs to the background screening process without a balancing benefit. For example, in addition to ICANN screening the affiliate, it would also need to do so for the directors, officers, partners, etc. of the affiliate. This additional screening is cost and time prohibitive and would probably not result in many disqualifications given the level of scrutiny the applicant is subject to under the process. Affiliates are often distant and have no role in operation or conduct of a TLD to be operated by the applicant. Also, such an inquiry would lead applicants to set up new entities to provide separation between themselves and affiliates. This would not be just to mask prior bad conduct – it could simply be to avoid the expense and intrusion of background checks into their associates who will not play a role in the process.

However, while it is nearly impossible to ensure no “bad actors” secure a new Top Level

Domain ICANN has implemented several protective measures to minimize this risk. Those measures include:

- Expanding the scope of the background screening check to include additional crimes as suggested by the GAC. This also includes obtaining input from law enforcement representatives on the selection of a background screening service provider.
- Adding language to the Registry Agreement that requires Registry Operators to take reasonable steps and respond to any reports (including from law enforcement and governmental consumer protection agencies) of illegal conduct utilizing the Registry TLD. Failing to comply with this provision could lead to termination of the Registry Agreement.
- Making public the names and titles of key officers, directors, partners and controlling shareholders of each applicant to enable comment.
- Providing a GAC Early Warning process that allows members of the GAC or any individual government through the GAC to provide a notice to certain applicants.

Comments request clarity on timelines and consideration given to holidays and other meetings. Holiday periods in the various regions of the world are being taken into account in considering the possible timelines involved in launch of the program.

Comments request additional information regarding the batching process, with some suggestions for placing a limit on the first batch to test operational readiness, and for ensuring that a significant portion of the first batch be comprised of community-based applications. Additional details regarding the batching process will be provided in the event the batching process must be implemented. This allows some flexibility in processing timelines. For example, if slightly over 500 applications are submitted then a decision to extend Initial Evaluation by some amount of time to accommodate all applications may occur so long as the maximum delegation rate limits are not impacted. Also, the batch limit is dictated by processing capacity, which is based on understanding the impact to operational readiness through the build and testing of those activities. So at this point, though the small first batch is a good idea, there will not be further test operational readiness after the launch of the program. Even if the smaller batching were done, allowing one type of applications to proceed over others may provide an unfair advantage over other applicants that may be promoting to a similar group of registrants.

Comments regarding fee reductions have been addressed in previous versions of the Guidebook. The evaluation fee is revenue neutral and is based on an estimate of the costs to process applications. As this will be the first round of processing applications, there are a significant number of uncertainties that must be accounted for. Accordingly, reducing fees under any circumstance is not envisioned in the initial round. However, ICANN will conduct an analysis at the end of the initial round to determine where efficiencies can be gained and savings passed on in future rounds.

A comment requests clarification on how comments will be considered by evaluation panels and clarifications sought from applicants. Any comment directly impacting the score of a specific applicant will require clarification from the applicant before a final score is provided. An applicant may choose to provide its response within the public comment forum. However, there is an opportunity for the panel to provide questions to the applicant and the applicant can then reply. The evaluation results are publicly available after the evaluation process has been completed.

A comment asks if Section 1.2.8 – Voluntary Designation for High Security Zones should be removed from the Guidebook. The Guidebook has been updated with regard to the working group’s final report, and indicates that ICANN will support independent efforts to develop a voluntary high-security TLD designation.

Comments request additional information on the TLD Application System (TAS) including clarification of answer length requirements. A plan is in place to release additional information on TAS in relation to look and feel. However, for security reasons, a test version of the tool will not be released for public use. Finally, additional guidance on application requirements (i.e., character limits for answers) will be provided in the next version of the Guidebook.

Comments expressed support for the clarifications concerning UDRP decisions and reverse domain name hijacking. Comments also called for greater flexibility in reviewing an applicant’s history of UDRP proceedings. It is important that there be an objective standard to avoid the additional cost and potential inconsistent results of an ad hoc review, and provide greater predictability for applicants. Previous comments on this section called for additional information on what would constitute a “pattern” of behavior, with the expectation that the standard should be generally available to applicants. An objective standard has been put in place. The standard of three or more decisions with one or more occurring in the last four years accounts for both a threshold of repeated behavior and a relevant span of time. The intent of this test is to prevent those who are likely to engage in cybersquatting from obtaining a TLD. This is why the standard provides discretion: the test is stated to be a “general rule,” which can be reconsidered if warranted by exceptional circumstances. A variety of factors might influence that decision.

Finally, there is a comment regarding ICANN compliance with US national law and how that might lead to actions working contrary to the multi-stakeholder model. ICANN has little choice but to comply with US law as that is where its headquarter is located. ICANN attempts to obtain licenses in order to serve requests wherever possible.

## EVALUATION

### Key Points

- Comments/questions focused on clarifying the application questionnaire should be sent to [newgtld@icann.org](mailto:newgtld@icann.org). ICANN will capture and provide a central repository of responses for all applicants going forward.
- Metrics/criteria used to facilitate the weighing of potential benefits/costs should be 1) tangible, 2) transparent, and 3) measurable.

### Summary of Comments

Applicant Review Process—Governmental Entities (Cities). The City of New York seeks to be treated the same as publicly traded corporations in the ICANN applicant review process (Guidebook, section 2.1.1 at 2-2, General business diligence and criminal history). Indicating that governmental entities subject to independent audit, GAAP compliance and public integrity controls will be treated similarly to private entities would encourage responsible governments to proceed with gTLD applications directly to ICANN. This will provide diversity and local

representation to the Internet framework, which is one of the goals of the new gTLD program. *City of New York (13 May 2011).*

Post Launch Compliance. ICANN should require post-launch compliance with the policies and procedures offered by applicants during the application period. Further, ICANN should impose and enforce such requirements with the registries for the existing TLDs. *NCTA (Module 2, 13 May 2011).*

Reserved names list—Olympic and Olympiad. The terms Olympic and Olympiad should be added to the Reserved Names list, which would be consistent with the laws of the U.S. and numerous other countries around the globe, and allow the U.S. Olympic Committee to focus its limited resources on its primary mission, rather than on defensive registrations and a cumbersome process of filing formal objections against infringing gTLD applications. The RPMs in the guidebook are insufficient to protect the Olympic movement. Both the USOC and the International Olympic Committee (IOC) have repeatedly advocated that reserving the words Olympic and Olympiad in the top and second levels of all new gTLDs serves the public interests of the international community and comports with accepted principles of law. As explained in detail in past comments submitted to ICANN, more than thirty nations have enacted *sui generis* legislation reserving exclusive use of the words Olympic and Olympiad to the IOC and the National Olympic Committees. More than sixty countries have signed the Nairobi Treaty on the Protection of the Olympic Symbol, establishing special protection for the Olympic Movement as an internationally accepted principle of law. The GAC has advised the ICANN Board to approve the request to add Olympic and Olympiad to the Reserved Names list. *USOC (13 May 2011). IOC (15 May 2011).*

Reserved names (2.2.1.2)—include ccTLD regional organizations.

The names of ccTLD regional organizations must also be included on the reserved names list (e.g., CENT, APTLD, LACTLD, in the same status like LACNIC, ARIN, RIPE, Afrnic or APNIC). It is necessary to the community to feel and know that ICANN is also protecting the ccTLD communities. Note that this is the third time that this comment has been sent and that the four RO's are observed in ccNSO and are part of ccNSO committees and are recognized by all the community. *E. Iriarte Ahon (16 April 2011).*

It would be helpful to understand why ICANN has not included the regional organizations for ccTLDs on the reserved names list (e.g. CENTR). *M. Neylon (15 May 2011).*

Reserved names—remove ICANN mark. Equity and fairness dictate that the ICANN Mark should be removed from the reserved names list. ICANN should bear the same burden and expense of protecting its mark against cyber squatters as other brand owners must. *Microsoft (15 May 2011).*

Two-character labels.

The newly added reservation of “two-character labels” should be deleted from the applicant guidebook; it may cause problems and lacks a rationale. Confusion with the “two-letter codes” of ccTLDs or technical reasons are by all means not evident. Reservation of two-character labels has never been a publicly discussed point and putting it into the guidebook rules without a community discussion is outside the policy development process. Its timing is odd because at least a dozen gTLD and ccTLD registries have released “two-character labels” just recently or are planning to release them in the near future, with ICANN’s approval in the case of gTLDs. Reservation of two-character labels will create legal challenges in many new gTLDs (e.g. in Germany DENIC, the operator of the .de ccTLD was in 2010 forced by competition and

trademark laws to release all “two-character labels”). *dotBERLIN* (11 May 2011). *DOTZON* (15 May 2011). *dotKohn* (16 May 2011). *C.Roussos* (16 May 2011)

#### Single character IDN gTLDs.

Before it adopts any implementation models for single-character IDN gTLDs, ICANN must put those models out for a meaningful public comment period. *Microsoft* (15 May 2011).

Regarding 2.2.1.3.2, consistent with the original new gTLD Recommendations approved by the GNSO Council and the Board regarding Reserved Names and with the recent GNSO Council recommendation, the RySG strongly supports the JIG recommendation that single character IDN gTLDs be allowed as proposed by the JIG. *RySG* (15 May 2011)

Internet Society of China presented comments to ICANN on JIG single character international top-level domains on January 12, 2011, expressing its concerns about single character IDN gTLDs. Internet Society of China requests again that single character IDN TLDs be analyzed in regard to different languages on a case-by-case basis, and related policies should be considered after the IDN variant word policy solution comes out. Regarding Chinese characters, words composed of two or more characters usually have explicit meaning. But in some cases a single Chinese character has more than one meaning. Some Chinese characters represent geographical names (hereinafter referred to as or commonly known as), and the nation, the surname, etc. If these characters are used as domain names, it is easy to cause confusion and misunderstanding. *Internet Society of China* (27 May 2011).

CNNIC welcomes allowing IDN single-character TLDs into the market. The single Chinese character string often shares similar meaning with a two-character Chinese string, and some single Chinese characters are used by Chinese people as acronyms to refer to geographical names or other specific noun phrases. The guidebook might address it to avoid users’ confusion. Moreover, single Chinese characters also have variant issues. ICANN should comprehensively consider the IDN variants issue and single-character issue in the application guidebook. *CNNIC* (27 May 2011).

Chinese IDN variants—timetable concern. ICANN attaches great importance to the IDN variants issue and has instructed formation of the VIP WG to find a management mechanism; however, the timetable is unfavorable for IDN variant applicants if they want to apply for an IDN TLD in the first application round. The ICANN VIP group should expedite the process so that the variant issue can be properly addressed and the variant issue should be treated on a case-by-case basis and first come-first serve basis to meet the demand of potential applicants. Based on registry operation experience, Chinese TLD operators have developed a concrete and feasible solution to meet the needs of Chinese users worldwide. Chinese solutions have been fully tested out by the delegation and operation of Chinese IDN ccTLDs. To date, registries have not received any complaints regarding variant management and no abuse of variant domain names is reported. The Chinese Domain Name Consortium produced a detailed report on the Chinese experience last year in its letter to ICANN. CNNIC believes that the work of the Chinese community will serve as a good foundation for the VIP WG. *CNNIC* (27 May 2011).

#### Data gathering.

USCIB is pleased to see that the AG now requires applicants to detail the expected benefits from their TLDs as well as how the TLD operating rules will minimize “social costs.” Gathering appropriate data is key to helping identify problems during the initial rollout. USCIB supports the Economic Study’s suggestion for ICANN to gather information in order to more clearly identify the general benefits and costs of implementing new gTLDs. USCIB also recognizes

ICANN's commitment to this endeavor under Article 9.3 of the Affirmation of Commitments that requires ICANN to organize a review of the introduction or expansion of gTLDs and associated processes. *USCIB (15 May 2011). NCTA (Module 2, 13 May 2011).*

Any criteria or metrics created to facilitate weighing potential costs and benefits to the public in the evaluation and award of new gTLDs, as recommended by the GAC, should be tangible and transparent in order to evaluate the success of the program and help form recommendations for its continual improvement through future rounds and expansion. Specific applications should highlight the potential community costs and benefits of any new gTLD. Any such costs and benefits identified in an application should be: (1) measurable; (2) directly affect whether an application is approved or not; and (3) be used to hold registry operators accountable for the operation of the gTLD. *MarkMonitor (16 May 2011).*

NPOC supports the questions (2.2.2) regarding applicant intent as part of the application process and suggests that the Board consider scoring answers to those questions as part of the application review. *NPOC (16 May 2011)*

Costs and benefits review criteria (2.2). The Board should incorporate review criteria for weighing the costs and benefits to the general public for all new gTLD applications. E.g., in the not-for-profit community there is concern about strings such as .DONATE, .CHARITY, .GIVE, etc. which offer tremendous opportunity for both good and harm. Such strings should be carefully considered during the application review process without requiring a costly objection to be filed first. *NPOC (16 May 2011).*

Dot Brand Applicants. The evaluation questions should take more account of the needs of dot brand applicants. E.g. question 18, which requires applicants to state the mission/purpose of their registry, has been significantly expanded in this draft of the AG with a series of sub-questions which are not directly applicable for dot brand applicants. The application process would be improved if alternatives were provided for dot brand applicants, asking about, e.g., how a new gTLD will be used to support the strategic aims of the brand. *Valideus (13 May 2011).*

Question 11—proposed alternative address disclosure. The requirement in question 11 for directors of applicant companies to disclose their permanent place of residence raises concern. An alternative would be to ask for an address within the application company. This is more appropriate when the application is being made on behalf of the company. *Valideus (13 May 2011).*

Question 11—due diligence improvements.

COA commends ICANN for reversing at least partially its proposal to cloak in anonymity the identities of key players behind new gTLD applications (evaluation criterion 11(a)). *COA (15 May 2011).*

Regarding new criterion 11(d) dealing with applicants whose legal form lacks directors, officers, partners or shareholders, COA suggests that the individuals whose identities must be disclosed should include not only those with “direct responsibility for registry operations” but also those with legal or senior management responsibility for such operations, which is roughly equivalent to what must be disclosed by other applicants. *COA (15 May 2011).*

Criterion 11(e) appears (perhaps as a drafting error) to relieve applicants of the responsibility to disclose all felony convictions within the past ten years. For clarity and comprehensiveness the

language here should be conformed with that of section 4.3(f) of the draft Registry Agreement, which disqualifies a person convicted of “any felony” from continuing to serve as an officer or director of a registry operator. *COA (15 May 2011)*.

Question 18(c) –Domain Parking. ICANN must remove clause iv from Question 18(c) in the Attachment to Module 2. A policy that discourages a certain form of legal commercial speech at new gTLDs is a form of content regulation and is therefore unacceptable. This question is an inappropriate intrusion into a registrant’s right to utilize a domain name for a lawful purpose. It would impose pressure on applicants to impose rules that would limit parked websites at domains registered within their new gTLD, and equates domain parking with “social costs” and “negative consequences/costs.” Such derogatory association is unfounded and registry-imposed constraints are unjustified and unnecessary. A domain name registrant that has paid the registration fee for a name is entitled to engage in any legal activity with that name, or in fact to not use it at all. Display of ad links on non-infringing generic word domains is equal in legitimacy and usefulness to the paid ad links displayed by major search engines when the same word is entered into them. The suggestion that parking a name and publishing links to data and/or advertising alone is a negative or harmful practice is at best misinformed and certainly incorrect. For ICANN to suggest a role in defining legitimate or illegitimate content is extraordinarily dangerous to the interests of the entire Internet community. This new evaluation criterion is also completely at odds with recognition elsewhere in the April 2011 Discussion Draft that domain parking in and of itself is not a negative criterion under the proposed URS. WIPO has recently adopted a similar view for the guidance of examiners under the UDRP. *Oversee.net (15 May 2011)*. *ICA (15 May 2011)*.

Question 18(c)iii –agreement term clarification. ICANN should clear up the ambiguity in question 18(c)iii and Sections 2.10(a) and (c) of the registry agreement regarding the period of contracts for domain name registrations (“permanent” or “no greater than ten years”). AusRegistry supports allowing permanent registrations, particularly in the case of single registrant, single user TLDs. *AusRegistry (16 May 2011)*.

Rapid takedown or suspension systems. The clarification of requirements necessary to obtain 2 points on questions 28 and 29 is useful, but ICANN missed a tremendous opportunity to make an important contribution to the security and stability of the Internet by failing to require that all new gTLD registry operators implement a rapid takedown or suspension system. Further, ICANN compliance must have the resources and mandate to ensure that applicants abide by the representations made in their applications on questions 28 and 29. *Microsoft (15 May 2011)*.

Question 28--Orphan glue records. Regarding the issue of management and removal of orphan glue records, SSAC offers the following comments:

- (1) Orphaned glue is an ambiguous term for which no definitive definition exists. The SSAC has prepared a definition that it recommends be included in the Applicant Guidebook.
- (2) Orphaned glue can be used for abusive purposes; however, the dominant use of orphaned glue supports the correct and ordinary operation of the DNS. Thus it is inappropriate to include the management of orphaned glue under the rubric of “abuse prevention and mitigation” and SSAC suggests that it be removed.
- (3) To mitigate the actual abuse of orphaned glue, registry operators should take action to remove these records when provided with evidence that the glue is indeed present to abet malicious conduct.

*SSAC (Module 2, 13 May 2011)*.

Question 39 clarification.



The terms “Recovery Point Objectives” and “Recovery Time Objective” are not defined or explained and it is unclear what applicants are being asked to do. These terms should be explained in the guidebook. *RySG (15 May 2011). AFNIC (15 May 2011).*

It is unclear what “vital business functions” are in question 39. The statement should be reworded as: “Identification and definitions of vital business functions, defined as those business functions critical in supporting the delivery of Registry Services as defined in Specification 6 of the New gTLD agreement, as well as any other Services defined in the applicant’s response to Evaluation Criteria Question 23.” *AusRegistry (16 May 2011).*

Definition and consistency of terms used. Question 23 and many other areas of the guidebook use the terms “Registry Services”, “Registry Functions”, and “Registry Operations” interchangeably. Each of these terms should be defined and a consistency check and appropriate update should be performed to ensure clarity. *AusRegistry (16 May 2011).*

Mark questions 24 and 26 as non-public. Questions 24 and 26 should be marked non-public as they ask the applicant to describe the technical implementation of SRS and Whois systems respectively. Publicizing specific implementation details, such as network designs, can assist an “attacker” in planning system attacks. *AusRegistry (16 May 2011).*

Question 43—correction. Question 43 under the Scoring column—1-Meets Requirements-- appears to have an error. The second half of the sentence states that registries will offer provisioning capabilities to accept public keys from registrants, and implies registries will also provide key exchange, generation and storage. This does not match AusRegistry’s understanding of the intent of this Criteria. AusRegistry requests that “(generation, exchange and storage)” as stated at the end of the bullet point be removed. *AusRegistry (16 May 2011).*

Question 50 B (i), Letter of Credit (LOC). The current version of the guidebook states: “The LOC is subject to the International Standby Practices (ISP 98) International Chamber of Commerce (Publication No. 590).” According to several bank contacts, ISP 98 is not a commonly used LOC outside of the U.S. and we understand that under the current requirements Japanese banks will have difficulties obtaining such a document. *UrbanBrain (16 May 2011).*

## **Analysis of Comments**

A comment suggests that government entities, which are subject to independent audit and other public integrity controls, be afforded the same background screening process as publicly traded organizations listed in the top 25 stock exchanges. To clarify, the approach in section 2.1.1 has been put in place to avoid duplicating the background check process on individuals that is already conducted on directors by the top 25 stock exchanges and to keep application processing economical. It is not intended to preclude ICANN from conducting a background screening if required. In addition, typically financial audits conducted by independent third party audit firms do not require extensive background checks of the key individuals responsible for the entity. Accordingly, there would be no duplication of processes or leveraging of work already done by other parties thus background checks of the individuals responsible for the registry will continue as described in the Guidebook

A comment suggests that a post-launch compliance review be conducted of policies and procedures proposed in the application. Compliance reviews are conducted against the terms of the Registry Agreement. To the extent that certain policies and procedures from the

application period are included in the Registry Agreement then those areas will be reviewed. In addition, the application requires that applicants warrant that the statements and representations contained in the application are true and accurate and complete in all material respects. Any material misstatement could cause an application to be rejected.

Commenter recommend that names such as Olympic trademarks, regional ccTLD organizations, and Red Cross names should be placed on the Top Level Reserved Names List in section 2.2.1.2.

With regard to the inclusion of specific entities' names on this reserved list, it is understood that some names have statutory protection internationally. These can be handled on an objection basis. ICANN is considering the nature of these protections, and whether they should be extended to few and certain entities.

With regard to the ccTLD organizations, this was considered; however, the top-level reserved names list is intended to be as narrow as possible, and cover only those names that have an impact on the DNS infrastructure or are part of the organizational structure of ICANN. The bodies mentioned are important DNS community members, but fall more into the category of constituencies, which are self-formed and self-governed, and it would expand the list considerably to include all of these as reserved names.

Other comments suggested that ICANN should remove its own name from the Top-Level Reserved Names List in section 2.2.1.2. This has been considered, but not adopted yet. It should be noted that ICANN was included on this list as a logical extension of being the organization responsible for operating the program rather than as a means of claiming special trademark protection. It should also be noted that "ICANN" is reserved only at the top level – there is no reservation of "ICANN" at the second level, and ICANN thus uses the same processes for addressing any problematic registrations at the second level as does any other organization.

Some comments suggested that reservation of two-character labels from registration at the second level (per Specification 5 to the Registry Agreement) should be eliminated. Although some commenters took this as a new requirement, this it has been in place since the first draft of the Guidebook and is also contained in current registry agreements. New gTLD operators will have the option to propose release of these labels based on implementation of measures to avoid confusion with the corresponding country codes. A number of existing gTLD operators have submitted and been approved for such requests.

A comment expressed support for the implementation of the Joint ccNSO-GNSO IDN Working Group (JIG) recommendations on enabling one-character IDN TLD labels, while another comment expressed a need for public comment on such provisions prior to implementation. The proposed recommendations for allowing one-character IDN TLD strings are currently under consideration. ICANN is responding to the latest, recently received JIG report with questions on implementation to ICANN's policy and technical Support Organizations and Advisory Committees.

#### Application Questionnaire

A number of the comments ask for clarity of certain question terms and, in some cases, have provided suggested wording changes. We thank everyone for providing these comments and request that further questions regarding clarification of terms in the questionnaire be sent to [newgtld@icann.org](mailto:newgtld@icann.org). ICANN will capture and provide a central repository of responses for all

applicants going forward. Each of the relevant comments is addressed below and, as appropriate, will be added to this central repository.

A comment requests that the terms Registry Services, Registry Functions, and Registry Operations be used consistently throughout the application. These terms will be reviewed and the questionnaire adjusted appropriately to ensure consistency.

#### Question 11 – Applicant Background

Comments generally support the expanded background screening process and have included possible improvements to the process. For example, a comment suggests that legal or senior management responsible for registry operations be included especially for those entities whose legal form might lack directors, officers, partners or shareholders. Other comments express concern over the detail being requested of applicants (i.e., home address of key individuals) or the appearance of inconsistency with the draft Registry Agreement (i.e. not requiring disclosure of felony convictions beyond ten years).

The comment suggesting legal and senior management be included has merit and the Guidebook is updated. We also understand the concern with collecting private/confidential information such as a home address for a key individual. However the purpose of requesting the personal home address in Question 11 is for the requirements of the background screening process. Without this information the background screening may not be able to provide relevant, positively confirmed, information about the individual. Consequently the background screening process would be ineffective. We understand that this information is confidential and it will be kept as such as it is submitted and maintained by ICANN.

The term “felony” has been removed to expand the scope of the review to include the conviction of any crime. All criminal convictions need to be disclosed as part of question 11. The ten-year time limit in the questionnaire is for the initial background screening check only. The terms in the Registry agreement remain in place and provide notification to the registry operator that any future convictions of the crimes listed in 4.3(f) do not have a time limit.

#### Question 18 – Mission / Purpose

Comments generally support the inclusion of certain economic questions that will help the community understand better how the TLD will provide benefit and minimize “social costs.” Comments also request that metrics/criteria used to facilitate the weighing of potential benefits/costs should be 1) tangible, 2) transparent, and 3) measurable. In addition, some comments suggest that review criteria should be incorporated that would directly affect whether an application is approved, and be used to hold registry operators accountable for the operation of the gTLD. Finally, a comment suggests that an applicant might secure a TLD with the intent of having a “closed” or internal facing only registry (i.e., having no intent of allowing the general public to register domains) and thus the economic benefit questions under Question 18 would not apply or should be rewritten to account for this type of application.

We agree with the concept that metrics/criteria captured as part of the questionnaire be tangible, transparent, and measurable. However, as has been discussed over several versions of the Guidebook and in several economic studies, exact measurements are difficult to ascertain without first having some relevant, concrete set of data to begin development. The expectation is that data collected in this first round will be used to gauge the effectiveness of the program and will be refined as the program progresses. Relevant data gathered during this review may help inform future rounds, including possible additional criteria for determining whether an application is approved.

We appreciate the clarification sought on Question 18 for “closed” or internal facing only strings. These questions have been added at community request to help inform reviews of the effectiveness of the program. We believe these questions are applicable whether or not the applicant chooses to make the registering of names available to the public. If an applicant indicates that the question, as worded, is not applicable then they must provide rationale to this effect. Note, while these questions will not be scored they will be viewable by the public and will form the basis for future economic studies.

Some comments objected to the inclusion of a question concerning policies on domain parking or advertising in the new set of questions included to inform economic studies. It is acknowledged that these activities are not necessarily equated with negative social costs, and this question has been removed.

Another comment cited confusion on the reference to “permanent” contracts for domain names in question 18(b)(iii). The Registry Agreement requires that: “Registry Operator shall offer registrars the option to obtain initial domain name registrations for periods of one to ten years at the discretion of the registrar, but no greater than ten years.” Additionally, the Registry Agreement requires advance written notice of price increases. The question essentially concerns provisions impacting registrant pricing, and the previous section referencing “permanent” contracts has been removed.

#### Questions 24 and 26 – SRS and Whois

A comment suggests that certain information being requested and made public for these questions could increase the potential for harm as they could be used in planning system attacks. It is important to strike a balance between transparency, particularly regarding public-facing processes, and safeguarding information that could be easily vulnerable to misuse. ICANN is considering whether there are aspects of these questions that should be withheld from public disclosure due to the significance of the risks.

#### Questions 28 and 29 – Abuse Prevention and Mitigation and Rights Protection Mechanisms

A comment suggests that the rapid takedown/suspension systems called for in Questions 28 and 29 should be required for all applicants and that compliance have necessary resources available to conduct reviews as required. We understand the nature of this concern; however, the same type of rapid takedown/suspension requirements may not be necessary or desirable for all types of TLDs. Future policy work within the community might yield best practices for such procedures. In the meantime, the registry has the ability to implement procedures that fit the circumstances of the particular TLD.

Some comments suggested changes to the requirement on orphan glue records in Question 28, including a definition for orphan glue records, and a requirement for a registry operator to remove such records when presented with evidence that they are being used for to abet malicious conduct. These comments have been incorporated.

#### Question 39 – Registry Continuity

A comment requests clarification of the terms “Recovery Point Objectives” and “Recovery Time Objectives” included in question 39. The terms are common Continuity Management (i.e. Business Continuity Planning) terms that focus on the recover of critical data and functions, as defined by the organization.

- A Recovery Point Objective (RPO) refers to the point in time to which data should be recovered following a business disruption or disaster. The RPO allows an organization to define a window of time before a disruption/disaster during which data may be lost and is independent of the time it takes to get a system back on-line (the Recovery Time Objective). If the RPO of a company is two hours, then when a system is brought back on-line after a disruption/disaster, all data must be restored to a point within two hours before the disaster.
- A Recovery Time Objective (RTO) is the duration of time within which a process must be restored after a business disruption or disaster to avoid what the entity may deem as unacceptable consequences. For example, pursuant to the draft Registry Agreement DNS service must not be down for longer than 4 hours. At 4 hours ICANN may invoke the use of an Emergency Back End Registry Operator to take over this function. The entity may deem this to be an unacceptable consequence therefore they may set their RTO to be something less than 4 hours and will build continuity plans accordingly.

These definitions have been added to Question 39 as a reference for applicants.

Another comment provides additional clarity on what are “vital business functions” and includes a revised language. This language will be considered as an update to the questionnaire.

A comment suggests a clarification to specific language used in Question 43 on DNSSEC; this suggestion has been incorporated.

A comment states that the International Standby Practices (ISP 98) for a Standby Letter of Credit are not generally followed by financial institutions in some regions. The Guidebook has been updated to allow an alternative standard to be incorporated into the letter of credit, if it can be demonstrated to be reasonably equivalent.

## **TRADEMARK PROTECTIONS**

### **OVERALL RIGHTS PROTECTION MECHANISMS**

#### **Key Points**

- Comments from every section of the ICANN community and broader Internet community have been thoroughly considered in the development of the trademark protection mechanisms in the Applicant Guidebook.
- Discussions between the Board and the GAC led to numerous changes in and improvements to the RPMs, which were further informed by continued community consultation.
- The trademark protections in the most recent version of the Applicant Guidebook provide stronger protections than any previous version and are intended to create a balance between all interested parties.

## General

### Support for trademark protections in current guidebook.

Substantial trademark protections have been developed for new gTLDs. ICANN has come a long way in providing protections for trademark owners in the new gTLD process with a substantial amount of additional protections at the top and second levels compared to what is afforded today for existing gTLDs. *Neustar et al. (15 May 2011).*

Following extensive work by the ICANN Board and the GAC, we now appear to be much closer to the original IRT proposals and we applaud ICANN for making these important and welcome changes. *Hogan Lovells (15 May 2011). FICPI (Module 3, 15 May 2011).*

### The RPMs are inadequate.

ICANN's plan does not meet its Affirmation of Commitment obligations (para. 9.3). To prevent abuses such as consumer fraud as well as user confusion, the plan still requires businesses to pay for defensive registrations or file IP claims in hundreds of new gTLDs at prices that are unconstrained by ICANN or other regulatory bodies. The legal expenses and other costs of defensive registrations and IP claims will not be offset by potential economic or informational value to either registrants or Internet users. *AIPLA (13 May 2011).*

The critical issue of trademark protection remains unresolved in the revised guidebook, even at this late stage. *Adobe Systems (13 May 2011). NCTA (Module 2, 13 May 2011).*

The RPMs are still substantially weaker than those recommended by the IRT. *BC (15 May 2011).*

It is frustrating and unreasonable that ICANN and its staff have failed to address numerous constructive suggestions made by the ICANN community for modifying specific RPMs on the basis that the proposals are beyond those proposed by the IRT. Regardless of that issue, much work remains to be done to implement effective RPMs consistent with those recommended by the IRT and as discussed with the GAC. *IACC (15 May 2011).*

There should be a globally protected marks list (GPML). Absent a GPML, trademark holders must pay for unwanted defensive registrations. *BC (15 May 2011). Coca-Cola (15 May 2011).*

### RPMs must be cohesive, implementable and consistent with existing frameworks.

If the current RPMs are now presented as complete, their actual "design" unfortunately can seem almost random, with lobbied positions tacked on as an expedient. This not only harms the stated purpose of the RPMs, but risks a disservice to the DNS itself, missing a contractual opportunity for a forward-looking approach to the functional integration of norms. WIPO remains committed to workable IP dispute prevention and resolution solutions and is available to share its experience and expertise with ICANN. *WIPO Center (13 May 2011).*

It is paramount that the processes that ICANN sets be practical and capable of implementation in order to make the process fully reliable. *MARQUES/ECTA (15 May 2011).*

ICANN's approach to RPMs should be consistent with the principle of adhering to existing IP frameworks and not creating new law. *USCIB (15 May 2011).*

Role of WIPO. Far greater weight should be given to the views of WIPO as the leading non-profit organization with extensive experience in resolving IP disputes in the domain name space and wider. *MARQUES/ECTA (15 May 2011).*

Single registrant TLDs –RPMs. Existing RPMs (e.g. UDRP and sole remedy of transfer of a second-level registration) may not function in respect to single-registrant TLDs. In the case of a single-registrant TLD there should be an additional remedy as an alternative to transfer of the registration. It is suggested that it be allowed that the second level name is reserved and non-resolving. Single registrant TLDs should not be required to allow unaffiliated registrants to hold registrations in a single registrant TLD. Such third party registrations could cause consumer confusion and in extreme cases be a vehicle for fraud. *BC (15 May 2011).*

## **Analysis of Comments**

Comments from every section of the ICANN community and broader Internet community have been thoroughly considered in the development of the trademark protection mechanisms in the Applicant Guidebook.

Some commenters applaud and support the most recent version of the Guidebook and the trademark protections as they have evolved. Others continue to state that the trademark protections are still not enough to protect trademark holders or minimize the need for defensive registrations (with some repeating the call for a globally protected marks list). Still others question the cohesiveness of the scheme of trademark protection mechanisms or whether they can properly be implemented.

Reflecting on the chronology of events that led to the development of the trademark protections now included in the New gTLD Program continues to be important. This historical review must be understood within the ICANN framework of a multi-stakeholder, bottom-up consensus building organization.

As most will recall, after the early versions of the Applicant Guidebook were posted, the trademark community made clear that more and specific trademark protections were needed. ICANN heeded those remarks. Accordingly, the Board resolved to establish an Implementation Recommendation Team (IRT), to help identify and propose rights protection mechanisms (RPMs) for trademark holders within the New gTLD Program (see <http://www.icann.org/en/minutes/resolutions-06mar09.htm#07>).

The IRT described itself as 18 people experienced in trademark protection on the Internet. The Board asked the IRT to develop a workable and acceptable set of RPMs for the New gTLD Program. The IRT engaged in intensive substantive discussion and, just as in most such ICANN processes, the public was invited to respond to ongoing IRT work.

Ultimately, the IRT developed specific recommendations reflecting the views of business and trademark interests, which included proposals for an IP or Trademark Clearinghouse (Clearinghouse), a Uniform Rapid Suspension System (URS), and a Trademark Post-delegation Dispute Resolution Procedure (PDDRP). The Clearinghouse included an IP Claims Service, a Sunrise Service, and a Globally Protected Marks List (GPML). (<http://icann.org/en/topics/new-gtlds/irt-final-report-trademark-protection-29may09-en.pdf>).

Concerns from the broader ICANN Community immediately emerged with respect to several

IRT recommendations. After significant public comment, through both the public comment forum and numerous face-to-face meetings, refinement of the IRT proposals were called for to balance the interests of the community as a whole, the trademark holders, and registrants with legitimate interests in registering domains that might also be the subject of a trademark. Compromises were also required in light of the implementation difficulties of some of the IRT proposals.

The next iteration of the Guidebook included nearly all of the trademark protection mechanisms suggested by the IRT, including the Clearinghouse (including IP Claims and Sunrise processes), the URS and the PDDRP. The GPML was not included in light of, among other things, the implementation difficulties with, and the significant opposition to, such a list. In 2009 the Board noted that a GPML was not adopted and noted some of the reasons:

[I]t is difficult to develop objective global standards for determining which marks would be included on such a GPML, such a list arguably would create new rights not based in law for those trademark holders, and it would create only marginal benefits because it would apply only to a small number of names and only for identical matches of those names. See <http://www.icann.org/en/minutes/resolutions-25sep10-en.htm#2.6>.

After further comment, discussion and revision, the Board requested the GNSO Council's view on whether the then versions of the Clearinghouse and URS proposals were consistent with the GNSO's proposed policy on the introduction of new gTLDs. The Board asked whether these RPMs were appropriate and effective for achieving the GNSO's stated principles and objectives.

In response to the Board's request, the GNSO established the Special Trademark Issues Review Team (STI), consisting of members of each Stakeholder Group, At-Large, Nominating Committee Appointees, and the GAC. The STI recommended several revisions to the Clearinghouse and the URS proposals (see <http://www.icann.org/en/announcements/announcement-2-17dec09-en.htm>), which were unanimously adopted by the GNSO.

ICANN also invited community participation in an open consultation process to discuss and propose revisions to, among other things, the PDDRP. This group was formed as the temporary drafting group (TDG).

Together, the IRT recommendations, the STI revisions, the TDG revisions, and comments from every section of the ICANN community and broader Internet community were taken into consideration in the development and iteration of the RPMs. As a result of public comment, a requirement to maintain a "tick Whois" database was added to the proposed registry agreements.

Over the past several months, the RPMs have undergone some significant further refinements in response to advice from ICANN's Governmental Advisory Committee (GAC). In its Cartagena Communiqué ([http://gac.icann.org/system/files/Cartagena\\_Communique.pdf](http://gac.icann.org/system/files/Cartagena_Communique.pdf)), the GAC identified 12 specific areas in the New gTLD Program with which it had concerns. The GAC later provided ICANN with an "Indicative Scorecard" indentifying 80 individual items for discussion (<http://www.icann.org/en/topics/new-gtlds/gac-scorecard-23feb11-en.pdf>).

The Board and GAC subsequently engaged in extensive discussions, including numerous calls with individual GAC members and Board members (topic leads), a dedicated two-day consultation between the ICANN Board and the GAC in Brussels, an exchange of follow-up written comments and responses from both the Board and the GAC, additional face-to-face



consultations between the GAC and Board in the ICANN San Francisco meeting, additional individual calls among GAC and Board topic leads, and a GAC/Board telephonic consultation on 20 May 2011.

These discussions between the Board and the GAC lead to numerous changes in and improvements to the RPMs, which were further informed by continued community consultation.

The trademark protections in the most recent version of the Applicant Guidebook provide stronger protections than any previous version and are intended to create a balance between all interested parties with a main focus of protecting consumers, including both registrants and Internet users.

The trademark protections now part of the new gTLD Program include:

- The requirement for all new registries to offer both a Trademark Claims service and a sunrise period.
- The establishment of a Trademark Clearinghouse as a central repository for rights information, creating efficiencies for trademark holders, registries, and registrars.
- Implementation of the URS that provides a streamlined, lower-cost mechanism to suspend infringing names.
- The requirement for all new gTLD operators to provide access to — thick Whois data. This access to registration data aids those seeking responsible parties as part of rights enforcement activities.
- The availability of a post-delegation dispute resolution mechanism that allows rights holders to address infringing activity by the registry operator that may be taking place after delegation.

In addition, the existing Uniform Domain Name Dispute Resolution Policy (UDRP) continues to be available where a complainant seeks transfer of names. Compliance with UDRP decisions is required in all new, as well as existing, gTLDs.

Each of the recommendations above is intended to provide paths to protect rights other than defensive registrations for trademark holders.

Further, the application process itself, based on the policy advice, contains an objection-based procedure by which a rights holder may allege infringement by the TLD applicant. A successful legal rights objection prevents the new gTLD application from moving forward: a string is not delegated if an objector can demonstrate that it infringes their rights.

One group recommends that WIPO be consulted in light of its role in trademark disputes. WIPO's contributions have been extremely valuable throughout the development of trademark protections in the New gTLD Program. WIPO has agreed to serve as the dispute resolution provider for all pre-delegation legal rights objections and was instrumental in the drafting of the standards under which such objections will be reviewed. Inputs from WIPO to all other RPMs are also important to the entire multi-stakeholder consensus process that has been at the heart of the New gTLD Program.

Finally, one group representing business interests comments on the applicability of existing trademark protection mechanisms, such as the UDRP, specifically the transfer remedy, to single

registrant or .BRAND TLDs. While this is not something relevant to the new RPMs, this is something for later consideration depending on how single-registrant TLDs evolve.

## Trademark Clearinghouse (Clearinghouse)

### Key Points

- The Clearinghouse is meant to be a database of intellectual property rights; its purpose is not to house data that would support blocking of domain name registrations.
- Requiring the trademark claims process to continue beyond the launch of registry operations, could potentially knock out businesses that already offer Watch services, and require development of a very different technological solution than what is planned for the Clearinghouse.
- Limiting Trademark Claims and Sunrise protection to identical match of a trademark, at least until the system can be tested in practice and reviewed, is an appropriate limitation.
- The requirement for demonstration of “use” is universal, no jurisdictions are favored over the other based on the level of review trademarks receive in that jurisdiction

### General

#### Summary of Comments

##### Purpose.

The purpose of the Clearinghouse should be to list a number of different “name” rights that, depending on the jurisdiction, could be used as a basis to create an obstacle to registration of a certain domain name. A Complainant in a .eu domain name dispute can rely on, inter alia, registered national and Community trademarks and, in as far as they are protected under national law in the Member-State where they are held: unregistered trademarks, trade names, business identifiers, company names, family names, and distinctive titles of protected literary and artistic works (Article 10(1) of the European Commission regulation 874/2004). The Clearinghouse should allow collection of such prior rights, whereas it will be up to each gTLD provider to regulate if only registered and common law trademark rights may be relied upon or whether other nationally protected name rights can form the basis of an objection as well. FICPI notes that 3.2.1’s revision to cover “nationally or multi-nationally registered word marks from all jurisdictions” is a step in the right direction—e.g. now European Community trademarks are given the same status as U.S. trademark registrations. *FICPI (Module 3, 15 May 2011).*

##### More details needed.

TLD applicants need more details on the Clearinghouse processes and costs for proper business planning. This information should be included in the final applicant guidebook. *dotBERLIN (11 May 2011). DOTZON (15 May 2011). dotHotel (15 May 2011). AusRegistry (16 May 2011).*

Clarification remains outstanding on such matters as the relation to trademark office determinations; fee apportionment measures; any envisaged process for Clearinghouse

removal of marks; and treatment of non-Latin script and word+design marks. *WIPO Center (13 May 2011)*.

ICANN proposes that the Clearinghouse provider may actually be two entities—the “authenticator/validator” and the “administrator,” which is confusing because only the second entity will really be “the clearinghouse.” ICANN needs to clarify what roles each entity is to play, including with respect to Sunrise Eligibility Requirement complaints. There is no information in the guidebook on what a Sunrise Dispute Resolution Policy will even look like or how it will be implemented, highlighting a further gap in the new gTLD proposal. It is also unclear how the Clearinghouse itself is supposed to provide Sunrise services, rather than simply be a repository of information that is used in support of such services. More broadly, the Clearinghouse is still full of “proposals” of what the requirements “should be” rather than proposed firm requirements. Other issues are left open, such as penalties for failure to keep information in the Clearinghouse up-to-date, which if significant enough could cripple the entire system. Neither ICANN nor the Internet community really knows what final Trademark Clearinghouse requirements are being proposed. *INTA (14 May 2011)*.

Proposal: Draft Trademark Claims Notification Process. Neustar et al. has produced a proposal to assist ICANN with the construction of the RFP for Clearinghouse Providers and to provide guidance to the new gTLD Registry applicants on how an implementation of a 60-day Trademark Claims Notification process could work. Neustar et al. recommends a flexible, yet consistent mechanism that also preserves options for a multitude of business models that may emerge for potentially hundreds of new gTLDs. Neustar et al. would like the several assumptions it makes in the proposal to be included in the final version of the AG. *Neustar et al. (15 May 2011)*.

Clearinghouse Service Provider(s). ICANN should contract with a single entity for the Clearinghouse functions, covering the validator and administrator roles. This places accountability with a single body and enables the Clearinghouse to evolve its business processes over time and without concern or conflicts with organizational boundaries between the administrator and validator roles. Contracting with two parties introduces complexity which could result in delays in implementation of the Clearinghouse and possibly also in the introduction of new gTLDs. The process to find a Clearinghouse service provider must commence without delay, and ICANN should convene a working group from the ICANN community to share ideas on the design of the Clearinghouse. (Note: For specific Module 5, section-by-section comments and suggested language edits for Trademark Clearinghouse, see EnCirca comments at pp. 2-5). *EnCirca (14 May 2011)*.

Clearinghouse relationship to other RPMs.

The Clearinghouse is only utilized during initial launch and is not integrated with other RPMs such as the URS. *Adobe Systems (13 May 2011)*.

ICANN should explain how the Clearinghouse and the URS will be linked in order to save trademark owners costs, and ultimately protect end users from fraud. *News Corporation (13 May 2011)*.

INTA continues to stress the importance of minimizing costs by integrating the Clearinghouse to support the URS, in addition to Sunrise/Claims services. Depositing a mark in the Clearinghouse should not be a prerequisite to using the URS, but the validated information in the Clearinghouse should be available to support a URS complaint, e.g. to establish ownership of a registered mark. *INTA (14 May 2011)*.

Use of Clearinghouse in UDRP. Trademark owners should be able to take advantage of using the Clearinghouse when seeking relief from abuses under the UDRP both for purposes of registrations for new gTLDs and under the existing gTLDs. *AutoTrader.com (Module 2, 13 May 2011).*

Word Choice. Section 4.3 and elsewhere in the Clearinghouse proposal refer to notice of a trademark claim being given to the “registrant” prior to the domain name being registered. Prior to registration the entity receiving the notice is only an “applicant.” Misuse of the term “registrant” invites confusion. ICANN should also make clear that the “notice” system involves two notices—one to the applicant that there is a match of the proposed domain name to a mark in the Clearinghouse, and another to the trademark owner if the applicant proceeds to register the domain name anyway. *INTA (14 May 2011).*

Name change. The name should be “IP Clearinghouse,” as recommended by the IRT. *FICPI (Module 3, 15 May 2011).*

## **Analysis of Comments**

One commenter suggests that the Clearinghouse’s purpose should be “to list a number of different ‘name’ rights that could be used as a basis to create an obstacle to registration of a certain domain name.” It is true that the Clearinghouse is meant to be a database of intellectual property rights, but it was not established to house data that would support blocking of domain name registrations. This same commenter suggests that registries should have discretion as to what it protects in the various RPMs it must offer. Such discretion is available - after mandatory protections are provided. Registries must recognize certain trademarks, but they have discretion to recognize and protect additional intellectual property marks that are allowed in the Clearinghouse. Finally, this commenter does recognize and appreciate that registered trademarks from all jurisdictions are treated equally in terms of what must be recognized.

Some suggest that more details are needed with respect to Clearinghouse operations and others note that the development process should begin without delay, and in consultation with the community. We agree and are working to a timeline that ensures the availability of the Clearinghouse in time for the anticipated launch of the new gTLD process.

Implementation details are now in development. In particular, some community members have produced a proposal to assist with the construction of the RFP for Clearinghouse Providers and to provide guidance on implementation of a 60-day Trademark Claims Notification process. This proposal is a part of developing specific operational details for the Clearinghouse, which will evolve according to a plan in consultation with all interested community members and the selected Clearinghouse Provider(s). The selection process will also inform the decision as to whether one or two separate providers will be required.

Some commenters seek clarification on how the Clearinghouse will be integrated in relation to other RPMs. As noted in both the URS and the PDDRP, data that is housed in the Clearinghouse can be used as evidence to support standing in both RPMs. For example, proof of use of a trademark is required to support either a URS or PDDRP proceeding; the proof of use that is validated by the Clearinghouse can serve as such evidence in those RPM proceedings. How the Clearinghouse can be used to support existing RPMs such as the UDRP has not been to topic of discussion in the new gTLD Program.

One suggests that “registrant” be changed to “applicant” when discussing trademark claims process notices before the registration is actually completed. This comment is well-taken. Accordingly, “registrant” in this context will be revised to be “prospective registrant.”

No changes will be made to the name of the Trademark Clearinghouse.

## **Fees and Costs**

### **Summary of Comments**

Funding from multiple sources. The cost of inclusion of a mark in the clearinghouse should be kept as low as possible with funding coming equally from users of the system, e.g. trademark owners, registries, registrars and from ICANN itself. *Valideus (13 May 2011).*

Costs and operations timing. The Clearinghouse should be established well in advance of the commencement of operation of any of the new gTLDs and the cost for setting up the clearinghouse system should be fully borne by ICANN as part of the expenses of the new gTLD program. Setting it up well in advance in an open and transparent manner and providing public guidance on its operation may reassure many brand owners that they will be able to protect their trademarks. ICANN bearing the cost will advance consumer confidence in ICANN and new gTLD applicants’ shared fiscal responsibility in implementation of the new gTLD program. Brand owners have many trademark costs outside the clearinghouse (e.g., obtaining and maintaining trademark registrations to permit participation in the clearinghouse) and should only be responsible for reasonable charges for recording their trademarks in the clearinghouse. In this way trademark owners will have some reasonable assurance that the gTLD program will not significantly increase their operating costs. *IBM (13 May 2011).*

Reasonable costs. The costs related to the Clearinghouse need to be reasonable in order for it to remain an effective tool for brand owners. *MARQUES/ECTA (15 May 2011).*

Reduced fees for not-for-profit organizations (8.0). The Clearinghouse should feature reduced fees for not-for-profit organizations and ICANN’s negotiations with the Clearinghouse provider should incentivize such reduced fees. *NPOC (16 May 2011).*

### **Analysis of Comments**

One commenter suggests that funding should come from the users of the system. That is precisely how the Clearinghouse is expected to be funded. See Section 8 of the Clearinghouse proposal: “Costs should be completely borne by the parties utilizing the services. Trademark holders will pay to register the Clearinghouse, and registries will pay for Trademark Claims and Sunrise services. Registrars and others who avail themselves of Clearinghouse services will pay the Clearinghouse directly.” Further, it has always been the intent the Clearinghouse costs are reasonable and that will be considered in the solicitation process.

With respect to who will fund the initial establishment of the Clearinghouse, it has always been planned that ICANN and the Clearinghouse Service Provider(s) shall bear that burden, as deemed appropriate.

At present there is no plan to make reduced Clearinghouse fees available to any particular section of the community, such as non-profit organizations. That is a possibility that can be discussed with potential Clearinghouse Service Provider(s).

## Eligibility for Inclusion and Protection

### Summary of Comments

#### Marks to be Included in Clearinghouse.

AIPLA supports the change made in the most recent version of the guidebook that any “marks which constitute intellectual property” can be included in the Clearinghouse. *AIPLA (13 May 2011). Partridge (14 May 2011). Time Warner (14 May 2011).*

INTA recommends that paragraphs 1.3 and 1.5 be revised to clarify that the data regarding other types of intellectual property is not an “ancillary service” and paragraphs 3.2.4 and 3.3.6 be revised to correctly articulate what constitutes intellectual property. *INTA (14 May 2011).*

CADNA would like more elaboration on the change made removing the language that no common law marks should be included in the Clearinghouse. CADNA is pleased with the idea of expanding the definition for inclusion in the Clearinghouse, although it seems that marks that constitute intellectual property of other types than those specifically described will be determined by the registry operator and Clearinghouse, which seems to give those two entities a significant amount of power. *CADNA (13 May 2011).*

The Clearinghouse should include common law trademarks, rather than limiting the Clearinghouse to court-validated or registered trademarks. Extending protection to common law trademarks that are substantively authenticated would streamline other RPMs, such as the UDRP (and other domain name dispute resolution policies) and the URS, which allow claims for relief based on common law rights. IACC suggests that at a minimum registry operators should be permitted to include such marks in their RPM, and in order to do so will need the data about those rights in the Clearinghouse. *IACC (15 May 2011).*

Sections 2.2.1, 3.2.1 and 3.2.3 need to be amended to include figurative registered trademarks. The developed UDRP/WIPO precedent and the clearly inclusive intention of the GAC towards both figurative trademarks and word marks leave ICANN with a clear directive to include both legally recognized forms of trademarks in the DAG and the Trademark Clearinghouse. *M. Harper (16 May 2011).*

The Clearinghouse should also be allowed to validate stylized marks that are nothing more than a word mark presented in a different font. In addition to presenting the stylized mark, certificates of registration present the mark in standard font, so the Clearinghouse would not have to exercise either discretion or subjectivity in order for stylized marks to be protected by the RPMs. *NCTA (Module 2, 13 May 2011).*

The Clearinghouse should accept marks that include a TLD. It is incorrect to state that a dot-TLD mark cannot indicate source—it depends on how it is used. Numerous marks that incorporate a TLD, many of which are well-known, are registered in the U.S. and other jurisdictions worldwide. Despite its repeated position that all registered trademarks should be treated alike, the Board has singled out this one category of marks that will be denied protection under the RPMs. It is the gTLD by itself that is generic and does not identify source. As a

practical matter there is no material difference between a mark consisting of a term followed by a TLD and the term alone. Thus either adding or deleting the TLD from a registered mark is permitted by the U.S. Patent and Trademark Office. NCTA urges ICANN to adopt the same approach—i.e., permit the validation of marks that incorporate a TLD and categorize them as the same mark without the TLD. *NCTA (Module 2, 13 May 2011). AutoTrader.com (13 May 2011).*

NCUC opposes use of the Clearinghouse in the future as a database for intellectual property rights beyond trademark—it is a mechanism for trademarks and should remain as such. To effect this, in Section 3.2.4 the phrase “but certainly not copyrights, patents, designs or any other form of intellectual property” should be added after the words “intellectual property.” The meaning of the term “other marks” in Section 3.2.4 should also be clarified by ICANN. *NCUC (Module 5, 15 May 2011). A. Gakuru (Module 5, 16 May 2011).*

The recent creeping expansion in scope of the fee-based Clearinghouse must be viewed with caution. In determining appropriate types of identifiers, ICANN should bear in mind international and national IP norms. *WIPO Center (13 May 2011).*

#### Mandatory Claims Service and Sunrise Process.

AIPLA supports the change that now requires gTLD registries to provide both of these mechanisms. *AIPLA (13 May 2011).*

It is encouraging and ICANN is to be applauded that the trademark claims and sunrise registration services have been made mandatory. *CADNA (13 May 2011). Microsoft (15 May 2011). Hogan Lovells (15 May 2011). USCIB (15 May 2011). NPOC (16 May 2011). FICPI (Module 3, 15 May 2011). NCTA (Module 2, 13 May 2011).*

INTA agrees that Sunrise services should be limited to a 30-day period before the launch of a gTLD. *INTA (14 May 2011).*

#### Post-launch Claims.

While we are pleased that all new gTLD registries must have both a Trademark Claims Service and a Sunrise process, neither of these mechanisms have proven sufficient to hinder or reduce the number of domain names registered in bad faith. Both are for the pre-launch or initial launch period. Infringements of rights occur not just in the launch phase but more often after such a phase and for as long as the registry operator is active. The Trademark Claims Service needs to be post-launch as well to have any real value. *LEGO (Module 5, 12 May 2011). Arla Foods (13 May 2011). IPC (15 May 2011).*

The Claims Service requirement should be extended to the first 6 months to provide notice to the trademark owner and potential registrant. *NPOC (16 May 2011).*

The amount of time a registry must maintain the Claims service needs improvement. Section 6.1 implies that the registry can cease offering Trademark Claims services after sixty days, which should not be the case. Registries should be required to post Trademark Claims whenever a party attempts to register a domain which incorporates a mark on the Trademark Clearinghouse. *AIPLA (13 May 2011). Partridge (14 May 2011). BBC (Module 5, 13 May 2011). News Corporation (13 May 2011). Time Warner (14 May 2011). INTA (14 May 2011). COA (15 May 2011). SIIA (15 May 2011). UrbanBrain (16 May 2011).*

AIM recommends a change for Trademark Claims (6.1.1) that “[ne]w gTLD Registry Operators must provide Trademark Claims services AT ALL TIMES for marks in the Trademark Clearinghouse.” (Once set up, to continue to use this service will add large benefit at small cost). *AIM (Module 5, 12 May 2011)*.

The gTLD Registry Operators should offer trademark Claims Service at any time a domain name is registered. *BC (15 May 2011)*.

The Trademark Claims Service should be allowed to run in perpetuity for the life of the gTLD Registry. *Hogan Lovells (15 May 2011)*. *NCTA (Module 2, 13 May 2011)*.

The planned limitation to the proposed 60-day Trademark Claims construct invites gaming. *WIPO Center (13 May 2011)*.

There are additional costs involved with extending the trademark claims period beyond 60 days and expanding notices beyond identical matches. As a compromise, the Clearinghouse could accomplish these goals outside of the envisioned trademark claims process and thereby avoid incurring extra costs on registrars and registries and mitigating chilling effects on registrants. *EnCirca (14 May 2011)*.

Mandating that new gTLD registries implement a perpetual Trademark Claims has the potential of placing the new gTLDs at a competitive disadvantage to the incumbent TLDs who do not have to implement that RPM. If the ICANN community believes that there should be a perpetual IP Claims process required for all TLDs (both new and existing), it can decide to launch a bottom-up policy development process to require its implementation. This should only be done after we get some experience dealing with the Trademark Claims process so that the community can properly evaluate the yet untested RPM. *Neustar et al. (15 May 2011)*.

We generally object to the idea of the Trademark Claims Service to be extended 60 days after the initial launch. One would think that the Claims Service and Sunrise period services both allow the trademark community to make legitimate claims before anyone else. We cannot understand the rationale of allowing a trademark claim service after initial launch and believe it will be an administrative nightmare for registries and an additional disadvantage to registrants. Accordingly in Section 6.1.1 the following sentence should be deleted; “This launch period must occur for at least the first 60 days that registration is open for general registration.” *NCUC (Module 5, 15 May 2011)*. *A. Gakuru (Module 5, 16 May 2011)*.

#### Identical Match Limitation.

The Trademark Claims service needs to cover more than identical matches. Most cyber-squatting is not an identical match to the trademark being squatted but contains different generic words. Such cases of trademarks plus generic terms must also be covered by the Trademark Claims Service if ICANN intends for such a service to have any real value. *LEGO (Module 5, 12 May 2011)*. *Arla Foods (13 May 2011)*. *Adobe Systems (13 May 2011)*. *Hogan Lovells (15 May 2011)*. *SIIA (15 May 2011)*. *IPC (15 May 2011)*. *NCTA (Module 2, 13 May 2011)*.

The Clearinghouse should not be limited to identical matches. It should include trademarks paired with a descriptive term. At a minimum, a match should include plurals of and domain names containing the exact trademark. Inclusion of such provisions will help avoid expensive enforcement actions and defensive domain name registration. *IACC (15 May 2011)*. *COA (15 May 2011)*. *Coca-Cola (15 May 2011)*. *NPOC (16 May 2011)*. *FICPI (Module 3, 15 May 2011)*.



Protection needs to be wider than identical matches to include in particular plurals, “mark plus descriptive term” and “mark plus device.” Cyber squatting is not restricted to identical marks and this needs to be recognized. *BBC (Module 5, 13 May 2011)*.

IP Claims services should be expanded to cover all strings which comprise the exact match, or plurals of the exact match, or the exact match along with key terms associated with the goods or services relating to the mark (such terms being identified by the mark owner in the Clearinghouse application), or typographical variants of the mark (identified by the mark owner in the Clearinghouse application). Strings falling into these categories could be flagged by software, thus eliminating the need for the Clearinghouse to exercise discretion. *INTA (14 May 2011)*.

In the Claims Service, a notice should be sent if an application contains a character string that features in the Clearinghouse (rather than consists of a mark in the Clearinghouse). Many infringements take a trademark and add a descriptive term such as PRADA-BAGS. Such notices could help reduce conflicts. *Valideus (13 May 2011)*.

The Claims Service should apply to domain names that either consist of or contain textual elements of marks entered into the Trademark Clearinghouse. Limiting the scope to only domain names that consist of textual elements of these marks is too narrow and does not correspond to the unfortunate reality that the vast majority of abusive domain name registrations are for domain names that are MARK+word. *Microsoft (15 May 2011)*.

AIM suggests the following change because sunrise will only be effective if it matches the behavior of fraudsters: “This notice will be provided to holders of marks in the Clearinghouse that are an Identical Match or CONFUSINGLY SIMILAR to the name to be registered during Sunrise.” *AIM (Module 5, 12 May 2011)*.

The need for an exact match is recognized in sunrise services in order to ensure that the system affords appropriate trademark holders an opportunity to register their marks early. However, the standard of “identical or confusingly similar” should be applied in the ongoing IP claims service. *News Corporation (13 May 2011)*.

The Sunrise service should be provided for marks which are an identical match or confusingly similar to the name to be registered during Sunrise. *BC (15 May 2011)*.

The planned limitation to exact matches invites gaming. *WIPO Center (13 May 2011)*.

Trademark Claims and Sunrise Services should extend beyond identical matches. If UDRP or Suspension proceedings determine that there is a “confusing similarity” between a domain name and a trademark, then the trademark owner should be able to place that second level domain name in the Clearinghouse, and refer to it in Claims and Sunrise Services. Otherwise, the same second level domain name could arise repeatedly in various new gTLDs, even after being cancelled or frozen in successful UDRP or Suspension System proceedings. *IOC (15 May 2011)*.

If ICANN considers going beyond exact matches for Trademark Claims where the added term relates to the trademark in a “significant way” (Public Comment Summary Feb. 21, 2011 at pp. 50, 62), it could limit the additional term to any goods or services identified in registrations for the mark. Limiting the number of additional entries to a particular number would be arbitrary and

would disadvantage trademark owners whose mark is used to brand numerous products. *NCTA (Module 2, 13 May 2011)*.

#### Proof of Use.

The guidebook should be revised to make it clear that the function of establishing use is separate from the function of validating registered marks and that owners of registered marks have the option of offering evidence of use (those that do not will only be able to utilize the Trademark Claims service). *NCTA (Module 2, 13 May 2011)*.

The declaration/proof of use (5.2, 7.2) should be submitted to the Clearinghouse for marks not protected via court, statute, or treated only periodically—perhaps every 3 years—not a requirement prior to the participation of each Sunrise period. *NPOC (16 May 2011)*.

Regarding proof of use, we agree that one party should not arbitrarily be able to stop another party from using a mark. However, in addition to dropping proof of use in trademark service claims, it should also be dropped for sunrise service, URS, and PDDRP because it makes the RPM tapestry cumbersome and complicates the process. In effect, ICANN will create separate criteria from established systems in sovereign countries. RPMs were not meant to be a substantive review system; they were meant to protect brand owners and ultimately consumers. *News Corporation (13 May 2011)*. *Microsoft (15 May 2011)*. *IPC (15 May 2011)*.

If the use requirement is maintained, there should not be a requirement for a specimen. Neither ICANN nor the Trademark Clearinghouse has the requisite expertise to evaluate the sufficiency of a specimen. A sworn declaration is all that should be required. *NCTA (Module 2, 13 May 2011)*.

The requirement of use does little to stop the ability of a registrant to “game the system.” Today, digital renderings of products and services can be easily and quickly created. Instead, the protections surrounding the “use requirement” that the Board seeks are delivered by requirements of sworn statements and the power to address fraudulent claims. *Microsoft (15 May 2011)*.

Requiring the Trademark Clearinghouse to make determinations about use threatens to add considerable and wholly unneeded complexity and cost to its function. The use requirement should be dropped. *Time Warner (14 May 2011)*. *INTA (14 May 2011)*. *IPC (15 May 2011)*.

Requiring proof of use on top of a trademark acquired in accordance with national law is potentially a denial of such a right and/or an additional cost for trademark owners to bear. *Hogan Lovells (15 May 2011)*.

Showing “proof of use” seems inconsistent with the purposes of the Trademark Clearinghouse, when the trademark systems of many nations do not require use. *SIIA (15 May 2011)*.

By insisting that use be shown in both the Clearinghouse and the URS, without specifically linking the two as recommended by the IRT, there could be two different decisions on a mark’s protectability in the new gTLD system. The use requirement should be eliminated. If it is maintained, then the Clearinghouse determination that a mark is in use should determine that issue for the purpose of a URS proceeding in which the mark is cited. *INTA (14 May 2011)*.

By eliminating the substantive review requirement for Trademark Claims, URS and the PDDRP and by expanding the role of the Clearinghouse to validating use of marks, ICANN has also

eliminated the absolute grounds evaluation requirement. Presumably this change was unintended but needs to be corrected. *NCTA (Module 2, 13 May 2011)*.

#### Date limitation.

The fixed date of 26 June 2008 is not appropriate as it excludes newer trademarks and goes against the spirit of innovation which is driving the new gTLD opportunity. A flexible date is preferred, such as six months before submission into the Clearinghouse which will serve the Clearinghouse going forward. *Valideus (13 May 2011)*.

Participation in Sunrise services for first round new gTLDs should be restricted to registrations that issued on or before the effective date of the relevant gTLD Registry Operator's Registry Agreement and that were applied for before ICANN announced the new gTLD applications received in the first round. This restriction will decrease gaming but is broad (and recent) enough to be appropriately inclusive. If ICANN rejects this restriction, it should eliminate the failure to meet this requirement as a ground on which a Sunrise Eligibility Dispute Procedure can be based (6.4.2). *Microsoft (15 May 2011)*.

The date 26 June 2008 has been deleted elsewhere in the April guidebook; why is this date retained for 7.2 Sunrise services? *BC (15 May 2011)*.

The 26 June 2008 should be deleted for 7.2 Sunrise Services as modified in other provisions, allowing word marks protected by future statutes and treaties the same protection. *NPOC (16 May 2011)*.

The use requirement is an additional evidence measure on the trademark owner. It must not become a deterrent measure for newly registered marks which are not in use yet. This is in favor of all kinds of enterprises, including small companies with less means. We would welcome a date being set later than 2008. *MARQUES/ECTA (15 May 2011)*.

Protection in Claims. IBM notes with appreciation the requirement that registries must recognize and honor all word marks that have been or are: (i) nationally or multi-nationally registered; (ii) court-validated; or (iii) specifically protected by a statute or treaty in effect at the time the mark is submitted to the Clearinghouse for inclusion and that demonstration of substantial examination or use is not required. *IBM (13 May 2011)*.

## **Analysis of Comments**

Many comment on what types of marks should be included in the Clearinghouse and some suggest additional items that should be included. In particular, commenters suggest inclusion of common law marks, stylized marks, figurative marks and marks that include a TLD label (such as icann.org). Some support the addition of "any marks which constitute intellectual property." Others seek additional clarification. Further, there are also commenters that question and caution against the expansion of the Clearinghouse data base beyond trademarks.

Except for marks with a TLD that are specifically excluded, such as icann.org, all of the other marks suggested by commenters are allowed in the Clearinghouse database. But, as one commenter suggested, protection or recognition for anything beyond what the registry operators are obligated to honor in either claims or sunrises processes, will be up to the registry. Further, how such recognition is effectuated will be up to the registry operator and the Clearinghouse to work out as part of an ancillary service.

As previously noted several times, marks with TLDs are not allowed in the Clearinghouse. The Clearinghouse is designed to be a repository for trademarks. To fulfill the objectives of the IRT and the STI, it has been decided that those marks that actually function as trademarks, i.e., indicate source, are those that will be eligible for inclusion. Many safeguards have been established to prevent abuse and to ensure neutral application of validation standards, including objectively verifiable data that the mark does serve a legitimate trademark purpose. It has been successfully argued that TLDs standing alone do not serve the trademark function of source identification. Instead of telling consumers "what" a product is or who makes it, they tell consumers where to get it. Because the TLD, standing alone, does not indicate source, and because allowing marks in the Clearinghouse that include a TLD will increase the likelihood of confusion, abuse and gaming, on balance they are excluded. This exclusion will also obviate the need for registration of defensive trademarks in this area.

Commenters universally support the recent revision making both Trademark Claims and Sunrise processes mandatory. Many suggest, however, that Trademark Claims should be required to continue beyond the initial 60-day period now called for. Some suggest it continue in perpetuity. At this juncture, but subject to review as the new gTLD program progresses, registry operators will only be required to maintain a trademark claims process for 60 days before standard registry operations begin that includes the resolution of domain names and registering names on a "real-time" basis. Requiring trademark claims to continue in perpetuity, not only could potentially knock out businesses that already offer Watch services, but from a development perspective it is a very different technological solution to build a Clearinghouse that provides IP Watch services. If the Clearinghouse wants to expand (or others want to use Clearinghouse data) beyond the mandatory time period it is free to do so, but as an ancillary service.

Another topic that has garnered significant comment is whether the Trademark Claims or Sunrise protections should extend beyond identical match to the relevant trademarks. Some suggest identical match + keywords, others suggest including plurals of trademarks and still others suggest typographical errors or all words that contain the trademark should be included.

At present there is no plan to extend mandatory protection beyond identical match. It is important to note that both the IRT and the STI recommended that such protections be limited to identical match. Further, the Clearinghouse is an automated system, and would require additional structural engineering if trademark claims went beyond identical matches. In trademark disputes, for example, there is a judge or a panel with the ability to determine if a domain is substantially similar to a trademark, but there is complex analysis going into such a determination. That is why allowing "substantially similar" to be a standard in URS and not in trademark claims is appropriate and not inconsistent. With respect to Sunrise processes, this is a very superior right (a first right to a domain name) that is not necessarily based in trademark law. Thus, limiting mandatory protection to identical match, at least until the system can be tested in practice and reviewed, is an appropriate limitation. ICANN's Governmental Advisory Committee recently stated that mandating protection beyond identical match is something that can be placed in abeyance pending review after new gTLDs have been in operation.

Comments continue relating to the proof of "use" requirement. Some still question whether proof of use is needed to support Trademark Claims – the answer is no. Proof of use of a trademark is not required in order to receive notice in a trademark claims service.

The proof of use required to receive Sunrise protection has been extensively discussed, debated and considered with the community. Everybody recognizes that it is important to

protect business interests and especially intellectual property owners. A sunrise registration opportunity, or first right to exclude all others, is creating a powerful protection mechanism. One must not be allowed, therefore, to simply register a mark without using the mark, and then be granted such powerful protection. Thus, in order to ensure that those who can exclude others from using a domain name with a trademarked term are not abusing that exclusionary ability, all trademark holders must show proof of use.

The requirement for demonstration of use is universal, no jurisdictions are favored over the other based on the level of review trademarks receive in that jurisdiction. While proof of use will not be deleted as a requirement at this stage, just as other aspects of the program, this will be reviewed after being in practice for the first round to ensure it is having the desired effect.

Some question or call for clarification as to when the date limitation of 26 June 2008 is applicable. This is the date that ICANN approved the GNSO Policy Recommendations on New gTLDs. This date limitation only applies to Sunrise protection and only to marks that have been protected by statute or treaty. Thus, all other marks that must be recognized and honored in Sunrise processes, and all marks that must be recognized and honored in Trademark Claims services, have no date limitation. There is no plan to change this limited restriction on sunrise protection, although this will be revisited to ensure the requirement is not obsolete.

## Uniform Rapid Suspension System (URS)

### Key Points

- Through community input including the IRT, the STI, the GAC, and the At-Large community, the URS has evolved into a rapid mechanism that will provide trademark holders a more cost-effective method for dealing with the most clear cut cases of abuse.
- Many of the protections in the URS remain substantially the same or even stronger than what was proposed by the IRT.
- All trademark holders must show proof of use before having standing to initiate a URS proceeding.
- The intent of the URS is to address the most clear-cut cases of abuse - given that directive requiring clear and convincing evidence is appropriate.

### General

#### Summary of Comments

Support for revisions. Although it still has concerns about some of the elements of the URS, NCUC commends ICANN for many of the revisions to date—i.e. fair use provisions (5.8), appeal opportunity (12), forbidding transfer and acknowledgement of the need for review of the URS one year after its operation (14). *NCUC (Module 5, 15 May 2011).*

The URS must be rapid per se, and ICANN is proposing a more acceptable solution in our view. If the URS is not a cheap, quick alternative, brand owners will probably be forced into expensive defensive registrations. *MARQUES/ECTA (15 May 2011).*

URS is inadequate.

The URS is still much weaker than the version proposed in the IRT report. It does not seem to be more rapid or cheaper than the ordinary UDRP. *LEGO (Module 5, 12 May 2011). Arla Foods (13 May 2011).*

The URS sets the bar so high that few complainants will prevail and few trademark owners will seek to employ it. *NCTA (Module 2, 13 May 2011).*

The URS as currently proposed is still wanting in many respects (see, e.g., WIPO Center's letter of 2 December 2010, [www.wipo.int/amc/en/docs/icann021210.pdf](http://www.wipo.int/amc/en/docs/icann021210.pdf)). These issues are not mere details but go to the functioning of the URS both on its own terms and in relation to the UDRP. Sensible policy choices must be made to safeguard URS stability and enforceability. *WIPO Center (13 May 2011).*

The Board should not be picking and choosing select components of the IRT/STI recommendations that it finds most favorable. If the Board wishes to rely on the stated standard of "clear and convincing evidence" then it should reinstate the URS as developed by the IRT. *IPC (15 May 2011).*

More details. The process definition of the URS is broad; further operational definition is required to ensure end users enjoy a consistent, predictable and reliable experience. *AusRegistry (16 May 2011).*

Reduced fees for not-for-profit organizations (2.1). The URS should feature reduced fees for not-for-profit organizations and ICANN's negotiations with the URS provider should incentivize such reduced fees. *NPOC (16 May 2011).*

## **Analysis of Comments**

As an overall note, it is important to recognize the significant community efforts that went into the development and refinement of the URS. From the IRT, to the STI, to the GAC, to the At-Large, as well as overall community input, the URS has evolved into a rapid mechanism that will provide trademark holders a cost-effective method for dealing with the most clear cut cases of abuse.

Although some commend the recent revisions and improvements that have been made to the URS, others still suggest that the URS is inadequate, is weaker than what was recommended by the IRT and sets the bar too high for the URS to be effective.

Specifically, as noted in previously comment analysis, the IRT proposal was reviewed by the STI and was modified. The concept of the URS, however, has not been challenged. The proposal underwent further significant public comment, including extensive discussions with the GAC that lead to further modifications. Although some comments seem to suggest that the current proposal is much weaker as an RPM than the IRT URS proposal, many of the protections remain substantially the same or even stronger than what was proposed by the IRT. For example:

- The response time is the same - 14-days (the current version provides for a one-time extension of no more than seven days if a good faith basis exists)
- All other time frames are the same or faster than what was recommended by the IRT

- Which trademarks can be the basis of a URS claim is broader than recommended by the IRT
- The burden of proof is the same as the IRT recommendation – clear and convincing evidence
- The requirement for showing bad faith is the same as the IRT recommendation – must be registered and used in bad faith
- The fact that Examination is required even in default cases is the same as the IRT recommendation
- The time for a Panel to render a decision is limited in current URS proposal (goal of three (3) days, no later than 5 days) – there was no such limitation proposed by the IRT.
- The remedy is the same as the IRT recommendation - suspension.
- The length of suspension in the current URS proposal can be extended by a year after current registration expires – there was no such possibility of extension in the IRT proposal.
- The evil intended to be addressed is the same – clear-cut cases of abuse.

The changes that have been implemented are the result of input from numerous stakeholders and reflect an attempt to balance the rights of trademark holders with those of legitimate registrants that may happen to have registered domain names that involve a trademark from somewhere in the world.

One commenter has called for additional operational details, which are being developed as part of the call for expressions of interest for URS provider(s).

The call for reduced fees for non-profit organizations is something that the community may want to consider, but it should be recognized that the fees are already relatively low and those fees would have to be funded from some other source.

## Procedures

### Summary of Comments

#### URS Examiners.

CADNA applauds ICANN's new specification that URS Examiners must have demonstrable relevant legal background, such as in trademark law. URS proceedings are meant to be done rapidly, so it is critical that Examiners be properly trained and suited to consider URS cases in order to deliver the correct determination. *CADNA (13 May 2011). FICPI (Module 3, 15 May 2011).*

In 7.2, add the phrase “from both practice and academia” after the words “relevant legal background” and add “human rights law and competition law” after the words “trademark law.” *NCUC (Module 5, 15 May 2011). A. Gakuru (Module 5, 16 May 2011).*

In 7.3 delete the phrase “are strongly encouraged to” and replace with “must” (“URS providers must work equally with all certified examiners...”). *NCUC (Module 5, 15 May 2011). A. Gakuru (Module 5, 16 May 2011).*

Response Time/Word limits.

Microsoft supports the reduced word limits for both Complainants and Respondents and the shorter time periods for conducting administrative review and issuing determinations. *Microsoft (15 May 2011). Hogan Lovells (15 May 2011).*

It is disappointing that Sections 5.1 and 5.3 of the current URS draft do not respond to the request for restoring the STI-RT's recommendation for a 20-day response time or for guidance on the grounds for which a 7-day "good faith" request for response extension will be granted. At a minimum, additional guidance should be provided regarding acceptable grounds for a good faith extension. *ICA (15 May 2011).*

NCUC is concerned with the very short deadlines afforded to the respondent, which feeds substantially to the increase of default cases. The need for speed in the URS is understood, but due process should not be sacrificed. NCUC has strongly supported a model that recognizes the different Internet experience in different parts of the world and the need to respect due process for both parties. *NCUC (Module 5, 15 May 2011). A. Gakuru (Module 5, 16 May 2011).*

Publication of proceedings. Section 9.4 should be removed—it sounds as if ICANN with the assistance of the URS providers will be blacklisting domain names that may in the future be registered for fair and legitimate purposes. Further, and for reasons of transparency, Providers, just like in the UDRP, should publish their proceedings. *NCUC (Module 5, 15 May 2011). A. Gakuru (Module 5, 16 May 2011).*

Bar to presenting defense. The GAC request for permanently barring individuals or entities who had five URS actions from mounting any defense in future actions against them should be rejected, as no registrant should ever be barred from presenting a valid defense in a singular case. *ICA (15 May 2011).*

Bar to presenting Complaint. If there can be no "five strike" provision against repeat cyber squatters under the Suspension System based on due process principles that every registrant should always be able to present a defense, then the same principles of due process dictate that every complainant should have the opportunity to be heard. *IOC (15 May 2011).*

Disable Internet access after initial administrative review. If the point of the URS proceeding is to address blatant abuse such as a site selling counterfeits or engaging in fraudulent phishing schemes, then the domain should not be allowed to continue to resolve to the abusive website once the proceeding is initiated and passes the initial administrative review. Instead Internet access should be promptly disabled. *Coca-Cola (15 May 2011).*

Initial Review. Perhaps this is already the guidebook's intention, but the URS Examiner should receive "clear and convincing evidence" before any registrant is burdened with a claim and required to defend themselves. With the URS process so cheap to launch (\$300 USD) and the penalty for misuse so light, Examiners must be certain there is a solid case to move on before registrants are even contacted or inconvenienced in any way. *M. Menius (16 April 2011).*

Notice (4.2). Add the word "potential" before the word "effects" ("as well as the potential effects if the registrant fails to respond and defend against the Complaint.") *NCUC (Module 5, 15 May 2011). A. Gakuru (Module 5, 16 May 2011).*



## Analysis of Comments

Some have commented on the nature and requirements for the URS Examiners, including the improved specifications requiring trademark experience. Others suggest adding some additional criteria and requirements. At this stage, the added requirements shall remain as is, but will certainly be looked at after the URS has been tested in practice.

Commenters appreciate the reduced time limits as well as word limitations, while others are concerned that the time limits may be too short. The very nature of the URS calls for short time limits and efficient procedures to ensure a rapid mechanism. The level of the time limitations are in line with what the IRT recommended, with consideration paid to all other community comments, including the STI.

With respect to publishing URS Determinations, it is agreed that Providers should publish their Determinations. The editorial comments in section 9.4 of the URS that the URS determinations will be published “in order to provide notice to the next potential registrant” will be deleted because it may seem like a “blacklist” as suggested by one commenter (and good practice calls for such comments to be omitted from procedural documents).

The Applicant Guidebook is in line with the comment suggesting that no bar should be set prohibiting a respondent from presenting a defense. With that, a separate commenter suggests that if respondents are not barred, then no complainant should ever be barred. There is a key distinction between two. The complainant has other avenues in which to seek redress from an alleged infringer. If a URS proceeding is initiated against a respondent, however, it must have the opportunity to respond or fear losing control of what might be a legitimate, non-infringing domain name.

One commenter suggests that simply passing the administrative review should be enough to cause the challenged domain name to be suspended. The whole purpose of the URS, however, is to have a fair evaluation on the merits, but in an expedited manner so that true cases of abuse can be brought to an end quickly. The URS should not be a mechanism where the burden of proof shifts from the complainant to the respondent at the outset.

Another commenter seems to suggest that one must actually be deemed to have submitted “clear and convincing” evidence before the respondent is even brought into the proceedings. Such a threshold requirement in a rapid, low-cost process would not be efficient. Only a URS Examiner can determine if clear and convincing evidence has been presented. The cost of the proceedings would be prohibitive if the Examiner had to separately analyze the complaint, make a determination on the existence of sufficient evidence, and then had to again examine the evidence in light of the response.

The comments suggesting that the word “potential” be added in section 4.2 (“the *potential* effects if the registrant fails to respond and defend against the Complaint) has been followed and will be included in the 30 May 2011 URS proposal.

## Standards, Burden and Evaluation

### Summary of Comments

Proof of use.

Proof of use should not be a requirement for participation in the URS. In a majority of countries, trademark rights arise through registration and not use. Moreover, requiring a showing of use in the URS would go well beyond the criteria purposefully mirrored from the UDRP. *INTA (14 May 2011)*.

Proof of use should not be a requirement for URS. Requiring proof of use presumes that the URS provider will be qualified to meaningfully examine that evidence of use and such a presumption is not realistic. If a complainant wanted to rely on proof of use previously submitted to and validated by the Clearinghouse, how recent must such a submission be? *Microsoft (15 May 2011)*.

Given some concern exists over the proof of use, ICANN should consider carefully whether to move forward in establishing this requirement. *USCIB (15 May 2011)*.

#### Burden of proof.

The URS has the same legal requirements as a UDRP but a substantially more onerous standard of proof which is inconsistent and unwarranted under the URS as currently proposed. *INTA (14 May 2011)*.

IACC supports the GAC position that the burden of proof should be “preponderance of the evidence.” *IACC (15 May 2011)*.

The GAC request to lower the standard of proof should be rejected as this would erode critical distinctions between the URS and the UDRP. *ICA (15 May 2011)*.

IPC urges stakeholders to consider the IPC’s compromise position that would properly deter registrants from cyber squatting and lower costs for rights holders: the IPC proposes shifting the burden of proof to the Respondent in a URS proceeding when the Respondent has lost 5 or more URS proceedings. *IPC (15 May 2011)*.

#### Bad faith.

The GAC request for removal of the requirement that a complainant establish registrant bad faith should be rejected as this would result in a URS having a critical evidentiary element that is lower than the UDRP requirements. *ICA (15 May 2011)*.

Bad faith should remain a requirement upon the same standard as set in the UDRP. *USCIB (15 May 2011)*.

ICANN has refused to change the “bad faith” standard in the URS and also added factors, not proposed by the IRT, that all but decide in favor of the respondent a substantial number of URS cases that could be brought. If the URS is supposed to be modeled on the UDRP ICANN should not adopt rules that fly in the face of decisions under the UDRP. *NCTA (Module 2, 13 May 2011)*.

#### Trademark + Keyword Cases

The GAC request to expand the URS to “trademark + keyword” cases should be rejected as these are not the “slam dunk” cases the URS was purportedly designed to address. *ICA (15 May 2011)*.

ICANN should either bring “exact trademark + goods/services/other generic words” within the scope of the URS or acknowledge that “exact trademark + goods/services/other generic words” domain names are confusingly similar to the trademark. *NCTA (Module 2, 13 May 2011)*.

Fair use (5.8.1). Delete “and the Registrant is making fair use of it” in this section. The phrase is not necessary—a domain name that is generic or descriptive cannot raise trademark claims whether the use is fair or not. *NCUC (Module 5, 15 May 2011)*. *A. Gakuru (Module 5, 16 May 2011)*.

#### Evaluation.

We support the GAC recommendation that the URS apply to registrations that are identical or confusingly similar to protected marks as well as terms associated with goods and services. *News Corporation (13 May 2011)*. *INTA (14 May 2011)*.

URS Examiner decisions should be based on the evidence actually presented only, not based on the evidence “available” to an Examiner. Examiners should not be conducting independent investigations for information that is “available” to them. *INTA (14 May 2011)*. *Microsoft (15 May 2011)*.

In 5.9.1 change the phrase from “Examiner will review each case on its merits” to “Examiner must review each case on its merits.” *NCUC (Module 5, 15 May 2011)*. *A. Gakuru (Module 5, 16 May 2011)*.

Scope. FICPI commends the revision to 1.2.6.1 accepting all officially registered trademarks. *FICPI (Module 3, 15 May 2011)*.

## **Analysis of Comments**

Some continue to question the requirement that a trademark holder show proof of use of a trademark that is the basis of a URS proceeding. The proof of use required to be the basis for a URS proceeding (as well as for the PDDRP and protection in Sunrise procedures) has been extensively discussed, debated and considered with the community. In order to ensure that those who can exclude others from using a domain name with a trademarked term are not abusing that exclusionary ability, all trademark holders must show proof of use before having standing to initiate a URS proceeding. This requirement will not be changed at this juncture, but as other aspects of the program, this will be reviewed after being in practice for the first round to ensure it is having the desired effect. The requirement for demonstration of use is universal, no jurisdictions are favored over the other based on the level of review trademarks receive in that jurisdiction.

Commenters continue to push for lowering the burden of proof while others oppose doing so. Still another group suggests that the burden should shift to the respondent after five failed defenses to a URS proceeding. Neither the level nor the party on whom the burden rests will be changed. The intent of the URS is to address the most clear-cut cases of abuse. The IRT stated that contestable issues are not appropriate for URS resolution. (See page 34 of final IRT Report located at <http://www.icann.org/en/topics/new-glds/irt-final-report-trademark-protection-29may09-en.pdf>). Given that directive, requiring clear and convincing evidence is appropriate.

It appears that all commenters agree that the bad faith requirement in the URS should remain as is so as to ensure the URS' connection with the UDRP and not to make any decisions that fly in the face of the UDRP. Accordingly, no further analysis is required on this point.

One group notes that trademark + keyword cases should not be adopted, but another notes that it should be adopted or that ICANN should declare that a trademark + keyword is confusingly similar to the trademark alone. Trademark + keyword will not be adopted and there will be no declaration that such would be confusingly similar to the trademark at issue. However, terms that are confusingly similar to the trademark, will be afforded consideration in the URS. Each URS proceeding should be considered by an experienced and qualified Examiner whose job it will be to determine if a challenged domain name is identical or confusingly similar to the trademark at issue. ICANN is not qualified to make sure a determination.

No changes will be made in response to the comment calling for a revision to section 5.8.1 ("and the Registrant is making fair use of it"). This is merely an example of a defense and is not meant to be exhaustive or even required.

There is a comment that the URS should apply to domain names that are identical or confusingly similar to the trademark at issue - this is always how the URS has been proposed.

With respect to the evidence available to Examiners, the Examiner may look to the evidence presented by complainant as well as other evidence, if available. Although, nothing requires the Examiner to review evidence other than what is presented by the parties.

The particular suggestion for a word change: "Examiner will review each case on its merits" to "Examiner must review each case on its merits," shall be implemented.

The final comment is simply recognition and approval of revisions. Accordingly, no analysis is required in that regard.

## **Default and Appeals**

### **Summary of Comments**

#### Time to seek Relief from default.

In the newest version of the URS, a registrant will have six months to appeal a judgment after a default. A shorter time period, such as sixty to ninety days, would be more appropriate. *AIPLA (13 May 2011). Partridge (14 May 2011).*

The period should be shortened to 90 days or the expiration of the domain, whichever is shorter. Even with the latest time frame reduction, tracking and management of these default cases will be unduly burdensome for corporate legal departments and directly conflicts with the URS's intended cost-effective and expedited approach. *IACC (15 May 2011).*

The period should be no longer than 120 days given the URS *raison d'etre*. *Hogan Lovells (15 May 2011).*

We are pleased that ICANN shortened the time allotted for appeal from two years to six months. *News Corporation (13 May 2011).*

There is no justification for allowing as long as six months for a dilatory response, particularly for what is supposed to be a quick and streamlined remedy, but the reduction from two years to six months is a significant improvement. *NCTA (Module 2, 13 May 2011)*.

Respondent should not be permitted to obtain an additional 6-month extension (beyond the initial 6 months) in which to seek review of a decision in a default case. The likelihood that a respondent with legitimate rights or interests in the disputed domain name(s) actually needs more than 6 months to seek this review is virtually nonexistent. After all, a respondent with a legitimate claim to registration and use of the disputed domain name(s) will have tremendous incentive to seek review almost immediately after decision. *Microsoft (15 May 2011)*.

Even with the reduction in the time for registrant appeal in default cases, any registrant who believes he has been the victim of a wrongly decided URS should have sufficient time to obtain a de novo appeal. *ICA (15 May 2011)*.

#### Appeal.

INTA appreciates and supports the clarification by ICANN that appellants must identify specific grounds for appeals. *INTA (14 May 2011)*.

IPC supports the GAC's position that as every appeal will be decided de novo, that the appeal process not require a separate evaluation of the rationale. *IPC (15 May 2011)*.

USCIB agrees with the GAC on the issue of de novo review. One cannot seek de novo review from the same body that made the URS determination. Therefore, the standard for appeal in the URS should be the same as in a UDRP where an appellant seeks de novo review in court, not with the UDRP provider. If the URS carries over the criteria of the UDRP it should also use the appeal process. *USCIB (15 May 2011)*. *IPC (15 May 2011)*.

Support for removal of possible defense language. Deletion of the requirement that URS panelists consider in default cases if there was a possible defense that could have been submitted by the Respondent is a huge improvement. *Hogan Lovells (15 May 2011)*. *NCTA (Module 2, 13 May 2011)*.

### **Analysis of Comments**

There are still comments about what many refer to as the time to appeal after default. To clarify, no matter what, the time to file an appeal is no more than 14 days after a URS Examiner's Determination is issued. What has recently been changed is the time in which a defaulting respondent can seek relief from default. This time period was decreased from the initial suggestion of two years, down to six months with an option if good cause exists to extend for an initial six months. The six-month time period is a balance between the calls for a shorter time by trademark interests and the GAC and the calls for a longer time period so that legitimate registrants will have the opportunity to respond even if they initially failed to do so. Either way, it should be noted that unless the defaulting respondent prevails after seeking relief from default, the domain name will remain in suspended status.

With respect to appeals, one commenter supports the clarification made requiring an appellant to identify the specific grounds on which an appeal is filed while others suggest that an appeal should only be made to a court and not to the URS provider. The appeal mechanism was developed and included by the STI as a check and balance of sorts to ensure that legitimate

registrants had a voice and were not improperly overshadowed by trademark holders. It will remain as part of the URS, pending a review of the URS after it has been tested.

One commenter notes the improvement resulting from the removal of the reference to a URS Examiner considering “possible defenses.” No analysis is required in response to this comment.

## Remedies and Fee Shifting

### Summary of Comments

#### Transfer/First Right of Refusal.

There should be an option in the URS for a winning challenger to obtain transfer of a domain. *Valideus (13 May 2011)*. *Adobe Systems (13 May 2011)*. *MARQUES/ECTA (15 May 2011)*. *IOC (15 May 2011)*. *IACC (15 May 2011)*. *Coca-Cola (15 May 2011)*.

If the URS determination is in favor of the complainant, the complainant should have the right of first refusal for the transfer of the disputed domain name(s) after the suspension period expires. *NPOC (16 May 2011)*.

AIPLA is concerned that a lock on the domain name is the only remedy available to a URS complainant. Greater consideration should be given to allowing the complainant the option of obtaining the domain name after the appeal period has ended. This would avoid unnecessary time and expense to seek further relief in court or via the UDRP. *AIPLA (13 May 2011)*. *Partridge (14 May 2011)*.

We are pleased that the latest version of the URS does not include a transfer option and urge that the UDRP remain the sole means by which a complainant can obtain possession of a disputed domain. If this issue should again arise ICA urges that the concerns of registrants and complainants be accommodated by the win-win approach of placing suspended domains on a permanent ineligible for re-registration list. *ICA (15 May 2011)*.

A successful URS complainant should have the right to cancel the domain or to obtain control of the domain (except in specialized gTLDs), or that the URL resolve to an error notification to avoid the possibility of causing damage to the goodwill associated with the trademark contained in the URL. ICANN’s proposal that the remedy be that the URL resolves to a website that is an informational page about URS removes control of the trademark in the URL from the trademark owner. Consumer confusion when following the URS to a site not associated with the trademark owner raises the possibility that the goodwill associated with the trademark will be damaged. *IBM (13 May 2011)*.

#### Support for loser pays model.

We are pleased that ICANN decided to implement a partial loser pays component. *News Corporation (13 May 2011)*. *CADNA (13 May 2011)*. *USCIB (15 May 2011)*. *FICPI (Module 3, 15 May 2011)*.

The “loser pays” model is welcome and we would have liked the model to be more widely available. *MARQUES/ECTA (15 May 2011)*.

IACC supports the GAC position on including a “loser pay” provision. *IACC (15 May 2011)*.

The limited loser pays model is to be applauded for targeting cyber squatters, but it is unclear if 25 is an appropriate number; this should be explained. *Hogan Lovells (15 May 2011)*.  
*UrbanBrain (16 May 2011)*.

If the limited loser pays mechanism is retained, there should be no reduction in the number of domains giving rise to the requirement. *ICA (15 May 2011)*.

There is no loser pays mechanism which would be essential in a URS, or even a fee for filing a response to a complaint. The addition of a limited “loser pays” model if the complaint lists 26 or more domain names does not make any sense. There is no justification for the number 26 and a loser pays mechanism should be a general mechanism, not one that will not realistically have any effect. *LEGO (Module 3, 12 May 2011)*. *Arla Foods (13 May 2011)*. *BBC (Module 5, 13 May 2011)*. *NCTA (Module 2, 13 May 2011)*.

The threshold for “loser pays” must be lowered to be somewhere between 5-10 domain names. If the more than 25 domain name cut off is implemented, cyber squatters will simply make registrations in batches of 25 per fictitious registrant name, enabling them to continue to profit from bad faith use of domain names until caught. *Time Warner (14 May 2011)*. *INTA (14 May 2011)*. *USCIB (15 May 2011)*.

The loser pays model should apply to any situation where the registrant has filed for 5 or more domain names, and the Response Fee must be equivalent to the filing fee charged to the Complainant. *IPC (15 May 2011)*.

The threshold should be reduced to 8 or more disputed domain names; 26 is exceptionally high for the standard of complaint set by the URS. *NPOC (16 May 2011)*.

The “loser pays” threshold should be reduced from at least 26 domain names to 10 domain names. *Microsoft (15 May 2011)*.

BC members’ real world experience suggests that a more practical figure for the “loser pays” threshold would be 15. *BC (15 May 2011)*.

The limited loser pays figure of 26 domain names is arbitrary. AIM proposes the following for 2.2: “A limited ‘loser pays’ mechanism has not been adopted for the URS. Complaints listing fifteen (15) or more disputed names will be subject to [a] Response Fee which will be refundable to the prevailing party.” *AIM (Module 5, 12 May 2011)*.

The NCUC is concerned that the limited loser pays model ICANN is proposing will feed into the existing culture of trademark bullying and will be abused by trademark owners who will seek to intimidate legitimate registrants. In addition the provision is open to interpretation (e.g. it is unclear if the 26 domain names will have to be registered by one single registrant or the Complainant will have the ability to activate this provision if he manages to identify 26 domain names incorporating his trademark which are registered by a multitude of registrants). The phrase “against the same registrant” should be added to clarify this issue. The URS lacks the checks and balances found in traditional means of adjudication that uses a loser pays model. In the URS the loser pays model will provide room for gaming of a model that is only meant to be limited to very specific cases. *NCUC (Module 5, 15 May 2011)*. *A. Gakuru (Module 5, 16 May 2011)*.

Remedies for abuse of URS process. The penalties outlined in the new gTLD guidebook are not sufficient regarding misuses of the URS process and will not deter abusive complaints. A one-year bar from URS use is monumentally inadequate, particularly in lieu of the paltry \$300 fee required for launching a URS claim. There should be a substantial financial penalty and permanent ban (on first attempt) for any complainant found to have used the URS without cause. *M. Menius (16 April 2011).*

## **Analysis of Comments**

Several comments relating to remedies under the URS have been received. Some argue that transfer, rather than suspension, or first right of refusal after suspension period concludes, should be the ultimate remedy. While others suggest that suspension is the right remedy for the URS. This topic has been widely discussed and debated. The IRT proposed suspension, not transfer. The STI did not alter this remedy. Since the URS is intended to be a prompt mechanism dealing with clear cut cases of abuse, the remedy reflects the evil that this RPM is designed to prevent. There was significant community support for the suspension, not transfer, remedy in public discussion in the San Francisco meeting. Recall, however, that the complainant will have the right to extend the registration, and thus the suspension, for an additional year after the initial registration period expires. This extension provides an option for the domain name to be suspended even longer than the period recommended by the IRT.

Many have commented on a loser pays models. Some applaud the inclusion of the limited “loser pays” model, although some still think it needs to be further enhanced by lowering the number of domain names at issue needed in order to require a “Response Fee.” Others have commented that no changes should be made at this point while still others are concerned that any loser pays model will be manipulated by trademark holders. As is evident, there are numerous and varying views on whether a loser pays model is appropriate. In an effort to address and balance all of the competing concerns, a limited loser pays model requiring a “Response Fee” when a single complaint involves 26 or more domain names, has been adopted. Note that the Response Fee will be refundable if the respondent prevails in the URS proceedings. Further, it has been made clear that the Response Fee shall not exceed the URS Filing Fee. There are independent concerns that administration of loser pays will result in higher URS fees. That issue will be discussed with potential URS providers.

While some suggest that the number 26 or more domain names may seem somewhat arbitrary; so too would any other specific number that has been suggested. Thus, since the IRT as a self-identified group of 18 individuals representing those with trademark interests recommended 26, that is the number that has been adopted. The clarification that the 26 or more domain names must be as to the same registrant has been made as suggested.

One commenter suggests that the remedies for abuse of the process are not nearly sufficient to deter bad behavior. The remedies adopted were put in place to balance the possibility that trademark holders would use (or abuse) the URS, a relatively low cost mechanism, to constantly put legitimate domain name holders on the defensive. This is a new mechanism and any suggestion of a permanent ban, as this commenter makes, must be considered very carefully before implementing.



Notwithstanding any of the above, note that a full review of the URS, including the of the remedies adopted, is intended after the first round of new gTLDs has been completed and the URS has been tested.

## Post Delegation Dispute Resolution Procedure (PDDRP)

### Key Points

- Given the severe nature of the remedy in this procedure, and given that generally, registries have no privity of contract with the registrant, the burden of proof of clear and convincing evidence is appropriate.
- In order to ensure that those who can exclude others from using a domain name with a trademarked term are not abusing that ability, all trademark holders must demonstrate “use” before having standing to initiate a Trademark PDDRP proceeding.

### General

#### Summary of Comments

Call for long-term, positive collaboration. Beyond positions already on record, little can be said about ICANN stakeholders’ reluctance to engage in constructive discussion of substantive criteria and safe harbor consideration factors. Yet, it would seem illusory to expect rights holders to continue to turn exclusively to lower-level enforcement options in a vastly expanded DNS. The WIPO Center is pleased that ICANN has taken up its suggestion for establishing a PDDRP in the first place. However, intermediary financial gain from registration activities that infringe third party rights comes with appropriate responsibility. This should be a time for positive collaboration in a longer-term view. *WIPO Center (13 May 2011).*

#### PDDRP is too weak.

The PDDRP continues to contain a number of provisions that severely and perhaps fatally weaken its effectiveness to potential complainants, raising concern that unless changes are made potential complainants will elect to forego the PDDRP entirely and pursue their grievances in civil courts. This would defeat the point of creating the PDDRP. *INTA (14 May 2011).*

The PDDRP has been revised so extensively and in accordance with the wishes of the Registry Stakeholder Group that Microsoft questions its utility as an RPM. ICANN should implement the PDDRP format as outlined in the IRT Final Report. *Microsoft (15 May 2011).*

### Standards and Burden

#### Willful Blindness.

The PDDRP still fails to capture recurring circumstances of willful blindness. To limit the scope to affirmative conduct and to exclude willful blindness will considerably reduce the benefit of the PDDRP and encourage situations where a party sticks its head in the sand to seek to avoid liability, as is too often the case. *Hogan Lovells (15 May 2011). NCTA (Module 2, 13 May 2011).*

### Burden of proof.

While IACC supports the majority of Trademark PDDRP provisions, it shares the GAC's concerns regarding the requirement that Complainants prove systematic infringement or improper conduct by clear and convincing evidence. ICANN should reconsider this and lower the standard to preponderance of the evidence. The Trademark PDDRP can be likened to a civil action for contributory trademark infringement or unfair competition, under which a plaintiff need only prove wrongdoing by a preponderance of the evidence. Requiring a PDDRP complainant to meet the lower standard is sufficient to meet the goals of the Trademark PDDRP and will not unfairly prejudice a registry operator. *IACC (15 May 2011).*

To balance the generally watered down RPMs adopted by ICANN in the current version of the applicant guidebook, the PDDRP standard of proof in Section 6 should be "preponderance of the evidence." *IPC (15 May 2011). NCTA (Module 2, 13 May 2011).*

The PDDRP contains unrealistically high burdens of proof at both the first and second level. The levels of proof exceed showing bad faith (must show "specific bad faith") and a pattern or practice of bad faith (must prove "substantial pattern and practice" by clear and convincing evidence. Even if a complainant wins, there are no sanctions against a registry and no corresponding duty by ICANN to investigate or sanction the registry. *BC (15 May 2011).*

### Proof of use.

Proof of use should not be required. *IPC (15 May 2011).*

FICPI positively notes with respect to clause 9, "Threshold Review", that all registered trademarks, independent of the national or regional registration system, are accepted, and therefore FICPI can accept the new regulation that the trademarks have to be in "current use." *FICPI (Module 3, 15 May 2011).*

Vertical integration. Further clarification is still required—section 6 should be revised to provide that vertically integrated registries may not attempt to shift blame for second-level bad faith actions to the registrar. *IPC (15 May 2011).*

Support for revisions. *FICPI* supports the revisions made to Sections 6.1(a) and 6.1(b), as well as 6.2(b) (ii) and (iii) deleting the words "unjustifiably" and "impermissible," therewith creating stronger trademark owner protection. *FICPI (Module 3, 15 May 2011). NCTA (Module 2, 13 May 2011).*

## **Procedures**

Notice. The section 7.2.3(d) requirement that the complainant must notify the registry operator at least 30 days prior to filing a complaint is unduly burdensome; the notice period should be reduced to 10 days. A registry operator does not need 30 days for an investigation and it seems more likely than not that the registry operator would use the extra 20 days to initiate preemptive litigation. *IPC (15 May 2011).*

Filing fee—registry operator. ICANN should reinstate in Section 10 the requirement that the registry operator pay a filing fee when submitting its response so that the complainant and registry operator share costs during the proceeding, maintaining the practice of refunding the costs paid by the prevailing party at the end of the proceeding. Without a mechanism for both

parties to pay up front in place, the process of refunding fees to the prevailing party will be hampered. *IPC (15 May 2011)*.

Define fees and costs. Fees and cost ranges in Section 14 should be defined more clearly no later than the release of the final applicant guidebook to assist with budgeting for the possibility of a PDDRP complaint. *IPC (15 May 2011)*.

## Remedies

ICANN discretion. CADNA would like more clarification on the implication that ICANN is allowed to impose a remedy other than what was recommended by the expert panel and in what cases. CADNA also seeks clarification on what qualifies as the “extraordinary circumstances” that enable ICANN to impose a remedy not in line with what is recommended by the expert panel and what such remedies would entail. *CADNA (13 May 2011)*.

Section 18.1 clarification. This section should be clarified regarding exactly how suggested remedies may differ if the registrant is found to be under the ultimate control of the registry operator, i.e., whether in this case the second-level domain name registrations may be recovered by the PDDRP complainant or disabled. *IPC (15 May 2011)*.

Registry operator challenge to remedy under arbitration provision. Section 21.4 should be revised to provide explicit assurance that ICANN may implement the remedy once arbitration has been concluded if the PDDRP has been upheld. Without such assurance, a registry operator may be able to bypass any unfavorable decision recommending a remedy by initiating arbitration, thus drastically limiting the PDDRP’s usefulness. *IPC (15 May 2011)*.

## Analysis of Comments

As noted in prior comment analysis, not all suggested revisions have or could have been included in the PDDRP as some were either not implementable or were directly at odds with each other, thereby requiring some balancing of interests. All comments have all been carefully considered in the development of the implementation details of the PDDRP, even if not implemented.

One commenter calls for long-term collaboration on the PDDRP while others question its effectiveness as currently drafted. Community-wide collaboration has been part of the entire development process. Furthermore, ongoing collaboration is contemplated and will be welcomed as the implementation of the new gTLD program and its dispute resolution mechanisms are developed and reviewed after the first round of applications. Ongoing enhancement and improvement of the PDDRP is certainly contemplated and will, as always, be based on overall community input.

One commenter continues to call for inclusion of willful blindness as a standard for finding registry liability while others continue to suggest that the burden of proof be lowered. As set out in the latest version of the Trademark PDDRP proposal and set forth in the last version of the PDDRP Comment Summary and Analysis, willful blindness is not and properly should not be included as part of the standard under which the registries will be reviewed. The portion of the trademark PDDRP that can hold a registry liable for infringement at the second level is a large step in providing trademark protections. It must be done carefully. Registries do not have a

direct interface to customers; that happens at the registrar level. Registries maintain the database. In any large registry there might be a relatively large number of infringers even if the registry is fulfilling all its duties; the registry may be aware of some of them but will also be unaware of others. To hold registries accountable for all instances of infringement would have unknown effects on the ability of the registry to conduct business.

The registry should, however, be liable for its affirmative conduct resulting in infringement of trademarks; the standards for the PDDRP are crafted to achieve that goal. Accordingly, while some may still think that the standard should include willful blindness, or some derivative of willful blindness, or that the burden of proof should be lowered, there is no plan to make those changes. There are many other avenues that can be employed to pursue registrants that are infringing trademarks.

Given the nature of liability on a registry, that generally has no privity of contract with the registrant, the burden of proof of clear and convincing evidence is appropriate.

One group representing intellectual property interests still suggests that proof of use should not be required, while another group representing intellectual property interests now accepts this proof of use requirement given that trademarks from all jurisdictions are treated equally. The proof of use required in a PDDRP proceeding (as well as for the URS and protection in Sunrise processes) has been extensively discussed, debated and considered with the community. In order to ensure that those who can exclude others from using a domain name with a trademarked term are not abusing that ability, all trademark holders must show proof of use before having standing to initiate a Trademark PDDRP proceeding. This requirement will not be changed at this juncture, but as other aspects of the program, this will be reviewed after being in practice for the first round to ensure it is having the desired effect. The requirement for demonstration of use is universal; no jurisdictions are favored over another based on the level of review trademarks receive in that jurisdiction.

One commenter suggests that section 6 needs revision to ensure that vertically integrated registries may not attempt to shift blame for second-level bad faith actions to the registrar. The definition of registry operator in section 6 does just that:

For purposes of these standards, registry operator” shall include entities directly or indirectly controlling, controlled by or under common control with a registry operator, whether by ownership or control of voting securities, by contract or otherwise where ‘control’ means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether by ownership or control of voting securities, by contract or otherwise.

No further revisions are necessary at this time.

One group suggests that requiring 30 days advance notice to the registry operator before bringing a PDDRP is unduly burdensome. The current requirement is in place to provide the registry with a reasonable amount of time to investigate and take appropriate action if a trademark holder notifies the registry that there may be infringing names in the registry. This notice requirement was further discussed with the GAC, which has now accepted this requirement. In light of all of the community discussions on this topic, the timing of this notice requirement will not be revised.

With respect to fees, one group comments that the registry operators should be required to pay PDDRP fees up front, noting that without a mechanism in place for both parties to pay up front, the process of refunding fees to the prevailing party will be hampered. However, registry operators will be required to comply with the PDDRP, including the prevailing party determination. Failure to comply, including reimbursing a successful PDDRP complainant for all provider and panel fees, will be deemed a breach of the registry agreement. Thus, the registry operator will be subject to all available remedies under the agreement for breach, up to and including termination. Accordingly, there appears no need to revise the fee provisions. This same commenter requests that additional detail be provided relating to the amount of fees for budgeting purposes. Such details will be forthcoming as the PDDRP mechanism is tested. As noted in the Applicant Guidebook, such fees are intended to be reasonable, and will of course be subject to review after being in practice to ensure the fees are not prohibitive. One reminder, however, the prevailing party will get its money back.

Some seek clarification with respect to remedies, and when they might deviate from those recommended by the Expert Panel. As suggested by the GAC, the PDDRP has been revised to note that “[i]mposition of remedies shall be at the discretion of ICANN, but absent extraordinary circumstances, those remedies will be in line with the remedies recommended by the Expert Panel.” Any deviation will be based on ICANN’s understanding of the particular circumstances, but with the ultimate goal of protecting registrants. To the extent a recommended remedy may provide risk to innocent registrants, ICANN must take that into consideration when imposing any such a remedy.

In that same vein, section 18.1 of the Trademark PDDRP notes that a recommended remedy may not call for deletion, transfer or suspension of a domain name, unless “registrants have been shown to be officers, directors, agents, employees, or entities under common control with a registry operator.” If the PDDRP Panel finds such connection, then it is free to recommend such remedies relating to the domain name, a recommendation that ICANN will then have the discretion to consider.

Finally, one commenter suggests that section 21.4 of the Trademark PDDRP be revised to provide assurance that ICANN may implement the remedy once arbitration challenging a ICANN remedy has been concluded if presumably found in favor of ICANN. Such clarification, however, is already found in section 21.3:

[ICANN], will not seek to implement the remedy for violation of the Trademark PDDRP until it receives: (i) evidence of a resolution between the Complainant and the registry operator; (ii) evidence that registry operator’s lawsuit against Complainant has been dismissed or withdrawn; or (iii) a copy of an order from the dispute resolution provider selected pursuant to the Registry Agreement dismissing the dispute against ICANN whether by reason of agreement of the parties or upon determination of the merits.

Accordingly, while this comment did lead to a couple of minor clarifying revisions, no additional revisions are required to address the overall comment.

## **REGISTRY RESTRICTION DISPUTE RESOLUTION PROCEDURE (RRDRP)**

## Key Points

- If a registry is affirmatively participating in infringing conduct, the PPDRP is the proper dispute resolution mechanism to use. If there are simply names in a registry that violate the restrictions of the registry agreement, whether infringing or not, then the RRDRP is the proper mechanism to invoke.

## Summary of Comments

RRDRP is ineffective and biased toward registry operators. Potential complainants must not be required to first file a claim through the Registry Restriction Problem Report System. The WPDRS, on which the RRPRS is clearly based, has not historically been effective. There is no reason to think that such a system will be effective here. It is arbitrary and unfair to prohibit RRDRP complainants from filing PDDRP complaints relating to the same facts or circumstances. Each DRP is intended to deal with different harms, but ICANN's tying them together in this matter bears the imprimatur of the Registry Stakeholder Group which has succeeded in rendering both DRPs ineffectual. In their current form neither the RRDRP nor the PDDRP is properly balanced and both clearly favor registry operators. *Microsoft (15 May 2011).*

## Analysis of Comments

One commenter objects to a prerequisite of submitting a Registry Restriction Problem Report before an RRDRP claim can be filed. This was made a prerequisite, however, to help avoid, if possible, the more costly and time-consuming mechanism of the RRDRP. The idea was to provide registry operators, who have agreed via contract to certain registry restrictions, the opportunity to cure possible breaches simply by providing them with information about potentially violating names in the registry.

This same commenter questions the prohibition on the use of both RRDRP and PPDRP simultaneously. But, if a registry is affirmatively participating in infringing conduct, the PPDRP is the proper dispute resolution mechanism to use. If, on the other hand, there are simply names in a registry that violate the restrictions of the registry agreement, whether infringing or not, then the RRDRP is the proper mechanism to invoke. Further, for those infringing names simply in a registry, the UDRP and now the URS will be available as alternate dispute resolution mechanisms for trademark holders.

# PRE-DELEGATION OBJECTION PROCEDURES

## Key Points

- ICANN funded objections: beyond one funded objection per government, each request for funding will be analyzed on a case-by-case basis depending on the particular facts and circumstances.
- The time limitations set out in the Applicant Guidebook for GAC Advice are meant merely to clarify that "for the Board to be able to consider the GAC advice during the evaluation process, the GAC advice would have to be submitted by the close of the

Objection Filing Period.”

## Summary of Comments

### Fees.

Applicants should not be required to pay a Response Filing Fee in order to defend the rationale already included in their original application. *BC (15 May 2011)*.

The description of the process and the objection filing fee is not very accurate in the Discussion Draft, so it becomes uncertain what the costs of objections are. The amounts shown in table 7 of the explanatory memo “Discussion Draft: Exemptions to Objection Fees for Governments” shows an estimated total cost of US\$58K for “community” objection and US\$124K for “limited public interest” objection. These sums are prohibitive for most organizations or communities. It is very important to have a well described, low-cost possibility to file an objection, especially as a community. *DIFO (15 May 2011)*.

ICANN’s guarantee of funding for advance payment of costs and for a minimum of one objection per government will relieve concerns of some smaller governments who might have expressed concerns about the cost of objection filing fees. CADNA would like more information on what will happen for subsequent objections and in which cases ICANN would be willing to provide the funds for other objection filing fees. *CADNA (13 May 2011)*.

Protection of all geographic names should be the first priority. The GAC early warning does not meet our demand. Geographic names are important public property. Governments will have to file objections to prevent misuse and abuse of them. There should be an exemption from objection fees for governments regardless of the number of objections that a government files. *Tokyo Metropolitan Government (13 May 2011)*.

### GAC Advice.

(3.1)--RySG supports the fact that the process of considering GAC Advice is planned to happen without causing delays to the evaluation process. What happens if the GAC reaches consensus to oppose a string without a sound global public policy basis? (item 5) Is it correct to conclude that if GAC consensus opposes a string and there is no remediation of the opposition then a string will be denied automatically? (item 8) What does “[t]he receipt of GAC advice will not toll the processing of any application” mean? Does it mean that the GAC will not be charged a fee for objecting? RySG is concerned that the GAC’s definition of consensus could lead to a single country having de facto veto power over new TLDs. If GAC consensus is defined, at a minimum, as only one country opposing where no other country objects to that opposition, it appears that it could in practice be a unilateral veto. *RySG (15 May 2011)*.

(3.2)-Regarding the statement that the independent dispute resolution process does not apply in cases of GAC advice, does this mean that the GAC may submit advice on any topic and is not restricted to the four enumerated grounds in Section 3.2 (i.e., string confusion, rights protection, limited public interest, community)? Or does it mean that the GAC does not have to follow the procedures for dispute processes for any of the four areas? It is assumed that it is the former, but this should be clarified. *RySG (15 May 2011)*.

### Independent Objector (3.2.5).

Is it correct that the Independent Objector (IO) may not consider comments received after the comment period? *RySG (15 May 2011)*.

ICANN should provide additional information regarding the role of the IO regarding IO selection, support, application review and the decision whether or not to object. *NPOC (16 May 2011)*.

Expert Panel.

If at least one of the parties to a dispute is willing to pay for a 3-member panel, they should be given that option. *RySG (15 May 2011)*.

If a decision is not posted in full, will the parties to the dispute be given the full documentation of the decision? (see also Attachment to Module 3, New gTLD Dispute Resolution Procedures, Article 21(g)). *RySG (15 May 2011)*.

Dispute resolution provider—ICC. According to page 8 in Module 3, the ICC still serves as the dispute resolution service provider (DRSP) for the limited public interest and community objections in the guidebook. Grounds for these objections include “incitement to or promotion of violent lawless action...discrimination based up on race, color, gender, ethnicity, religion or national origin...child pornography” etc. These areas are obviously out of the scope and expertise of the ICC. The ICC’s neutrality and global representativeness as a public interest DRSP or community DRSP would be questionable. More representative and more neutral authorities should be introduced to take on the duty of DRSP for public interest and community objections. *Internet Society of China (27 May 2011)*.

Limited public interest objection--International law. In module 3, section 3.5.3, one of the limited public interest objection adjudication criteria is to “determine the applied-for gTLD string be contrary to specific principles of international law as reflected in relevant international instruments of law.” For historical reasons, countries around the globe have different laws and legal definitions of various matters (e.g. pornography). If the limited public interest objection is judged only by international law principles, it is very likely to approve some gTLDs while conflicting with the laws of some countries, which is obviously inappropriate. It is suggested that compliance with the limited public interest objection principles be determined according to both the principles of international law and the laws of each nation-state. *Internet Society of China (27 May 2011)*.

Publication of objections. Microsoft supports the planned publication of all filed objections. *Microsoft (15 May 2011)*.

English language requirement. The requirement in Module 3, page 11 to use English for the text of submitted objections disparages non-English-speaking communities in use of their own languages following objection proceedings to defend their interests and is inconsistent with ICANN’s commitment to multi-lingual process and procedure. As one of the world’s most widely used languages and as an official U.N. language, Chinese should also be a language for the text of objection. *Internet Society of China (27 May 2011)*.

Community Objection.

Microsoft supports the revision to the community objection standard. *Microsoft (15 May 2011)*.

The revised standard in the discussion draft in section 3.5.4 is much more appropriate and realistic. *COA (15 May 2011)*.



Remove cumbersome, unnecessary requirements. Module 3, page 23 requires the party who raises the objection to prove that a considerable number of community members have objection views. In China, a permanent community organization has its own operational rules and procedures. While the permanent organization is established for community service, the views represent the views of all community members. It is recommended to reduce the relevant aspects of community opposition procedures which are cumbersome and unnecessary requirements. *Internet Society of China (27 May 2011)*.

## Analysis of Comments

Several comments about fees have been received. These comments include: a suggestion that response filing fees should not be required; a request for more clarity as to fees: a recognition that ICANN's funding for at least one argument per government addresses some concern but lacks clarity on what happens after one objection; and one comment suggesting that ICANN should fund an unlimited number of objections by individual governments related to geographic names.

A response fee will be required as it is meant to cover the administrative fees, which are incurred as a result of both the complainant and the respondent in the dispute. With respect to more clarity, certain pre-delegation objections will be based on the hourly rate for panelists, along with additional administrative work. The dispute resolution service providers (DRSP) and the individual panels with which they work establish the fees. Absent a specific allowance for funding by ICANN, all parties will be required to pay the fees as they are established by the independent DRSPs. With respect to ICANN funded objections beyond the one per government, each request for additional funding will be analyzed on a case-by-case basis depending on the particular facts and circumstances. Circumstances might include availability of funds and objection history of parties.

The protection for geographic names has undergone extensive discussion, review, and refinement throughout the entire development process of the new gTLD program. At present, country names will not be delegated at the top or second level. (At the second level, country names can be registered via a ".INFO-like" process.) In addition to the GAC Early Warning, there is also the GAC Advice process that may be used for the protection of geographical names. GAC advice can raise a strong presumption that the application should be rejected by the ICANN Board. As mentioned above, ICANN will fund the provider and panel fees for at least one objection per national government. Committing to an unlimited number of ICANN funded objections for individual governments, without some type of check and balance, is not workable – there is not sufficiently available funds (and those funds are essentially provided by registrants) and such a process can be subject to abuse.

One group has submitted several questions about the GAC Advice process. At bottom, the GAC Advice process is nothing different than what is already called for in the ICANN Bylaws. The GAC is entitled to provide the ICANN Board with advice on public policy matters, which the Board is required to consider. There is no automatic veto, although as always, GAC advice will be given the weight and consideration that GAC advice should be given under the circumstances, the strength of the stated advice, and ICANN's Bylaws requirements. The time limitations set out in the Applicant Guidebook for GAC Advice are meant merely to clarify that "for the Board to be able to consider the GAC advice during the evaluation process, the GAC advice would have to be submitted by the close of the Objection Filing Period." See Applicant Guidebook, section 3.1 at <http://www.icann.org/en/topics/new-gtlds/draft-dispute-resolution->

[procedures-redline-15apr11-en.pdf](#). Additionally, GAC advice stated in a certain way will raise a strong presumption that the Board should reject the application.

With respect to the question about whether the GAC will be charged a fee to provide an Early Warning or Advice, the answer is no. As written, it is contemplated that the GAC will not be filing an “objection” with an independent DRSP, but rather, submitting advice to the ICANN Board. Since dispute resolution fees are paid directly to the service provider, there would be no fees as the GAC is sending advice directly to the Board.

Some have commented on the Independent Objector (IO) and asked what the IO may consider. The IO can file objections based on limited public interest or community grounds only. The IO will not be prohibited from considering comments received at any time. It is contemplated that the IO will use the application comment forum or alternative comment forum, if one is established for the IO, as a source for comments. In terms of additional detail relating to the IO function, it will be published as the selection process is executed.

In terms of Expert panels, some pre-delegation dispute resolution processes call for 3-member panels and some call for one panelist. The number of panelists were chosen based on the complexity of issues addressed and other considerations. These options will not be revised at this stage, but will be reviewed, along with all other processes, as the first round of the new gTLD Program progresses. With respect to panel decisions, it is anticipated that the parties, which will be subject to the DRSPs confidentiality requirements, will receive the full text of an Expert Determination even if some parts are redacted before posting.

One commenter has questioned whether the ICC is the appropriate DRSP to administer the limited public interest and community objections. It should be recalled that in this context, the ICC International Centre for Expertise will administer the dispute resolution procedure; it will not adjudicate the dispute. Rather, the expert panel that is to simply be selected by the ICC will hear and issue a determination on the dispute. ICANN considers that the ICC’s International Centre of Expertise, with its extensive experience in administering various types of international disputes is well qualified to act as a DRSP. The rules of the International Centre for Expertise are available at: <http://www.iccwbo.org/court/expertise/id4379/index.html>.

A question has been posed about one of the criterion for limited public interest objections and its reference to principles of international law. This particular criteria has been to topic of several community-wide discussions and extensive debate, which resulted in the way this criterion presently reads. Further, this reference to internal law principles was part of the original GNSO policy and thus will remain as stated.

With respect to posting objections as they are filed the only comment received is supportive of the current stated position and thus does not require analysis.

One commenter questions the English language requirement with respect to the objection procedures. ICANN carefully considered this requirement, particularly in light of its commitment to operating as a multi-lingual organization. While it is true that at least for the first round the authoritative language will be in English, a party is permitted to “submit supporting evidence in its original language, provided and subject to the authority of the Panel to determine otherwise, that such evidence is accompanied by a certified or otherwise official English translation of all relevant text.” It is also expected that the dispute resolution service providers, and the panels, will use some discretion during the proceedings to ensure that they are fair to all parties, including as it relates to native languages. Requiring English to be the authoritative language

for objection proceedings will certainly be reviewed after the first round.

In terms of community objections, one commenter suggests that requiring objectors to show that a considerable number of community members have objection (in other words - substantial opposition) is cumbersome. The requirement to show substantial opposition is part of the actual policy recommendation and thus will not be changed (see GNSO Policy Recommendation 20 on new gTLDs: "An application will be rejected if an expert panel determines that there is substantial opposition to it from a significant portion of the community to which the string may be explicitly or implicitly targeted").

Other commenters are supportive of the recent revisions to the community objection standards.

## MALICIOUS CONDUCT

### Key Points

- A requirement for applicants to disclose their affiliates to enable ICANN to disqualify applicants based on affiliates' conduct would not be effective and make the background screening unmanageable.
- Limiting the number of new gTLDs in the round by introducing new categories of TLDs would introduce new levels of risk and eliminate the benefits of the new gTLD program.
- ICANN has carefully considered comments from governments and the intellectual property community and introduced a number of mechanisms to protect users where TLDs are targeted to a population or industry that is vulnerable to online fraud or abuse.
- The GAC approach, calling for enhanced protections in proposed new gTLDs that "refer to particular sectors, such as those subject to national regulation," has not been addressed by creating new categories, but has been addressed in an alternate way.

### Summary of Comments

Vetted registry operators. ICANN's broadening of the scope of offenses that render an applicant or entity ineligible to operate a new gTLD is commendable, but in light of the Board's elimination of the vertical separation requirement, ICANN should require applicants to disclose their affiliates (defined in Sec. 2.9(c) of the new gTLD Agreement) and ICANN should be permitted to disqualify applicants based on affiliates' conduct. This is particularly true where numerous affiliates of likely applicants have been found to have engaged in cyber squatting in UDRP proceedings. *Microsoft (15 May 2011).*

Prevention and protection measures need to go further.

COA commends the security improvements made in the discussion draft (e.g., evaluation criterion 30, enabling public comment and evaluation of the adequacy of security measures contemplated, as well as the recognition that this requirement is not limited to financial services-oriented TLDs but also applies to "other strings with exceptional potential to cause harm to consumers"); however, COA urges that ICANN go further to reduce the risks of opening up an unlimited range of new gTLDs. *COA (15 May 2011).*

COA supports the GAC approach which unfortunately so far the ICANN Board has rejected. The GAC proposal calls for enhanced protections in proposed new gTLDs that “refer to particular sectors, such as those subject to national regulation (such as .bank, .pharmacy) or those that describe or are targeted to a population or industry that is vulnerable to online fraud or abuse.” This formulation would clearly signal that ICANN would provide more rigorous scrutiny for any proposed new gTLD string targeted to sectors such as music, movies, or videogames, in order to guard against the risk that the new gTLD would be infested with copyright infringement. Regardless, COA believes that new gTLDs targeted to copyright industry sectors clearly fit the “exceptional potential to cause harm” criterion in the current draft applicant guidebook. COA requests confirmation from ICANN of this interpretation, such as by specifying that any gTLD targeted to a population or industry that is especially vulnerable to online fraud or abuse is also a string with exceptional potential to cause harm to consumers. *COA (15 May 2011).*

Regarding evaluation criterion 35, COA commends ICANN for providing incentives to applicants to commit themselves to mechanisms for preventing and remedying abusive or malicious behavior and to safeguard against domain name hijacking through requirements such as multi-factor authentication to process update or delete requests. ICANN should incorporate these mechanisms into the minimum requirements for “abuse prevention and mitigation” so that applicants failing to commit to them will receive a failing score of zero on this criterion. *COA (15 May 2011).*

## **Analysis of Comments**

The new gTLD process seeks to protect registrants and users against malicious conduct. One solution is to conduct background checks on those applying for a new TLD. ICANN has discussed and considered the process suggested to screen applicant affiliates as well as applicants themselves. Such a step would introduce significant complications and costs to the background screening process without a balancing benefit. For example, in addition to ICANN screening the affiliate, it would also need to do so for the directors, officers, partners, etc. of the affiliate. This additional screening is cost and time prohibitive and would probably not result in many disqualifications given the level of scrutiny the applicant is subject to under the process. Affiliates are often distant and have no role in operation or conduct of a TLD to be operated by the applicant. Also, such an inquiry would lead applicants to set up new entities to provide separation between themselves and affiliates. This would not be just to mask prior bad conduct – it could simply be to avoid the expense and intrusion of background checks into their associates who will not play a role in the process.

Throughout the development of the new gTLD program and the Applicant Guidebook, there have been numerous discussions about limiting the number of new gTLDs in the first round and/or adding categories (i.e., beyond open and community such as geo, brand, etc.). It is possible these additional measures may mitigate some risks with new gTLDs, and they may also introduce new and unpredictable risks (i.e., abuses to the process). Some of these risks include: applicants registering to file an application to secure their place in a limited round and subsequently attempting to sell that slot to the highest bidder, underserved communities that may be disadvantaged and lose their opportunity in the round to large, well-funded entities who are capable of assembling their application quickly and inexpensively, and entities may be formed exclusively to qualify for a new category of TLD though they may have intentions of altering the purpose of the TLD after-the-fact and this could disadvantage another entity for the same string that did not prevail in a contention resolution proceeding. Also, limiting rounds

would also severely limit the anticipated benefits accruing from increased competition, choice and innovation. For these reasons and others, the process remains as it is today.

The GAC approach, calling for enhanced protections in proposed new gTLDs that “refer to particular sectors such as those subject to national regulation,” has not been addressed by creating new categories, but has been addressed in an alternate way. Long discussions of TLD categories in previous comment fora led to a conclusion that creating additional categories of TLDs were problematic. However, ICANN sought to address the GAC issue through the implementation of GAC Early Warning and GAC Advice processes. In that way, the GAC request that sensitive strings such as those purporting to address the needs of certain industry sectors can be reviewed, and if appropriate, objections can be lodged or the GAC can give public policy advice on these applications directly to the ICANN Board.

ICANN has listened to and responded with changes to the concerns of governments and the intellectual property community about the need to add enhanced measures to protect new gTLDs that describe or are targeted to a population or industry that is vulnerable to online fraud or abuse. To address these concerns, numerous protection mechanisms have been added to the new gTLD Applicant Guidebook including: the GAC Early Warning and Notice processes, the Trademark Claims Service (during Sunrise and at least the first 60 days of general registration), the Trademark Post-Delegation Dispute Resolution Procedure (PDDRP), the Registration Restrictions Dispute Resolution Procedure (RRDRP), and the Uniform Rapid Suspensions System (URS).

In the recent version of the evaluation criteria in the Applicant Guidebook, ICANN provided a scoring incentive (i.e., two points vs. one) for applicants that committed to taking extra measures for example to prevent and mitigate abuse. This is a strong incentive. Applicants must score more than “1” on some questions in order to pass the evaluation. This opportunity to obtain the extra point is clear – it was purposely made so in the anticipation that nearly all applicants will take advantage and describe additional mitigation measures. Some in the community have suggested that these extra measures should be incorporated to the minimum requirements for abuse prevention and that failure to do so should result in a failing score of zero. A difficulty is that we don’t know exactly what these “extra measures” might be – taking much objectivity out of the scoring is a score of “1” is based on some unknown increment to the standard. The existing mitigation measures are those recommended by the working group considered to be experts in this area. Therefore, it is thought a score of one in this area is acceptable and applicants that agree to take on the extra operational and technical costs associated with implementing additional measures should be rewarded for doing so. In contrast, some applicants may exceed the requirements in the other evaluation criteria and in doing so may find it unnecessary, for the purpose of their TLD, to score a two in the abuse prevention and mitigation category. It would be unfair to issue a failing score of zero in this area if the applicant has proposed a plan, a plan that may only require a score of one, that meets the proposed needs of their TLD.

## **ROOT ZONE SCALING**

### **Key Points**

- ICANN, its advisory committees, the root server operators, and others have taken numerous steps involving thorough study and analysis to ensure ongoing stability of the root zone.
- Given the published limits on delegation rates, there is agreement in the technical community that the delegation on new TLDs will not be a danger to root zone stability.
- ICANN has committed to reviewing the effects of the new gTLD program on operations of the root zone system and to deferring second-round delegations until it is clear that root zone system security was not jeopardized by new gTLD delegations from the first application round.

## Summary of Comments

### Subsequent application rounds--security and stability studies.

ICANN should not be reviewing the effects of the new gTLD program for security and stability after the first round; it should be conducting those types of studies before it even thinks about launching potentially hundreds of new TLDs and compromising the safety of businesses and consumers around the world. This point is an acknowledgement that ICANN knows that there is a danger associated with new TLDs. CADNA would like more details on how ICANN plans to conduct such studies, considering the controversy that surrounded its earlier economic studies. *CADNA (13 May 2011).*

Microsoft supports ICANN's commitment to reviewing the effects of the new gTLD program on operations of the root zone system and to defer second-round delegations until it is clear that root zone system security was not jeopardized by first-round new gTLD delegations and its decision to publish the names and positions of individuals associated with a new gTLD application. *Microsoft (15 May 2011).*

## Analysis of Comments

Investigation undertaken by ICANN to study and understand the effects of new TLD delegations on root zone performance has included:

- commissioning an independent report, which indicated that the root zone might be most affected by rate of delegation rather than the overall number of delegations,
- performing delegation rate studies that resulted in caps to delegation rates,
- informing every root zone operator of those limits, with confirmation from every root zone operator that those delegation rates would not negatively affect the performance of their root server, and
- conducting an in-depth study of the ICANN-operated L-root that determined that many multiples of anticipated delegations would not affect L-root performance.

Most of the most recent work has involved root-zone provisioning: ensuring that the administrative infrastructure can accommodate delegation work.. Bolstering the IANA function to accommodate root management services for new registries is to be taken seriously, but is not an overly difficult undertaking. Currently ICANN receives, on average, one root management request per day (for approximately 272 TLD registries). The new TLD round may double or triple that number. Instead of processing one request per day, the IANA function might process two or

three. According to documentation published separately, this will result in two or three additional staff members. Continuation of IANA function services at the same level of excellence offered today is an extremely serious consideration, but it is expected that the new demands can be readily accommodated according to the plans in place

To expand slightly another comment made, ICANN will collaborate with root server operators and others in the technical community to measure any effects of the first round delegations on root zone stability. This will include the root zone administrative provisioning system of delegations into the root zone and providing root zone management services to the new TLDs. There will be no second round delegations until those effects are measured.

Finally, beyond the responses to these comments, it should be noted that ICANN, through its recent consultations with the GAC, has committed to several actions to ensure ongoing stability of root zone operations and provisioning.

## **STRING SIMILARITY AND STRING CONTENTION RESOLUTION**

### **Key Points**

- For the initial evaluation, the proposed position is to keep the similarity assessment restricted to visual similarity only, especially in view of the complexities involved with assessing for example aural similarity, which can be invoked in the subsequent string similarity objection process. Final decisions on similarity will be made by a panel, as string similarity algorithm outcomes are only indicative, not authoritative. Community discussions have made it clear that human assessment is a necessity.
- Allowing for agreements between applicants to have confusingly similar strings coexist as TLDs would imply risks for registrants and end users and can only be considered when policy has been developed on provisions and procedures to reduce or eliminate such risks. Similar concerns may relate to linguistic variations of a string from a single applicant, while also noting that there are special provisions in the current approach for variant handling for IDN strings.
- The community views remain diverged on the Community Priority Evaluation threshold and the proposed position is to keep this value at 14 points.
- The wording in the AG will be clarified to explain why a certain flexibility regarding the contract establishment deadline must be kept to allow for differences in complexity, rather than giving a runner-up in a contention resolution an automatic right to proceed if the winner fails to meet the deadline.
- Auction proceeds will be kept separate and only used for purposes agreed to by the community, for example to reduce fees as suggested, provided this meets with community approval.

- The risk that an applicant in a contention set may cause intentional delays is minimized by the fact that the application completeness check has a time limit for the applicant to provide any missing material.

## Summary of Comments

### Visual similarity (Module 2, Section 2.2.1.13).

Similarity should be limited to “visual.” “Aural and meaning similarity” should be removed. If not, then in the case of IDNs an incumbent ASCII registry will be practically entitled to have or block all TLDs equivalent in meaning or sound to the current ASCII TLD, and in all languages. If phonetic and meaning similarities are to be considered, then a current gTLD registry that is based on a generic word is granted the right for that word and concept in all languages and all scripts. This is not only unjustifiable from a cultural and social point of view (leading to the best IDN gTLD concepts in any script to be owned and operated by large Western ASCII-oriented corporations as opposed to poorer, native in-IDN country players), but it is not clear that it is even legal. *Y. Keren (Module 2, 16 May 2011). I. Genov (Module 2, 16 May 2011). S. Subbiah (Module 2, 16 May 2011). P. Kolev (Module 2, 16 May 2011).*

When deciding the issue of “confusingly similar”, not just visual, but audible/phonetic must be considered too. Future technologies that rely on speech recognition or for the disadvantaged such as sight impairment must be protected. Those who argue for “visual” only do so because they are operating an alternate root that includes many of the IDN gTLDs likely to be applied for. Alternate roots promote user confusion and should be outlawed and eradicated. *F. Ulosov (16 May 2011).*

“Meaning similarity” should not be considered because it can ban every IDN TLD that will come into the field in the future, harming the interests of non-English speaking countries in IDNs and resulting in a monopoly for the current TLD holders. *S. Soboutipour (16 May 2011).*

String Similarity—Proposal for Avoiding Contention Sets. To avoid creation of a contention set (and possible auction) in some cases caused by the application of the similarity assessment tool (e.g., hypothetically, “.bbc” and “.abc” applications from two well known companies, where both strings are used in the “.com domain” without any problems but the similarity assessment tool result is 92%, showing high similarity/high probability of user confusion), a small addition should be made to the chapter called “Similarity to Other Applied-for gTLD Strings (String Contention Sets)” on page 2-5 of the Guidebook: i.e., when ICANN notifies the applicants who are part of a contention set, it would give the applicants a fixed period of time to submit written statements that they do not object to the other applications in the set, This would reverse the contention set and allow the applications to proceed. This suggestion may offer a solution to many potential applicants who now see big hurdles in the area of string similarity and may decide not to apply because of the high risk of failure. *T. Mustala (Module 2, 12 May 2011).*

Co-existence recognition. The AG does not take into account co-existence agreements or natural co-existence between trade mark owners with similar marks (e.g., currently a successful application from NBC in round one would preclude ABC or BBC or NBA in future years. DHL could preclude the NHL, despite that these organizations co-exist in the real world.) ICANN should not be creating conflicts where they do not exist. There should be a mechanism so that trade mark owners that co-exist in the real world without causing consumers any confusion can co-exist at the top level of the DNS. *Valideus (13 May 2011). MARQUES/ECTA (15 May 2011).*



The string contention provisions should be modified to accommodate consent and co-existence agreements. Where all non-identical applications in a contention set consist of brands registered in at least ten national or supra-national trademark registries, the contention set should be dissolved if all the applicants inform ICANN that they believe the TLDs can co-exist without significant risk of consumer confusion. Such a mechanism would encourage brand owners to participate in the new gTLD process rather than resolving these issues through litigation (which could involve ICANN). *IPC (15 May 2011)*.

Contention sets—linguistic variations. String similarity contention sets should not include similar strings requested by an applicant seeking linguistic variations of the applicant's other applied-for string. *BC (15 May 2011)*.

Community priority should be given to applicants scoring at least 13 points, not 14. The intention of Community Priority will not be realized if Community applicants cannot reasonably reach the 14 point threshold. E.g., just two objection filings would make it impossible for an applicant to achieve the required 14 points. The BC remains unconvinced that staff has adequately analyzed the possibility and probabilities of applicants reaching 14 points. Other stakeholders have supported a 13 point minimum score (e.g., COA, IPC). *BC (15 May 2011)*.

Runner-up applicant. In 4.4, why shouldn't the runner-up applicant have the right to proceed and why should it be at ICANN's option? Without reasonable justification, these provisions seem to be unsatisfactory. *RySG (15 May 2011)*.

Use of auction proceeds.

ICANN still has not provided detail on potential uses of funds generated by auctions to resolve string contention between competing new gTLD applicants. If skeptics prove correct, auctions could generate considerable revenue to ICANN. The interests of accountability and transparency call for ICANN to present a more specific plan for use of these proceeds for consideration by the community well before the new gTLD round launches. *COA (15 May 2011)*.

Proposal for use of auction proceeds. Discussion of the issue of the use of auction funds is still open and subject to resolution before the release of the final guidebook (see footnote from section 4.3 of April 2011 draft applicant guidebook). The comments of A. Doria propose a process by which these funds can be allocated to resolve some of the pending issues involved in fee reduction --to address the GAC concern for inclusiveness and fair access to the application process—for applicants who meet the JAS WG's eligibility criteria. *A. Doria (Module 4, 16 May 2011)*.

Section 1.1.2.10 revision. We expect this section can be used in competing applications (contention sets) to take speculative advantage of intentionally caused delays by delaying the said completion of all aspects of evaluation. The following sentence should therefore be added: "Applicants should be given a limited time of not more than 4 weeks to submit missing parts of their applications." *dotHotel (15 May 2011)*.

## **Analysis of Comments**

The comments regarding the scope of the similarity assessment are well taken. As has been stated in relation to previous public comment periods, the string similarity assessment in the initial evaluation is solely focused on visual similarity. The support from many for that approach is noted, as is the diverging view that aural similarity be considered, an approach that is controversial in principle and very difficult to perform in practice, while such similarity can indeed

be invoked in a subsequent string similarity objection process. The proposed position is to keep the established approach unchanged. One comment suggests that, “Aural and meaning similarity” should not be considered at all. As reinforced by community discussion, possible examination for these types of similarity was included in the policy recommendations of the GNSO that was approved by the Board. The idea is that user confusion should not be likely to occur – no matter what the cause of that confusion, Therefore, absent other policy advice, the current objection model that includes all types of confusion will remain in place, although the similarity assessment during initial evaluation will be limited to visual similarity.

Regarding suggestions that applicants can agree on coexistence for confusingly similar strings, it has repeatedly been clarified in responses to previous public comment periods that a finding of confusing similarity cannot as such be resolved thru mutual agreement by the involved applicants. Such an approach would not make the strings appear less confusingly similar to the internet user, which is the fundamental aspect to consider, especially given the considerable security risks for registrants and end user that such similarities can entail over the whole lifespan of the involved TLDs. A policy basis for agreement provisions and safeguards to eliminate such risks must be developed before such an approach can be considered. This matter has already been addressed in previous public comment analyses and the proposed position is not to change the current approach in the Applicant Guidebook in this regard.

Regarding the noted high similarity scores provided by the algorithm for strings that arguably can coexist, given that they have coexisted on the second level under .com without causing problems, it must be emphasized that the algorithm score is only one input to be considered by the string similarity panel and not authoritative in any way regarding findings of similarity. Community discussions have made it clear that confusion is a human reaction and that consideration by humans is indispensable for truly assessing similarity, which will thus be the task of a panel. It is the intention to refine the algorithm in view of the panel's findings and thereby improve it for future rounds, but the algorithm outcomes will be considered as solely indicative for now. No change in that approach is foreseen for the first round.

For the claim that “linguistic variations” of a string from a single applicant should not be put in a contention set, one has to distinguish between a couple of different cases. If the intended meaning is “variant TLD strings” declared by an applicant as described in the Guidebook (see separate section), thus occurring within a single IDN gTLD application, they will be handled according to those rules and not be put in a contention set based on the applicants declaration of variants, while still being considered as a basis for assessing similarities with other applied-for strings. If the intended meaning is translations/transliterations/transcriptions, the strings would appear in separate applications and be assessed for visual similarity and may indeed be found to be confusingly similar, for example in the case of an ASCII string and a Cyrillic string. Such strings will not be permitted to coexist as gTLDs in the DNS, regardless of whether they are put forward by the same applicant. Future policy development may potentially change this approach, provided sufficient safeguards can be identified, but for the first New gTLD application round no change in this approach is foreseen.

As noted in previous analyses of public comments regarding the threshold for winning in Community Priority Evaluation, community views on the required score diverge, with strong arguments put forward for either 13 or 14 points as the most appropriate value. Regarding the example given in the comment, implying that two groups’ opposition would make the applicant lose two points and likely score overall below the threshold, this will be the case if the opposition is duly reasoned and comes from sizeable groups within the addressed community - arguably a sign that the support is undermined. However, as explained in the definitions and guidelines for

criterion 4, the standards are set high for any opposition to be taken into account as relevant in order to prevent that spurious or obstructionist opposition would affect the score. The definitions and guidelines for the criteria are as important as the criteria themselves for the scoring and have been gradually developed in the light of comments like the one provided here. In fact, the same comment on risks with opposition scoring for community applicants was submitted for an earlier AG and prompted in depth consideration and refinement of the guidelines for criterion 4. The proposed position is not to change the wording of the guidelines.

The comment on the rights of a runner-up relates to the text in section 4.4 that “If a winner of the contention resolution procedure has not executed a contract within 90 days of the decision, ICANN has the right to deny that application and extend an offer to the runner-up applicant, if any, to proceed with its application. For example, in an auction, another applicant who would be considered the runner-up applicant might proceed toward delegation. This offer is at ICANN’s option only. The runner-up applicant in a contention resolution process has no automatic right to an applied-for gTLD string if the first place winner does not execute a contract within a specified time.” The reason why this is at ICANN’s option only is in order to provide appropriate flexibility for a process that, as experience has shown, may justify extensions of the 90-day period in complex cases. The comment is appreciated as the current text lacks this explanation and clarifying language will be inserted.

Regarding the comments about potential auction proceeds, it has repeatedly been stated by ICANN that those will be kept separate from ICANN’s normal budget and used in ways agreed to by the community. To use such proceeds for fee reductions for needy applicants, as suggested by one comment, is indeed an option, provided it meets with community agreement.

The Guidebook (recently revised) states:

The purpose of an auction is to resolve contention in a clear, objective manner. It is planned that costs of the new gTLD program will offset by fees, so any funds coming from a last resort contention resolution mechanism such as auctions would result (after paying for the auction process) in additional funding. Any proceeds from auctions will be reserved and earmarked until the uses of funds are determined. Funds must be used in a manner that supports directly ICANN’s Mission and Core Values and also allows ICANN to maintain its not for profit status.

Possible uses of auction funds include formation of a foundation with a clear mission and a transparent way to allocate funds to projects that are of interest to the greater Internet community, such as grants to support new gTLD applications or registry operators from communities in subsequent gTLD rounds, the creation of an ICANN-administered/community-based fund for specific projects for the benefit of the Internet community, the creation of a registry continuity fund for the protection of registrants (ensuring that funds would be in place to support the operation of a gTLD registry until a successor could be found), or establishment of a security fund to expand use of secure protocols, conduct research, and support standards development organizations in accordance with ICANN’s security and stability mission.

The amount of funding resulting from auctions, if any, will not be known until all relevant applications have completed this step. Thus, a detailed mechanism for allocation of these funds is not being created at present. However, a process can be pre-established to enable community consultation in the event that such funds are collected. This

process will include, at a minimum, publication of data on any funds collected, and public comment on any proposed models.

Concerning the comment about applicants causing intentional delays for a full contention set, it must be noted that any delays for any application in a contention set, due to for example extended evaluation or objections, will indeed delay the ultimate resolution of the contention set. Contention resolution cannot take place until every involved application have passed the preceding steps or been eliminated in them. First at that point will the configuration be clear of the final contention set to resolve, as applications rejected in the previous steps may change the configuration in important ways and potentially even eliminate the need for contention resolution. However, the risk that any applicant will cause intentional delays by not providing missing parts of its application is limited as the applicant, after the initial completeness check has identified deficiencies in the application, must complete its application within a required timeframe or face rejection.

## GEOGRAPHICAL NAMES

### Key Points

- Additional protections for geographical names are available through new GAC Early Warning and GAC Advice procedures.
- Protections for capital city names are available for multiple representations of that name, as described in the Guidebook.
- Regional and continent names identified in specific list will require approval of super-majority of governments for reasons stated.
- Processes exist for release of geographic second-level names that rely on approval of ICANN, GAC or governments. They will be clarified in Guidebook.

### Summary of Comments

Protect all geographical names. Non-capital city names should be protected to the same degree as capital city names. All geographical names (regardless of existence in the ISO 3166 list) which the national government specified per the right of the national government should be protected to the same degree as capital city names. These protected names would be listed by each government and pre-registered with ICANN. *Tokyo Metropolitan Government (13 May 2011).*

Protect variations of capital city names. Variations of capital city names (in any language) should be protected by requesting documentation of support from the relevant governments (e.g., “Tokyo” and “Tokyo-to” both represent the capital city of Japan). *Tokyo Metropolitan Government (13 May 2011).*

Sufficiency of implementation schedule. Given procedures for government or public authority letters of support, public objection and dispute, as well as the fact that several important items have not yet been mutually agreed upon by ICANN and the GAC, the entire process must allow sufficient implementation time from final approval of the DAG to the beginning of the new gTLD program and deadline of application. It is requested also that ICANN immediately present a new

schedule that includes the timeline of acceptance and evaluation, etc. *Tokyo Metropolitan Government (13 May 2011)*.

IDN gTLDs. Introduction of IDN gTLDs is especially important for the Internet community in Asia. With the introduction of IDN ccTLDs, users increasingly expect IDN gTLDs to be accessible. *DotAsia (Module 2, 3 May 2011)*.

Support for government/public authority procedures. UNINETT Norid is pleased that the post delegation procedure for geographical names now seems to be in place. The wording in both text of the guidebook, 2.2.1.4.3 Documentation Requirements and in the attachment to Module 2—Sample Letter of Government Support (“ICANN will comply with a legally binding order from a court in the jurisdiction of government/public authority”)—will together with the changed wording in the New gTLD Registry Agreement 7.13, make it possible for governments/public authorities to give their support. It is absolutely necessary that this agreement make it clear that ICANN will respect any order from a court of competent jurisdiction. *UNINETT Norid (Module 2, 11 May 2011)*.

DIFO is pleased with the language ICANN added to the text in the Discussion Draft guidebook in 2.2.1.4.3. and finds that it is a compulsory part of the procedures in order to keep trust in ICANN and the multi-stakeholder model. *DIFO (15 May 2011)*.

Jurisdiction. DIFO is still concerned about the jurisdiction of geographical TLDs. The Danish ccTLD .dk is operated under Danish jurisdiction, and DIFO finds it obvious that a TLD relating to a geographical name, e.g. “copenhagen” or “jylland” should be governed by Danish law and not by other jurisdictions. *DIFO (15 May 2011)*.

#### Regional TLDs.

The fixed arbitrary numeric “cut off” percentile mechanism (Module 2, Section 2.2.1.4.2, Point 4 of the current guidebook) may be inappropriate for regional initiatives and would seem insensitive to diversity. Each region is different and has its own unique circumstances within its technical and Internet community, geo-politically and in other aspects. More important is a process that would allow an applicant of a regional initiative to explain how it would outreach to and continue to engage the respective governments not only before or during the application process but continuing forward post delegation. In addition, regarding what is most important, it may not be about what percentages of countries started or have joined a regional initiative, but whether the initiative has appropriate open doors and enlargement policies, demonstrating a continued commitment to inclusiveness. Demonstrated commitment, through a process such as a GAC early-warning system, is most important to ensure that an applicant proposing a regional initiative is the appropriate candidate for such an undertaking. We believe that the DotAsia initiative experience has shown that an early warning system can work, and that a more collaborative approach between the GAC and the applicant/registry operator can be successful for the community at-large. *DotAsia (Module 2, 3 May 2011)*.

We are supportive of the comments of the DotAsia initiative that: (1) a one size fits all arbitrary percentile for regional TLD initiatives is inappropriate; (2) the new gTLD process should respect the diversity and different cultural, geopolitical and Internet community conditions for each regional initiative; and (3) commitment from the applicant to continue (beyond the application stage) to respond to governments in the region is more important. *B. Burmaa (Module 2, 5 May 2011); K. Huang (Module 2, 6 May 2011); J. Disini (Module 2, 6 May 2011). H. Hotta (Module 2, 11 May 2011). LIM Choon Sai (Module 2, 12 May 2011). RySG (15 May 2011). A. Saleh*

(Module 2, 16 May 2011). IDN WG-TWNIC (Module 2, 16 May 2011). T. Matsumoto (Module 2, 15 May 2011). InternetNZ (Module 2, 16 May 2011).

Regional TLDs—5-macro regions. It is recognized that the new gTLD program is designed with scalability in mind; however, given that there are only 5 macro-regions (and a very limited number of listed sub-regions), a more accommodating process respecting the vast diversity between each region should not pose a problem. *DotAsia (Module 2, 3 May 2011).*

Regional TLDs—GAC input. GAC input should be sought for all regional name applications. An early warning system, followed up by the applicant, that provides the applicant, ICANN and GAC with flexibility to more appropriately address the issues unique for each regional initiative will form a much better and more comprehensive process. *DotAsia (Module 2, 3 May 2011).*

New language offered for Module 2, Section 2.2.1.4.2, Point 4 (in italics). DotAsia offers the following rewrite for ICANN's consideration: "In the case of an application for a string appearing on either of the lists above, *ICANN will consult with the Government Advisory Committee as part of its evaluation process. [delete "documentation of support will be required from at least 60% of"]*. *The applicant should present documentation demonstrating the outreach to and correspondence with the respective national governments in the region, and there may be no more than one unmitigated written statement of objection to the application from relevant governments in the region and/or public authorities associated with the continent or the region. Furthermore, the applicant is required to describe and explain how its governance and operations support continued responsiveness to and cooperation with relevant governments in the region and/or public authorities associated with the continent or the region.*

Where [*delete "the 60% rule is applied, and"*] there are common regions on both lists, the regional composition contained in the 'composition of macro geographical (continental) regions, geographical sub-regions, and selected economic and other groupings' takes precedence. *DotAsia (Module 2, 3 May 2011).*

Government "no objection procedure" –criticism. The 2.2.1.4.2 requirement of document of support from at least 60% of the respective national governments in the region is very difficult to achieve or in some cases irrelevant for the following reasons:

- (1) Governments are inclined not to provide written documents to a private company, especially on a topic they are not very interested in. This means that many of the governments will not send a "no objection" document even if they have no objection.
- (2) Especially for IDN TLDs, many governments will not be very interested and it is unlikely that a "no objection" document will be written by such governments.
- (3) The appropriateness of IDN TLDs cannot be decided by governments other than those who use the characters of the specific IDN TLD (e.g., the Japanese TLD string for .asia will not interest governments other than Japan. Such governments cannot decide the appropriateness of the Japanese TLD string, and they will not write a "no objection" document).

*H. Hotta (Module 2, 11 May 2011).*

An arbitrary figure of 60% is not practical or feasible for implementation:

- (1) Most government agencies and/or statutory boards need to maintain impartiality and will find it difficult to provide a written statement of support to a private commercial entity in such a situation, even if these government agencies and/or statutory boards in essence do not object to the application.

- (2) One region may be home to numerous different languages and cultures, with one country's official language differing from another's. It is unfair and inappropriate to ask for a government to support an application for a language that is not analogous to its own official language.

*LIM Choon Sai (Module 2, 12 May 2011).*

Country and territory names. UNINETT is pleased that country and territory names are still taken out of the new gTLD program. Even if it is stated that this applies only for *this application round* (page 2-14), we take it for granted that this will apply until the ccNSO Study Group on Country and Territory Names has completed their work. This evaluation was removed from the ccPDP on IDN, as country and territory names include both Latin and non-Latin names. *UNINETT Norid (Module 2, 11 May 2011). DIFO (15 May 2011).*

Country codes.

ICANN's proposed prohibition of country codes at the second level is unrealistic and anti-commercial and will be hard to police. It would prohibit a dot brand applicant from registering a country name at the second level for a perfectly logical and legitimate reason (e.g. us.budweiser). As there is no prohibition on the creation of folders (e.g. www.budweiser/uk) this is an artificial restriction that should be lifted. *Valideus (13 May 2011). MARQUES/ECTA (15 May 2011).*

Evaluation Question 22 implies a registry operator can formulate a plan to release geographic names, but Specification 5, Section 2 of the Registry Agreement states that a registry operator can release two-character country codes but not geographic names. AusRegistry requests that Specification 5 be modified to match language in Question 22 and therefore allow the registration of geographic names under the TLD. *AusRegistry (16 May 2011).*

Use of Geographic Names at Second and Other Levels--Dot Brand Applicants. The importance of protecting geographic names is understandable but we ask ICANN to recognize the special nature of potential dot brand applicants and either relieve them of this requirement (question 22, DAG) or provide (or grant permission to independently develop and employ) a universal solution which will allow dot brand applicants to release the reserved geographic names (as well as two-label country codes) for their exclusive internal use all at once. GAC could implement a universal solution whereby a centrally maintained list of countries and ccTLD operators who have agreed to their country names/country codes being registered under dot brand TLDs (without the need for special procedures) is made available. As a result, any Registry who wishes to use such names will simply enter into an agreement with GAC or another relevant body, rather than having to consult with over 200 different governments individually. If introducing such a mechanism is not viable, dot brand applicants would benefit greatly from being exempt from the requirement to create reservation and release mechanisms for geographic names. Alternatively, GAC could provide a list of contact points for the government representatives associated with each second level string. Moreover, governments could be obliged to respond to a request from the registry within a set period of time. Internet users will benefit greatly from being able to find and access their preferred brands according to the geographic locations. This may be delayed unnecessarily if the release procedures for geographic names are overcomplicated. *Brights Consulting (14 May 2011).*

Subject to approval from relevant national governments, a single-registrant TLD should be allowed to register both two-letter abbreviations and full country and regional names at the second level (add this language to Section 2.6 "and except for single-registrant TLDs with respect to geographical names at the second level"). Single-registrant TLDs will reasonably

want to create second level domains for their operating units or chapters in each country or region (e.g. Canada.canon). *BC (15 May 2011)*.

Brand TLDs may require the use of e.g. “jp” or “Japan” at the second level. According to Specification 5 of the draft Agreement, registries must first initially reserve names on the ISO 3166-1 list. Though it is specified that the applicant may propose a release of these reservations, the process for releasing these names should be outlined in the final applicant guidebook. *UrbanBrain (16 May 2011)*.

Specification 5.5 notes that country and territory names contained in the ISO 3166 list shall be reserved at the second level and specifically points toward only the short form English equivalent of the country or territory name. There is no mention of alpha-3 names. Given the purpose behind the reservation of country and territory names, this leaves some with the question if second level names such as “JPN.TLD” can be registered. ICANN should clarify this in the upcoming version of the guidebook. *UrbanBrain (16 May 2011)*.

## **Analysis of Comments**

### **Protection of capital and other city names**

ICANN takes the interests of governments and public authorities in protection of geographic names seriously. The issues regarding which geographical names should be protected have been extensively discussed. To provide adequate protection to capital city names, the Guidebook indicates that protection extends to “a representation, in any language,” of a capital city name. Governments may use the GAC Early Warning or objection processes to identify a capital city name if it has not been identified by the applicant.

Non-capital city names have also been discussed extensively. Briefly, there are millions of city names, many of which are also generic words in which entities other than governments have legitimate interests. Even the definition of what constitutes a city may be uncertain in many circumstances. City names present challenges because city names may also be generic terms or brand names and, in many cases, city names are not unique. Unlike other types of geographic names, there are no established lists that can be used as objective references in the evaluation process.

An application for a city name, where the applicant declares that it intends to use the gTLD for purposes associated with the city name, will require support or non-objection from the relevant government or public authority.

Applicants are required to provide a description/purpose of what the TLD will be used for, and to adhere to the terms and conditions of submitting an application including confirming that all statements and representations contained in the application are true and accurate. The Registry Agreement has the same clause.

While, a workable method for clear identification and reservation of city names cannot be developed, other protections have been put in place and there are notable recent improvements to those protections. In consultations with its Governmental Advisory Committee (GAC), ICANN has developed GAC Early Warning and GAC Advice processes. Through these, governments can identify sensitive TLD applications and provide advice directly to the applicant and the ICANN Board that those applications be denied. Details for these new processes were first in



the April 2011 Discussion Draft and have been updated in the newly posted version of the Guidebook.

## **Timelines for government action**

ICANN also acknowledges the comments on suggestions regarding the publication of timelines – ensuring sufficient time exists for objections, expressions of support and other procedures. ICANN will develop detail in its timelines to demonstrate how these processes work together.

## **Requirement for approval of continent and regional names**

ICANN understands the objections made to a “one size fits all” approach for government approval of continent and regional names. Several models have been explored before and after the publication of the requirement that TLDs for continent names listed in independent, official lists be approved by 60% of the governments in that region. As has been described in earlier analysis, a conservative approach has been taken in providing a methodology to delegate continent names.

ICANN agrees that the new processes for GAC Early Warning and GAC Advice provide new avenues for governments to directly object to sensitive strings and geographical names in particular. However, GAC advice and recent discussions have not indicated that release of continent or regional names should be liberalized as a result. The Guidebook recommends that these types of geographic names be released if 60% of the countries in that region approve the delegation to the applicant and no more than one government objects. The commenters seek to eliminate the approval criteria, in favor of demonstrated cooperation with governments and no more than one government objection. Some comments state that many or most governments do not care about this issue and so approval is difficult to achieve. There are very few regional names and their delegation should be handled conservatively. There are many other names through which community members can find representation in the DNS other than these few names on official lists.

At the Mexico City meeting, the Board asked staff to provide greater specificity concerning government approval requirements for region and continent names. The definition developed as a result provides applicants with more clarity about what qualifies as a regional or sub-regional name and the degree of approval required. The requirement for 60% approval means that a slightly greater than a majority of governments in each area affirmatively approve the application and the applied for string. In this case, mere non-objection does not apply. The reasonableness of the 60% figure was checked by calculating at the number of countries / territories required for approval within each of the UN defined regions. The requirement that there be more than one written objection means that no single government has a veto power. The mechanism adopted is aligned with UN practices (which in most cases is by a simple majority in committees of the General Assembly: [http://www.un.org/ga/60/ga\\_background.html](http://www.un.org/ga/60/ga_background.html)).

While the 60% requirement is a constant for all such regions, when tested, it appears to make sense for regions with few and with many countries.

## **Second-Level Geographic Name Registration**

Well-intentioned, well-thought out and well-taken comments see clarification on which geographic names are reserved at the second-level and more specificity about the procedures for releasing them.

As the Guidebook indicates, both two-character country-code names and country names that are specifically indicated on certain lists are reserved on the second level. Additionally, as indicated in the Guidebook, those names can be released through a process. One suggested process in the Guidebook is: “For reference, applicants may draw on existing methodology developed for the reservation and release of country names in the .INFO top-level domain,” referencing [http://gac.icann.org/system/files/dotinfocircular\\_0.pdf](http://gac.icann.org/system/files/dotinfocircular_0.pdf).

Applicants can seek to release country-name labels (two-letter codes and reserved country names) either in their application or after delegation through the process defined by the agreement. Additionally, as indicated, processes approved by governments or the GAC may be employed for the release of country names at the second level.

Comments indicate that the language in the Guidebook and in the agreement are inconsistent. The language will be clarified to clearly indicate the availability of these processes for release of second-level, reserved country names and two-letter codes.

## **REGISTRY AGREEMENT**

### **General**

#### **Key Points**

- ICANN expects all applicants to enter into the agreement substantially as written, and it is not possible at this stage to anticipate what changes from the agreement might be acceptable and which would require Board review – it will depend on the unique circumstances of each agreement.

#### **Summary of Comments**

Changes to Agreement. The guidebook states that additional Board review of the registry agreement will not be necessary if there have been no “material changes to the base agreement.” The RySG asks that ICANN clarify what it considers “material changes to the base agreement,” and generally under what circumstances ICANN plans to negotiate changes to the base agreement. The RySG thinks that the imposition of new obligations or risks upon registry operators, or reduced indemnification for registry operators, could constitute “material changes.” *RySG (15 May 2011).*

#### **Analysis of Comments**

As indicated in the guidebook, ICANN expects all applicants to enter into the agreement substantially as written. Applicants may attempt to negotiate exceptions, but that could delay delegation of the TLD. Whether a particular requested change will require Board review will depend on the unique circumstances of each agreement and it is not possible to anticipate now exactly which changes or categories of changes would be considered to be material and thus

require Board review. Further work might be done on developing ICANN processes and guidelines regarding this issue between now and when new gTLDs begin to be delegated under the program.

## Vertical Integration (VI)

### Key Points

- The Applicant Guidebook applies to registry operations only. Entities that engage in both registry and registrar operations will also be governed by the agreements and mechanisms applicable to both registry operators and registrars.
- Registry Operator is required to give notice to ICANN in the event a registry service subcontractor or other affiliate becomes a registrar or registrar reseller and should structure its third party contracts to account for this.

### Summary of Comments

Update fully to account for VI Decision. ICANN needs to go back and check that the draft applicant guidebook and all mechanisms therein fully account for vertical integration issues. E.g., Specification 7 of the registry agreement refers to new registries complying with the PDDRP, RRDRP, and URS, but has no reference to registries complying with UDRP decisions (which registrars would have to comply with). Moreover the PDDRP refers only to conduct by the registry. The ICANN Board's decision to eliminate vertical separation is likely also to have important implications and consequences for existing consensus policies. *INTA (14 May 2011)*.

Use of Subcontractors. In Section 2.9(b), the current language states that if a registry subcontracts provisioning of a registry service to an ICANN-accredited registrar, it has to disclose such arrangement to ICANN. What if the registry's subcontractor is not an ICANN-accredited registrar initially, but obtains registrar accreditation at some later point? Or starts operating as a reseller? Or its own affiliate does so? Is the registry supposed to somehow find that out and inform ICANN? This may be not an insignificant obligation; especially given the definition of Affiliate is quite broad. The RySG recommends further clarification of this issue, specifically as it relates to the actions of third parties after the fact. *RySG (15 May 2011)*.

### Analysis of Comments

The applicant guidebook is designed to apply to new registry operators and is limited in scope to the operation of new registries. To the extent that a registry operator also engages in registrar operations, those operations will be governed by a registrar accreditation agreement between the registrar and ICANN. The registrar would thus be subject to the UDRP and all other mechanisms binding on accredited registrars.

To the extent that a subcontractor or affiliate of Registry Operator becomes an accredited registrar or registrar reseller, Registry Operator is required to notify ICANN. Registry Operator should ensure that its agreement providing for subcontracted services requires the subcontractor to notify Registry Operator if the subcontractor or one of its affiliates becomes an accredited registrar or registrar reseller. Registry Operator will then be in a position to notify ICANN of such arrangement.

## Pricing

### Key Points

- The definition of “Qualified Marketing Programs” will be further refined in the new draft Registry Agreement based on community comment.

### Summary of Comments

Renewal pricing. Microsoft supports the revisions to Section 2.10(c) to prohibit abusive and/or discriminatory renewal pricing practices. *Microsoft (15 May 2011)*.

The revised clause in Section 2.10 in AGv6 is an improvement but there is still ambiguity about discounted renewal pricing. This ambiguity could be removed if ICANN changed the exception (“Qualified Marketing Program”) to encompass discounts or incentives that formed part of a promotional program authorized by the registry agreement and deleted the new definition of “Qualified Marketing Programs.” (See text of RySG comments at pp. 10-11 for specific proposed language to revise Section 2.10 to address RySG’s concerns.) *RySG (15 May 2011)*.

The term “Qualified Marketing Programs” does not have the same scope as allowable promotional programs elsewhere under the agreement or in the Code of Conduct. Thus, there may be uncertainty in whether a registry could offer discounted renewal pricing, even when the renewal price would correspond to the price of the original registration, where that registration was discounted. (See text of RySG comments at pp. 10-11 for specific proposed language to revise Section 2.10 to address RySG’s concerns.) *RySG (15 May 2011)*.

### Analysis of Comments

The draft provision regarding “Qualified Marketing Programs” is designed to allow Registry Operator to offer short-term targeted marketing programs that benefit registrants. No other provision in the Registry Agreement or the specifications to the Registry Agreement specifically references marketing programs. The new draft Registry Agreement contains revisions in response to community comments further refining the definition of Qualified Marketing Programs in response to concerns raised in the comments. The exact revisions suggested in the comments could be broadly construed to allow for discriminatory pricing programs and were not adopted. The addition to the end of this provision suggested in the comments is unclear and could lead to confusion. Registry Operator may offer renewal discount pricing to any registrar regardless of whether or not the registration in question was originally registered as part of a discount program so long as Registry Operator complies with the notice provisions of Section 2.10(b) and the uniform pricing provisions (which include criteria for discount programs) in Section 2.10(c).

## Use of Registrars

### Key Points

- There is no requirement to submit the registry’s initial Registry-Registrar Agreement to ICANN for approval.

- Registry Operator must directly contract with registrars through the Registry-Registrar Agreement for the TLD.
- In accordance with prior GNSO guidance, registry operators may not discriminate against registrars, regardless of the type of TLD.

## Summary of Comments

Process for RRA (Section 2.9). What will be the process and timing for approving the initial form of the registry-registrar agreement (RRA) for each registry, and what criteria will ICANN use in approving the initial form of registry-registrar agreement and any revision thereof? The RySG has two areas of concern. One: that approval of new TLD RRAs may get bogged down and inhibit launches. Two: that ICANN may introduce new obligations on registries and/or registrars via the RRA approval process. *RySG (15 May 2011).*

Governmental entities—Agent for Registry-Registrar Agreements (RRAs). The assumption in Module 5 at 5-12 and 5-13 that a registry operator will enter into direct contracts with registrars raises concern for governmental entities that operate under a wide range of constraints in their contracting processes. For example, given the contracting processes of the City of New York, it is unrealistic for the City to enter directly into contracts with ICANN-approved registrars, particularly since registrars will not provide goods or services directly to the City. The City of New York anticipated having its selected registry operator vendor (who will be named in any TLD application and be subject to review and approval of ICANN) directly enter into registrar agreements. The City of New York suggests that permitting an applicant to act through a responsible agent in entering into RRAs that are compliant with ICANN policies ought to be allowed in compliance with Module 5 and the gTLD Registry Agreement. Failure to take into account the strictures of government contracting in allowing flexibility in this regard could substantially limit the applicant pool for government-sponsored TLDs and the ultimate success of any TLDs delegated to applicants that include a governmental entity. *City of New York (13 May 2011).*

Single-registrant TLD discrimination exception. The base agreement should be amended to include the same exception for single-registrant TLDs that is contained in Item 6 of the Code of Conduct. The registry agreement should not unduly restrict single-registrant TLDs from using only a wholly-owned or closely affiliated registrar to register and manage names that it controls. *BC (15 May 2011).*

## Analysis of Comments

The draft Registry Agreement does not require Registry Operator to have its Registry-Registrar Agreements approved by ICANN. Registry Operator may negotiate those agreements, subject to any obligations of Registry Operator set forth in the Registry Agreement or ICANN policies, without ICANN involvement. Once those agreements are in place, Registry Operator is required to obtain ICANN's consent for any amendments to those agreements.

Successful applicants that subcontract operation of a registry must be a party to the registry's Registry-Registrar Agreement for the TLD. The subcontractor may not enter into that agreement directly with registrars. However, the applicant/Registry Operator is required to

ensure that its subcontractor complies with the obligations of Registry Operator set forth in the Registry Agreement as well.

Per Principle 19 set forth in the GNSO's Final Report – Introduction of New Generic Top-Level Domains, "Registries must use only ICANN accredited registrars in registering domain names and may not discriminate among such accredited registrars." The GNSO report did not provide for different treatment for single-registrant or ".brand" TLDs. It would be inappropriate to include a provision in the registry agreement for new TLDs that is contrary to GNSO guidance on the new gTLD program. Contrary to the assertions in certain community comments, the obligations and restrictions of Section 2.9 are intended to apply to all new TLDs, regardless of type. However, registrants can choose any registrar that meets the registry's specifications for accreditation. Registrants are free to register names in the TLD with one registrar.

## Other Registry Operator Covenants

### Key Points

- In response to comments that the obligation to investigate and respond to all reports of illegal conduct in the TLD may be onerous, the obligation has been revised in the new draft Registry Agreement to apply only to reports from governments or governmental agencies.
- The obligation to provide registry data for use in economic studies has been clarified in the new draft Registry Agreement to exclude analyses and work product of Registry Operator.
- All data transmissions of registry data to ICANN or other third parties pursuant to the Registry Agreement must be done in compliance with privacy laws.

### Summary of Comments

Illegal conduct reports (Section 2.8). Microsoft supports the new requirement in section 2.8 of the new gTLD Registry Agreement that requires the Registry Operator to take reasonable steps to investigate and respond to reports of illegal conduct in the TLD. However, ICANN should provide some illustration of what constitutes "reasonable steps." Lack of clarity of this requirement will undermine its effectiveness. *Microsoft (15 May 2011)*.

The new language creates "an undefined obligation to 'investigate and respond to any reports . . . of illegal conduct in connection with the use of the TLD.'" The language as drafted can be interpreted to require a Registry Operator to investigate and take some form of affirmative action in response to "any" complaint raised, either from a government agency or a private party. Additionally, what constitutes "illegal conduct" can vary from country to country and may include activities such as dissenting speech that would be legally protected forms of conduct in other countries. Registry Operators should not be mandated to comply with or take some form of affirmative action in response to any such request, particularly where such requests are in contravention of the Registry Operator's internal policies or the laws of the country in which the Registry Operator is located. Registry Operators should not be required to respond in any fashion to an inquiry from a private party. The use of the term "governmental and quasi-governmental agencies" is overbroad. The RySG suggests revising the provision as provided in its comments. *RySG (15 May 2011)*.

The scope of the obligation to investigate and respond ought to be better defined as well as the associated notion of illegal conduct. *AFNIC (15 May 2011)*.

Cooperation with Economic Studies (Section 2.15). Microsoft supports the new section 2.15 requiring registry operators to cooperate with any ICANN initiated or commissioned economic study of the impact or functioning of new gTLDs on the Internet. *Microsoft (15 May 2011)*.

As drafted, this provision would grant ICANN unfettered access to confidential and proprietary information, including internal reports and analyses, maintained by the Registry Operator. Therefore, the data that is required to be provided should be limited to raw operational data maintained by the Registry Operator, which should be sufficient for any economic studies being performed. Additionally, the provision should require ICANN to seek written consent from a Registry Operator before it provides, as a result of legal process (i.e., subpoena, civil discovery request, etc.) or otherwise, any data collected from a Registry Operator to a private party or a government agency. *RySG (15 May 2011)*.

Regarding 2.15 and Specification 4, the scope of the data to be requested of the registry operator, including “confidential data,” should be better defined. Provisions on the use, storage, and destruction of such data by ICANN or its designee should also be discussed. Under French law, entities based in France which seek to transfer personal data to a non-EU-based entity must comply with requirements that strictly regulate such transfer and require adequate protection of this data. As a consequence, under French law this provision of the registry agreement may not be sufficient to ensure full disclosure of data to ICANN. Additional guarantees and contractual arrangements may be required. *AFNIC (15 May 2011)*.

### **Analysis of Comments**

The requirement for Registry Operator to take reasonable steps to investigate and respond to reports of illegal conduct was inserted in response to the GAC Scorecard. This provision has been revised in the new draft Registry Agreement in response to community comment in order to limit its scope. For example, Registry Operator will only be required to take reasonable steps with respect to reports from governments and governmental agencies. The provision is designed to require cooperation with legitimate government concerns regarding conduct within the TLD. Registry Operator is required to take reasonable steps to investigate and respond to reports regarding such conduct but the appropriate actions will be dependent on the facts and circumstances of each report. As such, it would not be appropriate to provide for detailed required actions or to define what may be considered illegal conduct. ICANN acknowledges that certain non-governmental organizations play an important role in combating malicious conduct in the DNS, and those organizations could work with ICANN and law enforcement to explore ways to facilitate cooperation between such organizations and governments in order to ensure that such reports receive all due attention. The provision has been further revised to clarify that Registry Operator will not be required to take any action in contravention of applicable law.

The obligation of Registry Operator to provide data for economic studies has been further revised in response to community comment to clarify that disclosure of internal analyses and work product of Registry Operator is not required. ICANN’s obligation under this provision to aggregate and make anonymous such information is intended to function as a documented assurance of this treatment. A new provision has been added to the draft Registry Agreement obligating Registry Operator to notify all registrars of the intended uses of personal data that is

transferred to ICANN by Registry Operator pursuant to the Registry Agreement and to require registrars to obtain the consent of registrants to such uses.

## ICANN Covenants

### Key Points

- ICANN will not be responsible for possible censorship of some TLDs by governments or other entities.

### Summary of Comments

ICANN Obligations with respect to the Authoritative Root Database. The new proviso is not appropriate as it would allow ICANN to disclaim all responsibility of blocking or restricting access to a TLD regardless of whether or not they may have contributed to the event or could have taken steps to prevent such event (including where it failed to exercise or enforce a contractual right). We recommend that the new language be deleted. *RySG (15 May 2011)*.

### Analysis of Comments

ICANN will not and cannot directly block access to a TLD by itself, and ICANN is not party to contracts whereby it can prevent government entities, ISPs or other entities from blocking or restricting access to certain TLDs. In the event that such blocking or restriction takes place, it would not be appropriate to hold ICANN liable, and Registry Operator should seek redress directly against the entity responsible for the blocking.

## Renewal

### Key Points

- Presumptive renewal provisions benefit the Internet community.

### Summary of Comments

Presumption of renewal (Article 4). The presumption of renewal is a policy item on which the community has not yet reached agreement. This issue should be discussed by the community and should not be made policy by being enshrined in a contract. At the very least a clause should be added that, should a Policy Development Process (PDP) be held on the topic of presumption of renewal, the consensus view of such a PDP would be applicable to future considerations of renewal for the contract. *A. Doria (15 May 2011)*.

### Analysis of Comments

Presumptive renewal provisions are included in all other current ICANN gTLD registry agreements. These renewal provisions encourage long-term investment in robust gTLD operations, and this has benefitted the community in the form of reliable operation of the registry infrastructure. Including a provision stating that ICANN could unilaterally re-write the renewal provision would discourage investment in top-level domains, since any money invested in marketing and operating the TLD might end up “wasted” if ICANN were to take away the TLD



and hand it over to another operator. Specification 1 to the Registry Agreement specifically excepts registry agreement renewal modifications from the category of matters that can be modified by Consensus Policies, which is also consistent with ICANN's current gTLD registry agreements.

## Termination

### Key Points

- Previous revisions to the termination provisions regarding bankruptcy related actions in response to community comment have provided adequate flexibility.

### Summary of Comments

Termination by ICANN based on Bankruptcy Related Actions. Although this timing is better than the original 30 days, the new version continues the exception for proceedings that are not dismissed in 60 days. An extension of this period to 120 days might make it more meaningful. In addition, adding the term "imminent" before "material" would be helpful. *RySG (15 May 2011).*

Termination by ICANN based on Certain Criminal Acts. Microsoft supports the additions to section 4.3(f) that allow ICANN to terminate the new gTLD Registry Agreement if the registry operator does not terminate employees or board members convicted of certain crimes, found by a court to have engaged in fraud or violated fiduciary duty, and substantive equivalents thereto. *Microsoft (15 May 2011)*

### Analysis of Comments

The provision relating to ICANN's termination right in connection with certain bankruptcy related actions was revised in the April 2011 discussion draft Registry Agreement to give Registry Operator additional time to secure dismissals of certain actions. This change was made in connection with community comments and provides adequate flexibility. Any material threat to the viability of the registry for the TLD in this context, regardless of whether or not it could be argued to be imminent, will trigger this provision.

## Transition Following Termination

### Key Points

- The criteria that must be met and demonstrated to ICANN in order for Registry Operator to have a consent right in the event of a re-delegation of the TLD has been conformed to similar criteria provided in the Code of Conduct.
- Some potential TLDs meeting the specified criteria might not be associated with established or widely recognized trademarks. Future delegation of certain of these TLDs without the consent of the previous registry operator might be appropriate, but any future delegation of a previous TLD would be subject to "Legal Rights" objections.

### Summary of Comments

Redelegation of dot brand gTLDs. ICANN still has not satisfactorily addressed concerns raised by numerous commenters about its plan to reserve to itself the sole discretion to redelegate a dot brand TLD if the trademark owner registry operator chooses to no longer operate the TLD. The revisions to section 4.5 are unclear and insufficient—are “sub-domains” second-level domains? ICANN must not transition a dot brand TLD to a successor registry without the written consent of the registry operator, which can be withheld, conditioned, or delayed. The potential for consumer confusion and fraud if a dot brand TLD is operated by entity not affiliated with or authorized by the brand owner is both tremendous and troubling. *Microsoft (15 May 2011).*

INTA appreciates the recent changes to Section 4.5 of the Registry Agreement but believes that further clarification is needed to specify the circumstances under which a brand owner can reasonably withhold consent to redelegate a TLD reflecting its brand name. In addition, the exception should not be limited to registries where the domains are registered to the registry operator or its affiliates but should include where registrants are licensees of the pre-existing trademark incorporated in the dot brand top-level string. Many dot brand operators such as franchisors may wish that domains for which independent licensees are responsible be registered to the licensee. These provisions should apply to all uses of dot brand registries. If ICANN does not address these issues, the potential loss of control over the mark that could result from redelegation of a dot brand registry over the brand owner’s objection could present a fundamental obstacle to brand owners applying to run new gTLD registries. *INTA (14 May 2011).*

Section 4.5 helps to remove one barrier to companies considering dot brand applications—the risk that the company will lose control of the TLD string corresponding to its brand or company name if it chooses to discontinue operation of the TLD. *COA (15 May 2011).*

Single-registrant TLD Definition. The exception in Section 4.5 should reference a common definition for single-registrant TLD instead of defining it separately (i.e., “Provided however, that for Single-registrant TLDs, ICANN may not transition operation of the TLD...”). In circumstances where ICANN transitions a single-registrant TLD to a new operator, IP rights of the original operator should not be conveyed to the new operator or to ICANN, as transferring registry data may reveal trade secrets to a third party, including customer lists. *BC (15 May 2011).*

The following definition should be added to the guidebook and registry agreement: “Single registrant TLD: a TLD where the Registry Operator is the registrant of record for all domain names in the TLD.” *BC (15 May 2011).*

## **Analysis of Comments**

The revisions to Section 4.5 in the April 2011 discussion draft Registry Agreement were intended to respond to multiple community comments regarding the ability of ICANN to re-delegate certain TLDs. The criteria that must be met (and demonstrated to ICANN) in order for Registry Operator to have a consent right over re-delegation in the event of a termination or expiration of the Registry Agreement has been conformed to the related criteria in the Code of Conduct located in Specification 9 to the new draft Registry Agreement (which has been revised in response to community comments). However, because this criteria (as well as the significantly broader criteria suggested in the community comments) could result in TLDs meeting the criteria that have a TLD string that is not an established or widely recognized trademark, the provision has been revised to clarify that such TLDs will not be transitioned upon

expiration or termination of the Registry Agreement without Registry Operator Consent, but the TLD strings associated with such TLDs could be available for future delegation, subject to established “Legal Rights” objections available at the time of such future delegation. This approach will allow both trademark and non-trademark based TLDs that fall within the specified criteria, while providing for a mechanism for trademark-based TLDs to prevent future delegation of an abandoned TLD if such delegation would infringe legal rights as recognized under “Legal Rights” objection processes.

The criteria in this provision and in the Code of Conduct is intended to describe TLDs in which the Registry Operator maintains use of all registrations in the TLD for itself or its affiliates. Expanding the criteria to cover TLDs that permit use of registrations by unaffiliated third parties could result in the operation of TLDs that avoid the Code of Conduct obligations of other TLDs while utilizing a similar business model.

## Dispute Resolution

### Key Points

- Community comments have not articulated what potential conflict of interest is created by the use of the ICC for more than one area of dispute resolution.

### Summary of Comments

Arbitration forum. The ICC International Court of Arbitration should not be the exclusive forum for arbitration of disputes arising under the Registry Agreement; the ICC will be under contract with ICANN as the dispute resolution provider for the Limited Public Interest and Community objection procedures, thus creating a potential conflict. *IPC (15 May 2011).*

### Analysis of Comments

The ICC International Court of Arbitration provides a set of rules and procedures for the adjudication of disputes. Community comments have not articulated what potential conflict of interest is created by the use of those rules and procedures for more than one area of dispute resolution. Individual arbitrators will be subject to conflict of interest rules and properly excluded if they have a preexisting relationship with a party to the arbitration.

## Change in Control of Registry Operator and Assignment

### Key Points

- The current provision regarding assignment and subcontracting gives ICANN the ability to evaluate any assignee or successor to Registry Operator based on the then-current criteria.
- An initial time-based complete bar on such transactions is unnecessary.
- Assignees of the Registry Agreement will be subject to all obligations of Registry Operator.

## Summary of Comments

Assignment Restrictions. The possibility of an active secondary market in gTLDs raises significant concerns. ICANN should take action to minimize the likelihood that such a secondary market will come to fruition and to the extent it does that participants do not successfully evade the examination and objection processes. Four measures are immediately identifiable:

- (1) ICANN should revise section 7.5 of the Registry Agreement to prohibit assignments within a defined period (12-18 months) after delegation, which would decrease “gTLD flipping”;
- (2) ICANN should ensure that post-delegation dispute resolution procedures apply to assignees of the Registry Agreement, which would mitigate considerably the risk that the gTLD assignee itself or its intended use of the gTLD would essentially elude the objections that could have been levied had the gTLD assignee been the original applicant.
- (3) ICANN should develop “Assignment Guidelines” that set forth the conditions and criteria that a proposed gTLD Assignee must satisfy to obtain ICANN’s approval of the proposed assignment. These conditions and criteria at a minimum must be the equivalent of the full range of evaluation criteria for new gTLD applicants.
- (4) The guidelines comparable if not identical to the Assignment Guidelines should be developed to ensure that a change in control is not used as a mechanism to evade substantive evaluation of the new controlling entity or person. *Microsoft (15 May 2011).*

## Analysis of Comments

Section 7.5 of the Registry Agreement provides that Registry Operator must give certain notices and obtain ICANN’s written consent in connection with an assignment or change of control transaction. Further, ICANN shall be deemed to have reasonably withheld its consent to any such transaction in the event that ICANN reasonably determines that the person or entity acquiring control of Registry Operator or entering into such subcontracting arrangement (or the ultimate parent entity of such acquiring or subcontracting entity) does not meet the ICANN-adopted registry operator criteria or qualifications then in effect. Currently, such criteria and qualifications would include the evaluation criteria for new gTLD applicants. These criteria and qualifications may be revised from time to time and ICANN must maintain flexibility regarding the criteria it will apply to any specific transaction based on the facts and circumstances (including community objections) relating to such transaction. There is no compelling reason, given ICANN’s ability to evaluate and approve assignment transactions, to impose an initial time-based complete bar on such transactions.

If ICANN consents to an assignment of the Registry Agreement, all obligations of Registry Operator will be binding on the assignee, including all post-delegation dispute mechanisms and other rights protection mechanisms.

## Whois-Specification 4

### Key Points

- ICANN is committed to enforcing the thick Whois requirements of the new gTLD program.

- Whois “verification” is addressed by the Registrar Accreditation Agreement, and any changes should be discussed through the GNSO.
- Searchable Whois will continue to be an optional service.
- Handling of Whois data must be done in compliance with privacy laws.

## Summary of Comments

Compliance improvement. While we recognize that ICANN is working toward improving Whois, the system, particularly enforcement of the agreements, is not yet adequate in the current DNS. ICANN needs to clearly address how it plans to provide adequate compliance and enforcement as enforcement will become even more difficult with the introduction of new gTLDs. *News Corporation (13 May 2011).*

Purpose of TLD or its business model. The defined Whois output described in Specification 4 of the Registry Agreement does not account for the purpose of the TLD or its business model. ICANN should consider giving applicants the ability to propose relevant Whois output. *AusRegistry (16 May 2011).*

Whois accuracy--mandate verification and monitoring.

Although Time Warner is pleased that ICANN has recognized the importance of accurate Whois by offering new gTLD applicants an extra point in the evaluation process if they verify and monitor Whois, we see no reason why this should not be made mandatory. Such a requirement, if vigorously enforced, could help prevent a wide range of abuses. *Time Warner (14 May 2011).*

Mechanisms to promote Whois quality should be incorporated into the minimum requirements for the “abuse prevention and mitigation” criterion so that applicants failing to commit to them will receive a failing score of zero on this criterion. *COA (15 May 2011). SIIA (15 May 2011). IPC (15 May 2011).*

In addition to specifying and mandating accurate Whois efforts as part of the required minimum requirements, ICANN should, after the first round of applications is received and reviewed, revise the minimum requirements for any abuse policies and procedures to incorporate best practices contained in the various applications. Otherwise, different registries may employ drastically different standards, which will lead to greater abuses for the gTLDs with the laxest standards. *NCTA (Module 2, 13 May 2011).*

ICANN has taken a step backwards by not requiring all the new gTLDs in this round to take on all of the expanded Whois data quality and accessibility obligations agreed to by three of the gTLDs in the previous round (.asia, .mobi, .post). These eminently reasonable and practical requirements represent the current best practice for gTLD registry agreements, and ICANN has never adequately explained why all new gTLD registries should not be required to meet them. *COA (15 May 2011); SIIA (15 May 2011); IPC (15 May 2011).*

Searchable Whois should be mandatory. Awarding of an additional point to applicants that will provide it is positive but insufficient. Access to searchable Whois is extremely valuable to entities that combat online fraud, abuse and infringement, and the search specifications in Specification 4 will be very useful in combating online fraud and abuse. It is regrettable that ICANN allowed a committee of its Board to make the arbitrary determination that searchable Whois would not be required. *Microsoft (15 May 2011).*

Standardize Searchable Whois. Searchable Whois, described in Evaluation Criteria Question 26 and in Specification 4 of the Registry Agreement, requires further technical definition. The way it is currently described will create multiple, potentially incompatible implementations which will give end users inconsistent results and leave them confused. Searchable Whois should be standardized prior to opening the Application Period. If Searchable Whois is not standardized prior to the Application Period opening, then the “exceed requirements” for Evaluation Criteria Question 26 should be removed. *AusRegistry (16 May 2011).*

The Whois improvements in the April 2011 discussion draft do not go far enough. Also, regarding evaluation criterion 26, ICANN has never explained why a fully searchable Whois presents greater risks of abuse than the current model offered by registrars in the thin Whois environment. Under ICANN’s stewardship, Whois service has been allowed to degrade to its current feature-poor level. *COA (15 May 2011).*

Zone File Access Requests. The RySG recommends that ICANN re-insert language requiring the submission of IP address and host name from all parties requesting zone file access. This information is critical to enable the registry operator to prevent abuse. *RySG (15 May 2011).*

Clarification. The information required under the “Bulk Registration Data Access” provision in Specification 4, Section 3 of the Registry Agreement does not match the minimum information required in the Data Escrow Specification 2 of the Registry Agreement and is in fact a subset of such data. It would be helpful to understand how providing Bulk Registration Data Access to ICANN ensures operational stability of Registry Services, or facilitates compliance checks on accredited registrars as requiring a subset of the Data Escrow data requires the Registry Operator to develop and support what is seemingly an additional unnecessary process. *AusRegistry (16 May 2011).*

National privacy laws. Sections 1.4, 1.5 and 1.6 of Specification 4 require the Registry Operator to provide specific elements of output for the Registration Data Directory Service. However, in some countries publication of some elements listed in these sections violates national privacy laws. AusRegistry suggests a provision be added which requires the provision of Whois as stated in Specification 4, unless the Registry Operator’s national privacy laws prohibit some elements from being displayed. If those laws do so prohibit display, the Registry Operator must document this in the Application to ICANN and describe what elements of Whois can be provided under national privacy laws. For elements which will remain undisclosed as part of the Registry Operator’s legal obligations, key/value pairs must still be present and the value of the undisclosed field must still comply with the format requirements in section 1.7 of Specification 4. *AusRegistry (16 May 2011).*

## **Analysis of Comments**

ICANN is committed to enforcing the thick Whois requirements of the new gTLD program. Accurate and high-quality Whois data will be an important component of new gTLDs and applicants offering robust Whois services will receive extra credit in their applications for such efforts. However, the benefits of additional mandated Whois requirements must be weighed against countervailing technical and privacy concerns, the increased costs of providing such services and ICANN’s enforcement resources. After considering community comments, the Whois requirements in the new draft Registry Agreement are considered to be appropriate minimum obligations for each registry. Registry Operator may require additional Whois outputs consistent with its business model, subject to applicable laws. Any departures from these

baseline/status quo Whois requirements should be discussed in ICANN's GNSO. "Maintenance of and access to accurate and up-to-date information concerning domain name registrations" is specified as being within the "picket fence" of topics on which ICANN may establish new Consensus Policies.

Whois "verification" is the subject of Registrar Accreditation Agreement section 3.7.8, which provides that registrars will comply with any Consensus Policies established by ICANN "requiring reasonable and commercially practicable (a) verification, at the time of registration, of contact information associated with a Registered Name sponsored by Registrar or (b) periodic re-verification of such information." Any new Whois verification requirements for gTLDs should be discussed and approved through the GNSO.

The issue of searchable Whois was referred by ICANN to the ICANN Board Data Consumer Protection Working Group <<http://www.icann.org/en/committees/consumer-protection/>>. The DCP-WG's final report noted "The DCP-WG advises the Board that making searchable Whois mandatory is a policy matter that would have to be referred to the GNSO, but we accept it being optional as proposed in current version of the Applicant Guidebook. We flag that there are consumer and data protection issues that could be raised through a searchable Whois system." <<http://www.icann.org/en/committees/consumer-protection/report-on-recommendations-07dec10-en.htm>>.

At its meeting in Cartagena, the ICANN Board adopted this recommendation and therefore searchable Whois will continue to be offered at the option of each registry rather than as a mandate applicable to all new registries. This is consistent with the current gTLD agreements, a few of which do mention that searchable Whois will be offered. The provisions governing the searchable Whois requirements in each of the current registry agreements that provide for it were inserted voluntarily by the applicable registry as part of the negotiation process and were not required by ICANN. Those provisions all mention that the service would be offered "subject to applicable privacy policies," and therefore the guidebook's approach of taking into account privacy considerations is not inconsistent with current practice.

The community has yet to develop a standardized specification for searchable Whois that could be incorporated into Specification 4. Because of the lack of consensus on such a specification, Specification 4 provides only high-level guidelines on the requirements for searchable Whois in those registries that chose to provide it.

The information required under the "Bulk Registration Data Access" provision in Specification 4, Section 3 of the Registry Agreement does not match the minimum information required in the Data Escrow Specification 2 of the Registry Agreement because ICANN does not require full escrow data for the purposes of compliance checks and verification of registrar utilization.

ICANN has previously established a procedure for handling Whois conflicts with privacy laws available at <http://www.icann.org/en/processes/icann-procedure-17jan08.htm>. Since the inception of this procedure, no submissions have been received. A new provision (utilizing language from provisions in existing ICANN registry agreements) has been added to the new draft Registry Agreement requiring compliance with applicable privacy laws that will be applicable to all handling of personal data, including Whois data.

## **Reserved Names-Specification 5**

## Key Points

- The ICANN Board is considering criteria that must be met for a limited class of established global organizations to qualify to have their marks reserved from registration. However, this process is ongoing and no decisions have been reached regarding implementing this criteria into the new gTLD program.
- Pursuant to GAC advice, geographic names appearing on predetermined lists and country codes will be initially reserved at the second level, regardless of the type of TLD. Those names may be released in connection with the consent of the applicable government or pursuant to procedures approved by the GAC (e.g. the .INFO procedures).

## Summary of Comments

Reserved names list—Olympic and Olympiad. The terms Olympic and Olympiad should be added to the Reserved Names list, which would be consistent with the laws of the U.S. and numerous other countries around the globe, and allow the U.S. Olympic Committee to focus its limited resources on its primary mission, rather than on defensive registrations and a cumbersome process of filing formal objections against infringing gTLD applications. The RPMs in the guidebook are insufficient to protect the Olympic movement. Both the USOC and the International Olympic Committee (IOC) have repeatedly advocated that reserving the words Olympic and Olympiad in the top and second levels of all new gTLDs serves the public interests of the international community and comports with accepted principles of law. As explained in detail in past comments submitted to ICANN, more than thirty nations have enacted sui generis legislation reserving exclusive use of the words Olympic and Olympiad to the IOC and the National Olympic Committees. More than sixty countries have signed the Nairobi Treaty on the Protection of the Olympic Symbol, establishing special protection for the Olympic Movement as an internationally accepted principle of law. The GAC has advised the ICANN Board to approve the request to add Olympic and Olympiad to the Reserved Names list. USOC (13 May 2011). IOC (15 May 2011).

Reserved names—remove ICANN mark. Equity and fairness dictate that the ICANN Mark should be removed from the reserved names list. ICANN should bear the same burden and expense of protecting its mark against cyber squatters as other brand owners must. *Microsoft* (15 May 2011).

Two-character labels. The newly added reservation of “two-character labels” should be deleted from the applicant guidebook; it may cause problems and lacks a rationale. Confusion with the “two-letter codes” of ccTLDs or technical reasons are by all means not evident. Reservation of two-character labels has never been a publicly discussed point and putting it into the guidebook rules without a community discussion is outside the policy development process. Its timing is odd because at least a dozen gTLD and ccTLD registries have released “two-character labels” just recently or are planning to release them in the near future, with ICANN’s approval in the case of gTLDs. Reservation of two-character labels will create legal challenges in many new gTLDs (e.g. in Germany DENIC, the operator of the .de ccTLD was in 2010 forced by competition and trademark laws to release all “two-character labels”). *dotBERLIN* (11 May 2011). *DOTZON* (15 May 2011).

Protect all geographical names. Non-capital city names should be protected to the same degree as capital city names. All geographical names (regardless of existence in the ISO 3166 list)



which the national government specified per the right of the national government should be protected to the same degree as capital city names. These protected names would be listed by each government and pre-registered with ICANN. *Tokyo Metropolitan Government (13 May 2011)*.

Protect variations of capital city names. Variations of capital city names (in any language) should be protected by requesting documentation of support from the relevant governments (e.g., “Tokyo” and “Tokyo-to” both represent the capital city of Japan). *Tokyo Metropolitan Government (13 May 2011)*.

Country codes at the second level.

ICANN’s proposed prohibition of country codes at the second level is unrealistic and anti-commercial and will be hard to police. It would prohibit a dot brand applicant from registering a country name at the second level for a perfectly logical and legitimate reason (e.g. us.budweiser). As there is no prohibition on the creation of folders (e.g. www.budweiser/uk) this is an artificial restriction that should be lifted. *Valideus (13 May 2011)*. *MARQUES/ECTA (15 May 2011)*.

Use of Geographic Names at Second and Other Levels—Dot Brand Applicants. The importance of protecting geographic names is understandable but we ask ICANN to recognize the special nature of potential dot brand applicants and either relieve them of this requirement (question 22, DAG) or provide (or grant permission to independently develop and employ) a universal solution which will allow dot brand applicants to release the reserved geographic names (as well as two-label country codes) for their exclusive internal use all at once. GAC could implement a universal solution whereby a centrally maintained list of countries and ccTLD operators who have agreed to their country names/country codes being registered under dot brand TLDs (without the need for special procedures) is made available. As a result, any Registry who wishes to use such names will simply enter into an agreement with GAC or another relevant body, rather than having to consult with over 200 different governments individually. If introducing such a mechanism is not viable, dot brand applicants would benefit greatly from being exempt from the requirement to create reservation and release mechanisms for geographic names. Alternatively, GAC could provide a list of contact points for the government representatives associated with each second level string. Moreover, governments could be obliged to respond to a request from the registry within a set period of time. Internet users will benefit greatly from being able to find and access their preferred brands according to the geographic locations. This may be delayed unnecessarily if the release procedures for geographic names are overcomplicated. *Bright Consulting (14 May 2011)*.

Subject to approval from relevant national governments, a single-registrant TLD should be allowed to register both two-letter abbreviations and full country and regional names at the second level (add this language to Section 2.6 “and except for single-registrant TLDs with respect to geographical names at the second level”). Single-registrant TLDs will reasonably want to create second level domains for their operating units or chapters in each country or region (e.g. Canada.canon). *BC (15 May 2011)*.

Brand TLDs may require the use of e.g. “jp” or “Japan” at the second level. According to Specification 5 of the draft Agreement, registries must first initially reserve names on the ISO 3166-1 list. Though it is specified that the applicant may propose a release of these reservations, the process for releasing these names should be outlined in the final applicant guidebook. *UrbanBrain (16 May 2011)*.

Specification 5.5 notes that country and territory names contained in the ISO 3166 list shall be reserved at the second level and specifically points toward only the short form English equivalent of the country or territory name. There is no mention of alpha-3 names. Given the purpose behind the reservation of country and territory names, this leaves some with the question if second level names such as “JPN.TLD” can be registered. ICANN should clarify this in the upcoming version of the guidebook. *UrbanBrain (16 May 2011)*.

Evaluation Question 22 implies a registry operator can formulate a plan to release geographic names, but Specification 5, Section 2 of the Registry Agreement states that a registry operator can release two-character country codes but not geographic names. AusRegistry requests that Specification 5 be modified to match language in Question 22 and therefore allow the registration of geographic names under the TLD. *AusRegistry (16 May 2011)*.

### **Analysis of Comments**

The ICANN Board is considering criteria that must be met for a limited class of established global organizations to qualify to have their marks reserved from registration. However, this process is ongoing and no decisions has been reached regarding implementing this criteria into the new gTLD program.

In accordance with GAC advice, all country names appearing on the ISO 3166-1 list, as well as all two-letter country codes will generally be reserved from registration at the second level in new gTLDs. Specification 5 provides that ICANN may authorize exceptions to this requirement. Specification 5 has been revised to clarify that these names may be released with the consent of the applicable governments or pursuant to procedures approved by the GAC. The applicant will be responsible for describing whether it will seek to release such second-level strings and if so what procedures would be used. Such plans will be subject to GAC and community review prior to ICANN authorizing any exceptions. Any such exceptions might be granted on an individual basis, or on a blanket basis as long as each registry agrees to certain procedures. For example the GAC has previously indicated a preference for the procedure utilized for the release of country names in the .INFO TLD. Further work might be done on developing ICANN processes and guidelines regarding this issue between now and when new gTLDs begin to be delegated under the program.

Protecting all city names would not be feasible given the number of names potentially included in such categories. Also, names that happen to relate to some city, town, village, or hamlet somewhere might also have other legitimate uses that are not related to that city, town, village, or hamlet. This reasoning is described in detail under the geographical names section of this summary and analysis and in prior comment analyses.

## **Continuing Operations Instrument-Specification 8**

### **Key Points**

- All registry operators, including government entities, will be required to maintain a continuing operations instrument.
- Proposed alternatives to the continuing operations instrument may not provide the necessary resources to ensure stable registry functions.

## Summary of Comments

Local governments—different treatment. The continued operations instrument requirement in Specification 8 would be particularly onerous for local governments in light of their budgeting processes. ICANN has elsewhere recognized in the draft Registry Agreement that TLDs operated by government entities should be treated somewhat differently than other TLDs--e.g., Article 4, section 4.5 alternative language for intergovernmental or governmental entities regarding transition of registry upon termination of agreement makes no reference to a continuing operations instrument. This is the correct approach since governmental entities are not subject to disappearing after registry launch and work under particular statutory requirements inconsistent with a continued operations instrument requirement. In addition, GAAP accounting principles do not permit the City of New York to carry balances between fiscal years, so maintenance of a continuing operations instrument over a 5-year period would violate annual accounting requirements intended to ensure compliance with state and local law as well as GAAP. The City of New York has sufficient assets to maintain registry operations at a level that should provide the requisite assurances ICANN seeks to address through a continuing operations instrument. *City of New York (13 May 2011).*

Objection to Continued Operations Instrument and proposed alternative. The description of the continued operations instrument in the current guidebook is not sufficiently clear. The continued operations instrument requirement has been a significant impediment to new applicants in their ability to raise funds or engage in appropriate business planning. RySG proposes a replacement to the continued operations instrument: the creation of a pseudo-insurance fund paid for by each of the new gTLD Registry Operators for the first 5 years following launch of the new gTLD (e.g. requiring each registry operator to pay an additional \$5,000 in Registry Fees per year to ICANN (or its designee) for the specific purpose of funding two or three Emergency Back End Registry Operators should be sufficient; see text of RySG comments for additional details). The function of the continued operations instrument also could take the form of an insurance policy written by a highly rated reputable insurer. If private insurance is not available, then the captive insurance fund described in RySG comments could be created. The \$5,000 per registry per year figure should be viewed as a straw man until proper underwriting of the risk is done to determine an appropriate contribution. ICANN could hire the appropriate expert to calculate the appropriate contribution and pool size, and the cost of the expert could be reimbursed from the pool. *RySG (15 May 2011).*

## Analysis of Comments

Exempting government or quasi-governmental applicants from the requirement to maintain a continuing operations instrument could jeopardize registrants in the event that such applicants/operators either decide or are unable to maintain the operation of the TLD for any reason. Because of this risk, the continuing operations instrument is required of all applicants, including governmental entities, in order to ensure stable registry operations and protection of registrants in the TLD. If ICANN were to exempt all government or quasi-governmental applicants from this obligation it could lead to abuses and cases where entities walk away from their TLD. Governments might abandon TLDs when governments change or during budget cuts.

The alternatives to the continued operations instrument described in the community comments have been considered by ICANN and determined to not be feasible. A registry funded emergency fund may not provide adequate resources to ensure stable registry function. Should a large number of registry operators fail within a short period following the launch of new gTLDs,

there would be insufficient participants in the such a fund to provide adequate funding to maintain emergence operations in the failed registries.

## Code of Conduct-Specification 9

### Key Points

- Registry Operators that are able to demonstrate to ICANN that they meet certain criteria described in Section 6 of the Code of Conduct may qualify for an exemption from the Code of Conduct but will still be required to comply with the other non-discrimination provisions of the Registry Agreement.
- The reservation of names that pose a threat to the security and stability of the DNS is permitted by Section 2.6 of the Registry Agreement
- ICANN will make reports regarding compliance with the Code of Conduct public consistent with its accountability and transparency obligations.

### Summary of Comments

Input on Abuses and Compliance. Before or during the application process ICANN should seek community input on potential abuses (including lists developed by the VI and RAP working groups), detection data, the data needed to detect, and protection mechanisms and compliance methods. Community input should also be sought on punitive measures to ensure compliance. *BC (15 May 2011).*

Dot Brand Applicants. We are pleased to note that provisions which take into account the situation of potential dot brand applicants have now been included in the Registry Code of Conduct. *Bright Consulting (14 May 2011).*

The definition of unaffiliated third party needs to be clarified in this context – Need to limit use with respect to customers, subscribers, employees? Etc. *RySG (15 May 2011).*

Exempting certain dot brand registries from the strictures of the Registry Operator Code of Conduct and in particular from the non-discrimination requirement among accredited registrars is a step in the right direction. ICANN should take the next logical step and allow the registry operator in this situation to dispense with the use of accredited registrars altogether. *COA (15 May 2011).*

ICANN should clarify how the dot brand exceptions in Specification 9 and in Section 4.5 of the draft registry agreement operate before finalizing the applicant guidebook. Each exception applies only under stated conditions which differ from one another. It is not clear whether this distinction is intended or inadvertent and it may be unclear to potential dot brand applicants how they should structure themselves in order to benefit from either one or the other of these exceptions. *COA (15 May 2011). IPC (15 May 2011).*

The language “otherwise make available” in the exception provision for the dot brand/single registrant TLDs is too broad and should be replaced with “transfer control of the registration.” The phrase “otherwise make available” might be interpreted to include instances where a single-

registrant operator allows non-affiliated parties to post content to websites where the registration is still entirely controlled by the operator. *BC (15 May 2011)*.

Treatment of Registrars (Section 1(a)). The provision should only obligate Registry Operator to provide an equal level of operation access to the registry's systems and support services. The current language would appear to prohibit a broad array of arrangements that would be common practice between affiliated companies. For example, it would appear to prohibit a registry from providing an initial capital contribution to an affiliated registrar, or from providing shared services or facilities to such a registrar. Prohibiting a registry from providing these kinds of assistance to an affiliated registrar would render it impracticable for a registry to establish such a registrar, which would be inconsistent with the Board's directive to permit such arrangements. It could also put the registrar at a competitive disadvantage with other registrars that may enjoy such support from their affiliated companies. In addition, as only registrars have access to a registry's systems and support services, we do not believe it is necessary to prohibit registries from providing a preference or special consideration to resellers. *RySG (15 May 2011)*.

Registration of Names by Registry Operator (Section 1(b)). This Section does not provide a carve-out for registration of names in order to preserve security and stability of the DNS (i.e.; conficker). This omission could negatively impact the capability of registries to operationally protect the security and stability of TLDs. *RySG (15 May 2011)*

Clarifications needed. Key terms such as "other related entity" have not been defined. All second level names which the registry intends to register in its own right as "necessary for the management, operations..." should be publicly specified either as reserved names in the registry operator's application or as "additional registry services" through the RSTEP process. Otherwise, the exception in 1(b) of the Code of Conduct provides too wide a loophole and invites abuse by the registry operator over a wide range of second level domains. *IPC (15 May 2011)*.

Proposed revision to Section 1(e), Specification 9. RySG recommends these changes (underlined): "Fail to adopt, implement and enforce policies and procedures reasonably designed to prevent the disclosure of confidential registry data or...except (i) as necessary for the management and operations of the TLD, and (ii) to the extent [delete "unless"] all unrelated third parties..." *RySG (15 May 2011)*.

Internal Compliance Reviews. The RySG notes that publication of the results may deter discussion of confidential matters, which may be an unwanted result. *RySG (15 May 2011)*.

Internal compliance review--checklist. The internal compliance reviews required by item 3 should be specified in more detail (e.g. a checklist of items to be included). *IPC (15 May 2011)*.

## **Analysis of Comments**

Through the previous two public postings of the draft Code of Conduct, ICANN has sought community input on the types of practices that should be prohibited or required in connection with the introduction of vertical integration. ICANN will continue to work with the community to mitigate any potential harms from vertical integration through appropriate revisions to the Code of Conduct.

The criteria that Registry Operator must meet and demonstrate to ICANN in order to qualify for a possible exemption from the Code of Conduct is intended to describe TLDs where all registrations are maintained by Registry Operator for its own use or the use of its affiliates. See the Analysis of Comments under “Transition Following Termination” for further discussion on the appropriate criteria. It is important to note that, consistent with GNSO Principals on the new gTLD program, Section 2.9 of the Registry Agreement, which mandates non-discrimination among ICANN-accredited registrars continues to be applicable to all types of TLDs.

Paragraph 1(a) has been revised in the new draft Registry Agreement in response to community comment to clarify that the non-discrimination restrictions apply to availability and use of registry services and not to other typical business arrangements between affiliates. Further, the reference to resellers has been removed as inapplicable.

A carve-out to Paragraph 1(b) allowing for the registration of names by Registry Operator in connection with the preservation of the security and stability of the DNS is not necessary as Registry Operator is permitted to reserve such names from registration in its discretion pursuant to Section 2.6 of the Registry Agreement. Registry Operator will not be required to list any names that it registers pursuant to Paragraph 1(b) but Registry Operator will be required to demonstrate how such names are necessary for the operation and management of the TLD if requested by ICANN. Should the registration of any such names violate a third party’s legal rights, the PDDRP will be available to resolve disputes arising from such violation.

The adoption of policies and procedures designed to avoid disclosure of confidential registry data is not sufficient. Registry Operator must covenant not to make such disclosures. As such, the proposed revisions to Paragraph 1(e) have not been adopted.

The results of internal reviews of compliance with the Code of Conduct will be made public consistent with ICANN’s accountability and transparency obligations to the community. ICANN may develop a required format to be used in connection with such reports following further study of the implementation of the Code of Conduct and reporting practices.

## **Registry Performance Specification – Specification 10**

### **Key Points**

- Registry response times will be subject to publication.
- All relevant ICANN contact information will be made available to registries.

### **Summary of Comments**

Monitoring Results. ICANN is proposing a system by which ICANN will monitor registry response times over the Internet. The RySG has pointed out to ICANN that this monitoring method will yield variable results depending upon Internet traffic and transit issues beyond every registry operator’s control. The RySG would like confirmation that ICANN does not plan on publishing the monitoring results, which might for example be prejudicial to registry operators in certain parts of the world. *RySG (15 May 2011).*

ICANN Contacts (Sections 7.1 through 7.3). There should be an obligation for ICANN to publish to all Registry Operators the e-mail address and phone number for ICANN's emergency operations department. *RySG (15 May 2011)*.

## **Analysis of Comments**

In connection with its accountability and transparency obligations, ICANN does intend to publish monitoring results. Information regarding response times may be important to registrants and other members of the community regardless of whether or not Registry Operator has full control over such response times.

ICANN will make all necessary contact information needed for "Emergency Escalation" available to Registry Operators as needed and appropriate.

## **RESPONDENTS**

Adobe Systems Incorporated (Adobe Systems)  
AFNIC  
Eric Iriarte Ahon (E. Iriarte Ahon)  
AIM-European Brands Association (AIM)  
American Intellectual Property Law Association (AIPLA)  
Ronald N. Andruff et al. (R. Andruff et al.)  
Arla Foods Amba (Arla Foods)  
Asociacion Puntogal  
AusRegistry International (AusRegistry)  
AutoTrader.com  
Bayern Connect GmbH (Bayern Connect)  
BBC and BBC Worldwide (BBC)  
Brights Consulting Inc. (Brights Consulting)  
B. Burmaa, Datacom Co., Ltd., Mongolia (B. Burmaa)  
China Internet Network Information Center (CNNIC)  
City of New York  
Coalition Against Domain Name Abuse (CADNA)  
Coalition for Online Accountability (COA)  
Commercial and Business Users Constituency (BC)  
Dansk Internet Forum (DIFO)  
Demand Media  
Joel Disini, dotPH (J. Disini)  
Domain Dimensions  
Avri Doria (A. Doria)  
DotAsia Organisation (DotAsia)  
dotBERLIN GmbH & Co., (dotBERLIN)  
DotGreen  
DotHotel  
dotKöln  
DOTZON  
Dwi Elfrida, Ministry of ICT, Republic of Indonesia (D. Elfrida)  
EnCirca

FICPI  
Alex Gakuru (A. Gakuru)  
Ivo Genov (I. Genov)  
Matt Harper (M. Harper)  
Hogan Lovells  
Hiro Hotta, JPRS (H. Hotta)  
Kenny Huang, Taiwan Internet Association (K. Huang)  
IBM Corporation (IBM)  
IDN Working Group of TWNIC (IDN WG-TWNIC)  
Intellectual Property Constituency (IPC)  
International AntiCounterfeiting Coalition (IACC)  
International Olympic Committee (IOC)  
International Trademark Association (INTA)  
Internet Commerce Association (ICA)  
InternetNZ  
Internet Society of China  
Yoav Keren (Y. Keren)  
George Kirikos (G. Kirikos)  
Petko Kolev (P. Kolev)  
LEGO Juris A/S (LEGO)  
H. Lundbeck A/S (H. Lundbeck)  
MarkMonitor  
MARQUES/ECTA  
Tommy Matsumoto (T. Matsumoto)  
Max Menius (M. Menius)  
Microsoft Corporation (Microsoft)  
Minds + Machines  
Tero Mustala (T. Mustala)  
National Cable & Telecommunications Association (NCTA)  
Network Solutions, LLC (Network Solutions)  
Neustar, Inc. et al. (Neustar et al.)  
News Corporation  
Michele Neylon (M. Neylon)  
Non-Commercial Users Constituency (NCUC)  
Not-for-Profit Operational Concerns Constituency (NPOC)  
Oversee.net  
Partridge IP Law (Partridge)  
Registries Stakeholder Group (RySG)  
Constantine Roussos (C. Roussos)  
LIM Choon Sai, SGNIC (LIM Choon Sai)  
Alireza Saleh (A. Saleh)  
ICANN Security and Stability Advisory Committee (SSAC)  
Shahram Soboutipour (S. Soboutipour)  
Software & Information Industry Association (SIIA)  
Werner Staub (W. Staub)  
S. Subbiah  
Swiss Reinsurance Company Ltd. (Swiss Re)  
The Coca Cola Company (Coca-Cola)  
Time Warner Inc. (Time Warner)  
Richard Tindal (R. Tindal)  
Tokyo Metropolitan Government



Tucows Inc. (Tucows)  
Frederick Ulosov (F. Ulosov)  
UNINETT Norid AS (UNINETT Norid)  
United States Council for International Business (USCIB)  
United States Olympic Committee (USOC)  
UrbanBrain Inc. (UrbanBrain)  
Valideus Ltd. (Valideus)  
WIPO Arbitration and Mediation Center (WIPO Center)

# **EXHIBIT AC-36**



New Generic Top-Level  
**Domains**

N Q

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Fairness - \_\_\_\_\_

disadvantage compared to

fairness

Materiality - \_\_\_\_\_

\_\_\_\_\_

Priority Evaluation ("CPE")

\_\_\_\_\_

Impact - \_\_\_\_\_

\_\_\_\_\_



to change from being an exclusive to a non-exclusive registry does not create unfairness because exclusiveness is not an evaluation criterion and has no bearing on contention resolution.

In line with the announced GAC Category 2 implementation plan, ICANN has approved change requests from applicants wishing to address GAC Category 2 Advice by making their applications non-exclusive access registries and will continue to do so.

# **EXHIBIT AC-37**

## New gTLD (generic Top Level Domain) Update (30 May 2012)

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New gTLD (generic Top Level Domain) Update by Akram Atallah, COO

This page is available in:

English |

العربية (<http://www.icann.org/news/announcement-2-2012-05-30-ar>) |

Español (<http://www.icann.org/news/announcement-2-2012-05-30-es>) |

Français (<http://www.icann.org/news/announcement-2-2012-05-30-fr>) |

Русский (<http://www.icann.org/news/announcement-2-2012-05-30-ru>) |

中文 (<http://www.icann.org/news/announcement-2-2012-05-30-zh>)

[in](#) [f](#) [t](#) [e](#) [m](#) [+](#)

The TLD (Top Level Domain) Application System, or TAS, has now closed.

As of 23.00 GMT/UTC today, with one hour remaining before the system closed, just over 1900 applications had been submitted in TAS.

We will reconcile all payments and submitted applications, and will release the final numbers when the applied-for domain names are published. As we said yesterday, our target date for publishing the list of applied-for domain names is 13 June 2012.

We thank all applicants and the ICANN (Internet Corporation for Assigned Names and Numbers) community for their support throughout the application process.

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More Announcements

[ICANN \(Internet Corporation for Assigned Names and Numbers\) Africa Regional Plan for Fiscal Years 2021-2025 \(/news/announcement-2020-04-15-en\)](#)

[CANN68 to be Held as Remote Public Meeting \(/news/announcement-2020-04-09-en\)](#)

[Call for Expressions of Interest: Standing Panel for ICANN \(Internet Corporation for Assigned Names and Numbers\)'s Independent Review Process \(/news/announcement-3-2020-03-31-en\)](#)

[ICANN \(Internet Corporation for Assigned Names and Numbers\) Publishes Staff Report On ICANN \(Internet Corporation for Assigned Names and Numbers\)'s FY21–25 Operating and Financial Plan and Draft FY21 Operating Plan and Budget Public Comment Proceeding \(/news/announcement-2-2020-03-31-en\)](#)



# **EXHIBIT AC-38**

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 9

10 UNITED STATES DISTRICT COURT  
 11 CENTRAL DISTRICT OF CALIFORNIA  
 12

13 RUBY GLEN, LLC,

14 Plaintiff,

15 v.

16 INTERNET CORPORATION FOR  
 ASSIGNED NAMES AND  
 17 NUMBERS,

18 Defendant.  
 19  
 20  
 21  
 22

Case No. CV 2:16-cv-5505 PA (ASx)

Assigned for all purposes to the  
 Honorable Percy Anderson

**DECLARATION OF NICOLAI  
 BEZSONOFF IN SUPPORT OF  
 DEFENDANT ICANN'S  
 OPPOSITION TO PLAINTIFF'S  
 EX PARTE APPLICATION FOR  
 TEMPORARY RESTRAINING  
 ORDER**

**DECLARATION OF NICOLAI BEZSONOFF**

I, Nicolai Bezsonoff, declare as follows:

1. I am a manager and the Chief Operating Officer of NU DOTCO, LLC (“Nu Dotco”). I have personal knowledge of the facts set forth below and if called upon as a witness, I could and would testify competently thereto.

2. On March 19, 2012, Nu Dotco was formed as an LLC pursuant to the laws of the State of Delaware.

3. Nu Dotco was formed for the specific purpose of submitting applications to ICANN to acquire rights to operate certain generic top-level domains (“gTLDs”).

4. In June 2012, Nu Dotco applied for the .WEB gTLD, among others. As part of its .WEB application, Nu Dotco submitted to ICANN documentation concerning its status.

5. Nu Dotco’s application to ICANN designated me as a manager and the Chief Operating Officer of Nu Dotco, Juan Diego Calle as a manager and the Chief Executive Officer of Nu Dotco and Jose Ignacio Rasco III as a manager and the Chief Financial Officer of Nu Dotco. As officers and managers, Mr. Calle, Mr. Rasco and myself have been, and are, responsible for the overall affairs of Nu Dotco. Nu Dotco’s .WEB application also designated Jose Rasco as the “Primary Contact” for the application and me as the “Secondary Contact.”

6. There have been no changes or amendments made to Nu Dotco’s management since the time that Nu Dotco submitted its .WEB application to ICANN. Mr. Calle, Mr. Rasco, and I remain the only managers and officers of Nu Dotco. Accordingly, I recognize my duties as a manager of Nu Dotco and intend to continue to perform them in conjunction with Mr. Calle and Mr. Rasco.

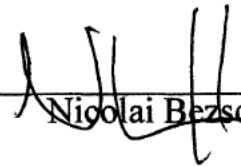
7. Nu Dotco’s application to ICANN designated those “shareholders” (i.e. members) holding at least 15% percent of the “shares” (i.e. membership interests) of Nu Dotco to be Domain Marketing Holdings, LLC and NUCO LP,

1 LLC. Those entities were also the only members of Nu Dotco.

2 8. There have been no changes or amendments made to Nu Dotco's  
3 membership, nor has any transfer of membership otherwise occurred, since the time  
4 that Nu Dotco submitted its application to ICANN. Domain Marketing Holdings,  
5 LLC and NUCO LP, LLC remain the only members of Nu Dotco.

6 9. My duties as an officer and manager of Nu Dotco, and backup or  
7 "Secondary Contact" on the application are limited at this point because Nu Dotco  
8 has not been awarded the .WEB gTLD. As Primary Contact Mr. Rasco devotes  
9 more time to that enterprise. In addition to my Nu Dotco duties, I served as COO  
10 of .CO Internet, the operator of the .co top level domain (country code TLD for  
11 Colombia) until it was acquired by Neustar, Inc. in April of 2014, at which point I  
12 began working for Neustar as a Strategic Advisor. Nu Dotco selected Neustar as its  
13 registry services provider (as discussed at length in Nu Dotco's application to  
14 ICANN) to assist Nu Dotco with operation of .WEB if Nu Dotco is awarded the  
15 TLD.

16 I swear under penalty of perjury under the laws of the United States that the  
17 foregoing is true and correct. Executed this 25th day of July, 2016.

18  
19 By:  \_\_\_\_\_  
20 Nicolai Bezonoff  
21  
22  
23  
24  
25  
26  
27  
28

# **EXHIBIT AC-39**

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8 Attorneys for Defendant  
 INTERNET CORPORATION FOR  
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10 UNITED STATES DISTRICT COURT  
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13 RUBY GLEN, LLC,

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15 v.

16 INTERNET CORPORATION FOR  
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 17 NUMBERS,

18 Defendant.  
 19  
 20  
 21  
 22

Case No. 2:16-cv-5505 PA (ASx)

Assigned for all purposes to the  
 Honorable Percy Anderson

**DECLARATION OF JOSE  
 IGNACIO RASCO III IN  
 SUPPORT OF DEFENDANT  
 ICANN'S OPPOSITION TO  
 PLAINTIFF'S *EX PARTE*  
 APPLICATION FOR  
 TEMPORARY RESTRAINING  
 ORDER**

**DECLARATION OF JOSE IGNACIO RASCO III**

I, Jose Ignacio Rasco III, declare as follows:

1. I am the Chief Financial Officer and a manager of NU DOTCO, LLC (“Nu Dotco”). I have personal knowledge of the facts set forth below and if called upon as a witness, I could and would testify competently thereto.

2. On March 19, 2012, Nu Dotcoco was formed as an LLC pursuant to the laws of the State of Delaware.

3. Nu Dotco was formed for the specific purpose of submitting applications to ICANN to acquire rights to operate certain generic top-level domains (“gTLDs”).

4. In June 2012, Nu Dotco applied for the .WEB gTLD, among others.

5. Nu Dotco’s application to ICANN designated me as a manager and the Chief Financial Officer of Nu Dotco, Juan Diego Calle as a manager and the Chief Executive Officer of Nu Dotco, and Nicolai Bezsonoff as a manager and the Chief Operating Officer of Nu Dotco. As officers and managers, Mr. Calle, Mr. Bezsonoff and I have been, and are, responsible for the overall affairs of Nu Dotco. Nu Dotco’s .WEB application also listed me as “Primary Contact” at Nu Dotco and, as a backup, Mr. Bezsonoff as “Secondary Contact.”

6. There have been no changes or amendments made to Nu Dotco’s management since the time that Nu Dotco submitted its .WEB application to ICANN. Mr. Calle, Mr. Bezsonoff, and I remain the only managers and officers of Nu Dotco.

7. Nu Dotco’s application to ICANN designated those “shareholders” (i.e. members) holding at least 15% of the “shares” (i.e. membership interests) of Nu Dotco to be Domain Marketing Holdings, LLC and NUCO LP, LLC. Those entities were also the only members of Nu Dotco.

8. There have been no changes or amendments made to Nu Dotco’s membership, nor has any transfer of membership otherwise occurred, since the time

1 that Nu Dotco submitted its application to ICANN. Domain Marketing Holdings,  
2 LLC and NUCO LP, LLC remain the only members of Nu Dotco.

3 9. Because there have been no changes in management, control or  
4 ownership of Nu Dotco since Nu Dotco submitted its application to ICANN there  
5 are no documents that memorialize any such changes.

6 10. By February 2014, Nu Dotco's .WEB application was placed by  
7 ICANN in a contention set with seven other applications, including the .WEB  
8 application submitted by Ruby Glen LLC. In April 2016, ICANN scheduled an  
9 auction to resolve the contention set for July 27, 2016.

10 11. On June 7, 2016, I replied to an e-mail from Jon Nevett of Ruby Glen  
11 LLC, which I understand was attached as Exhibit A to a declaration submitted by  
12 Mr. Nevett in connection with these proceedings ("June 7 Response"). In my June  
13 7 Response, I stated that "Nicolai [Bezsonoff] is at NSR full time and no longer  
14 involved with our TLD applications. I'm still running our program and Juan  
15 [Calle] sits on the board with me and several others. Based on your request, I went  
16 back to check with all the powers that be and there was no change in response and  
17 will not be seeking an extension."

18 12. What I meant in my June 7 Response with respect to "Nicolai" was  
19 that, in addition to his duties as an officer and manager of Nu Dotco, which are  
20 limited at this point because Nu Dotco has not been awarded the .WEB gTLD, Mr.  
21 Bezsonoff is employed by Neustar, Inc. (stock ticker symbol: NSR), a registry  
22 services provider that acquired Mr. Bezsonoff's previous employer, .CO Internet,  
23 the operator of the .co top-level domain (country code TLD for Colombia), in April  
24 2014. Nu Dotco selected Neustar as its registry services provider to assist Nu  
25 Dotco with operation of .WEB if Nu Dotco is awarded the TLD. I did not intend to  
26 convey that there had been any change in Mr. Bezsonoff's duties or responsibilities  
27 as an officer and manager of Nu Dotco because there has been no such change since  
28 Nu Dotco submitted its .WEB application to ICANN. He, Mr. Calle, and I continue



1 to serve jointly as managers of Nu Dotco; Mr. Bezsonoff also continues as backup  
2 to my role as Primary Contact on the Nu Dotco application.

3 13. What I meant in my June 7 response with respect to “several others”  
4 was in reference to there being others involved in the Nu Dotco managers’ decision  
5 making process regarding management of our TLD investments, namely, other  
6 beneficial owners, whose opinions I often seek and respect. I did not intend to  
7 convey that there had been any change to Nu Dotco’s officers, owners or members  
8 because there has been no such change since Nu Dotco submitted its .WEB  
9 application to ICANN.

10 14. What I meant in my June 7 response with respect to “the powers that  
11 be” was another reference to the beneficial owners of Nu Dotco described in the  
12 paragraph above. As a manager, I naturally seek to ensure that the owners are  
13 satisfied with how the company is being managed. I did not intend to convey that  
14 there had been any change to Nu Dotco’s officers, owners or members because  
15 there has been no such change since Nu Dotco submitted its .WEB application to  
16 ICANN.

17 15. Finally, I believe that the context of my private, informal statements to  
18 Mr. Nevett in my June 7 Response is relevant to the words I used. At that time, Mr.  
19 Nevett had contacted me on several occasions to try to persuade me to have Nu  
20 Dotco participate in a private resolution of the .WEB contention set. My intent in  
21 this private email was to politely dissuade Mr. Nevett from continuing to pursue the  
22 issue, but, at the same time, not to create any ill will between us. This was merely  
23 what I viewed as a polite response to a competitor with whom neither I nor Nu  
24 Dotco had any duty to provide information.

25 16. I confirmed the fact that Nu Dotco has not undergone any change in  
26 management, control or ownership in a July 8, 2016 note to ICANN’s Ombudsman,  
27 Chris LaHatte, wherein I stated: “Neither the governance, management nor the  
28 ownership in Nu Dotcoco has changed.” I also stated: “There are no new

1 'directors,' nor have any left the company, and while the managers are ultimately  
2 responsible for the LLC, as a Manager, I take my duties very seriously and for  
3 major decisions, I confer with the Members (i.e. shareholders), which again for  
4 clarification, have never changed. I hope this clarification puts this matter to rest."

5 17. I also confirmed the fact that Nu Dotco has not undergone any change  
6 in management, control or ownership by telephone to Christine Willett of ICANN  
7 on July 8, 2016, and confirmed the same via email to Ms. Willett on July 11, 2016.

8 I swear under penalty of perjury under the laws of the United States that the  
9 foregoing is true and correct. Executed this 25th day of July, 2016.

10  
11 By: \_\_\_\_\_



12 Jose Ignacio Rasco III  
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# **EXHIBIT AC-40**

**Special Award Conditions**  
**NCR-9218742**  
**Amendment No. 11**

Parties:	Department of Commerce (USG), Network Solutions, Inc. (NSI)
Effective Date:	October 7, 1998
Purpose	This agreement facilitates the stable evolution of the Internet domain name system (DNS) in accordance with the provisions of the Statement of Policy on DNS administration, "Management of Internet Names and Addresses," 63 <i>Fed Reg</i> 31741 (1998) (hereinafter "Statement of Policy" or "White Paper") by: (1) providing for recognition by NSI of NewCo when recognized by the USG in accordance with the provisions of the Statement of Policy; (2) amending the Cooperative Agreement No. NCR-9218742; (3) authorizing NSI's continued operation of the primary root server during the transition; and (4) providing for the development, deployment and licensing by NSI of a mechanism that allows multiple registrars to accept registrations for the generic top level domains (gTLDs) for which NSI acts as a registry.
Term and Transition:	This agreement extends the Cooperative Agreement through September 30, 2000; provided, however, that as the USG transitions DNS responsibilities to NewCo, corresponding obligations under the Cooperative Agreement as amended will be terminated and, as appropriate, covered in a contract between NSI and NewCo.
General Definition of NewCo	For purposes of this agreement, NewCo is the not-for-profit corporation described in the Statement of Policy and recognized by the USG in accordance with the provisions of the Statement of Policy for so long as the USG continues its recognition of NewCo.

**Competition**

Shared Registry: In order to create an environment conducive to the development of robust competition among domain name registrars, NSI will, either directly or by contract, develop a protocol and associated software supporting a system that permits multiple registrars to provide registration services within the gTLDs for which NSI now acts as a registry (Shared Registration System).

Development of the Shared Registration System shall reflect the following agreed upon time line, which assumes that the USG does not request changes in the specifications:

- 1 By November 1, 1998, NSI shall provide functional and interface specifications for the Shared Registration System and a milestone schedule for its development and implementation
2. By December 1, 1998, NSI shall create a focused input technical advisory group consisting of not more than 10 individuals designated by NewCo to comment on the design of and participate in testing of the Shared Registration System.
- 3 By March 31, 1999, NSI will establish a test bed supporting actual registrations in .com, .net and .org by 5 registrars accredited by NewCo (Accredited Registrars). (Phase 1)
4. By June 1, 1999, the Shared Registration System will be deployed by NSI and available to support multiple licensed Accredited Registrars offering registration services within the gTLDs for which NSI now acts as a registry. (Phase 2)

- 5 By October 1, 1999, NSI will have completed reengineering of NSI's registry/registrar interface and back end systems so as to assure that NSI, acting as registry, shall give all licensed Accredited Registrars (including NSI acting as registrar) equivalent access ("equal access") to registry services through the Shared Registration System (Phase 3) The functional and interface specifications of the Shared Registration System shall describe a protocol and associated software able to:
- (1) provide security and authentication protocols and procedures for requests from registrars; and
  - (2) permit second level domain name holders to change registrars within the same registry without changing domain names

NSI agrees to license the Shared Registration System protocol, associated documentation, and reference implementation to Accredited Registrars, on reasonable terms and conditions approved by the USG, such approval not to be unreasonably withheld, that are designed to promote the development of robust competition for the provisions of registrar services.

Enhanced  
Searchable  
Database:

Not later than November 1, 1998, NSI shall provide the USG with a written description of its proposed enhancements to the existing WhoIs database(s).

Within 60 days after the publication by the World Intellectual Property Organization (WIPO) of recommended characteristics of an enhanced searchable database containing domain name registration data, NSI will provide a report to the USG regarding how and under what conditions such a database might be designed and implemented in the gTLDs for which NSI now acts as the registry.

Pricing

Commencing upon the Phase 1 deployment of the Shared Registration System, and for the term of this agreement, NSI's prices for registry services through the Shared Registration System in the gTLDs for which NSI now acts as the registry, will be no more than a dollar amount per registration/year to be specified in a further amendment reflecting NSI's costs and a reasonable return on its investment. This price cap will be adjusted via an amendment to the Cooperative Agreement to reflect demonstrated changed costs of NSI arising from newly enacted legislation, NewCo fees, inflation, regulations, standards, costs of new litigation (including settlements and judgments) in excess of NSI's operating plan or changes in the operation of the registry, or to fund specific additional activities in the event such activities are reflected in an amendment to the Cooperative Agreement.

Existing NSI  
Customers:

Commencing upon the Phase 1 deployment of the Shared Registration System, and for a period of 18 months thereafter, NSI shall permit any customer with whom it has a contract pursuant to which NSI provides registration services that is either facially or effectively exclusive as to registration services, to terminate the registration provisions of such contract (following payment of all amounts due up through the time of such termination) and obtain registration services from other registrars; provided, however, that NSI may enter into agreements pursuant to which NSI's counterparty agrees not to utilize proprietary intellectual property or confidential proprietary information provided by NSI to the counterparty pursuant to their agreement.

New Contracts

Commencing on the effective date of this agreement, and for a period of 18 months after the Phase 1 deployment of the Shared Registration System, NSI will not enter into an agreement with any other party that limits in any way that party's ability to serve as a registrar or to operate a registry; provided, however, that (1) NSI may enter into agreements pursuant to which NSI's counterparty agrees not to utilize proprietary intellectual property or confidential proprietary information provided by NSI to the counterparty pursuant to their agreement; and (2) the mere provision by NSI, on a nonexclusive basis, of registration services to a party shall not be deemed to limit that party's ability to serve as a registrar or operate a registry.

Separation of

Following the Phase 1 deployment of the Shared Registration System, NSI shall make a

Registry/Registrar Services: certification to the USG every six months designed to demonstrate by means of objective criteria, which shall be agreed upon between USG and NSI, that NSI is providing all licensed Accredited Registrars with equal access to its registry services. NSI also will by February 1, 1999, employ appropriate safeguards, approved by the USG, to ensure that revenues and assets of the registry are not utilized to financially advantage NSI's registrar activities to the detriment of other registrars.

### **Data, Know How, Technical Assistance, etc.**

Software and Data: Not later than 30 days after the date of this agreement, NSI shall submit to the USG an electronic copy of all software and data generated under the Cooperative Agreement through September 30, 1998.

Not later than 60 days after the date of this agreement, NSI shall submit to the USG all existing documentation for such software and data generated through September 30, 1998.

The USG will take appropriate measures, including the development and execution of confidentiality agreements acceptable to NSI, to protect the confidentiality of such data, software and documentation so delivered. To the extent any such software, data or documentation need to be made available to any agent, contractor or project partner of the USG, the USG will promptly so notify NSI and will require such agent, contractor or project partner to comply with similar appropriate confidentiality requirements; provided, however, that, except as otherwise expressly provided herein, nothing in this paragraph is intended to alter any intellectual property rights of the USG or NSI established in the Cooperative Agreement.

Assistance to NewCo: If NewCo has a technical question or a need to access appropriate intellectual property of NSI, and the answer to such question or such access is reasonably necessary for NewCo to carry out its responsibilities as described in the "Coordinated Functions", the "Purpose" and the "Transition" sections of the Statement of Policy (NewCo's Responsibilities), and provided that NewCo shall have agreed to protect the confidentiality and security of any such information under a confidentiality agreement mutually acceptable to NSI and NewCo, NSI shall provide such answer or access and shall not assert any of its intellectual property rights or its desire to protect confidentiality or security as a basis to deny such requests; provided, however, that NSI shall not be required to expend excessive time or resources in answering such questions or fulfilling such requests unless it receives reasonable compensation for such expenditures; and provided further, that, except as otherwise expressly provided herein, nothing in this paragraph is intended to alter any intellectual property rights of the USG or NSI established in the Cooperative Agreement.

### **Recognition of NewCo**

NewCo: As provided in the Statement of Policy, the USG will effect the transition of its DNS responsibilities through an agreement with NewCo. That agreement will (i) require NewCo to exercise the responsibilities delineated in the Statement of Policy in a transparent, non-arbitrary, and reasonable manner, (ii) prohibit NewCo from acting unjustifiably and arbitrarily to injure particular persons or entities or particular categories of persons or entities, and (iii) require NewCo to subject registrars to consistent requirements designed to promote a stable and robustly competitive DNS, as set forth in the Statement of Policy. Following the finalization of the agreement between the USG and NewCo, NSI will recognize NewCo pursuant to a contract between NSI and NewCo.

NSI acknowledges that NewCo will have the authority, consistent with the provisions of the Statement of Policy and the agreement between the USG and NewCo, to carry out NewCo's Responsibilities.

Nothing in this agreement, apart from NSI's recognition of NewCo pursuant to this section of this agreement, shall limit NSI's rights to operate as a registry or registrar in TLDs other than com, net, org, edu, or to participate in any other lawful business pursuit

### **Miscellaneous**

**Root Servers** NSI agrees to continue to function as the administrator for the primary root server for the root server system and as a root zone administrator until such time as the USG instructs NSI in writing to transfer either or both of these functions to NewCo or a specified alternate entity.

While NSI continues to operate the primary root server, it shall request written direction from an authorized USG official before making or rejecting any modifications, additions or deletions to the root zone file. Such direction will be provided within ten (10) working days and it may instruct NSI to process any such changes directed by NewCo when submitted to NSI in conformity with written procedures established by NewCo and recognized by the USG.

**Modification Of Cooperative Agreement:** Except as modified by this Amendment, the terms and conditions of the Cooperative Agreement, as previously amended, remain unchanged.

# **EXHIBIT AC-41**



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### Statement from gTLD Registries

- *To:* <settlement-comments@xxxxxxxx>
  - *Subject:* Statement from gTLD Registries
  - *From:* "Simon Sheard" <simon@xxxxxxxx>
  - *Date:* Mon, 20 Feb 2006 11:18:34 -0000
- 

Please find attached a statement from the following gTLD registries/sponsors: Afilias, Employ Media, Global Name Registry, NeuLevel, Public Interest Registry and VeriSign.

Sincerely

Simon Sheard

**Attachment:** [Registry Operators Statement re Verisign Settlement.DOC](#)

*Description:* MS-Word document

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# **EXHIBIT AC-42**

Registry Operators' Submission Re:  
Objections to the Proposed Verisign Settlement

The undersigned registry operators submit this statement in response to certain objections being voiced with respect to the proposed registry agreement between ICANN and Verisign for operation of the .com registry. We are concerned that many of the objections being voiced in this debate reflect either (i) a serious misreading of the actual terms of the proposed agreement or (ii) a very worrisome perspective about the extent to which individual members of the ICANN community can and/or should be empowered to dictate the terms and conditions contained in ICANN's commercial agreements with DNS service providers. While this statement is submitted by the undersigned members of the registry constituency, our concerns involve fundamental checks and balances built into the ICANN process that are designed to protect both registries and registrars alike.

**A Brief History of ICANN's Policy Authority**

ICANN was conceived from the beginning as an organization with a limited charter. This understanding is reflected in ICANN's by-laws, which contemplate policy development only on issues within ICANN's mission statement. As specifically set forth in the ICANN by-laws, for examples, only mission-related issues are properly the subject of a PDP.

As articulated in its mission statement, ICANN is responsible for coordinating specified technical functions including:

1. The allocation and assignment of domain names, IP addresses and numbers, and protocol port and parameter numbers; and
2. The operation and evolution of the DNS root name server system.

ICANN is also responsible for policy development "reasonably and appropriately related to these technical functions."

The limited nature of ICANN's mission is also reflected in the original contracts between ICANN and NSI, and in every registry agreement (RA) and registrar accreditation agreement (RAA) executed since that time. In its original agreements with ICANN, for example, NSI agreed to comply with "consensus" policies adopted by ICANN provided (i) that such policies did not unreasonably restrain competition and (ii) that the policies related to:

1. Issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, technical reliability and/or stable operation of the Internet or domain-name system;
2. Registry policies reasonably necessary to implement consensus policies relating to registries and/or registrars; or

3. Resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names).

The parties also acknowledge that ICANN should have policy-making authority in certain other areas (e.g., to develop the UDRP) involving issues that, while specifically considered in the White Paper, may not have been strictly technical in nature.<sup>1</sup> To avoid subsequent disagreements about these issues, the original registry agreements and registrar accreditation agreements contained a list of specific areas in which ICANN was deemed to have legacy policy authority, as follows:

1. Allocation principles (e.g., first-come/first-served, timely renewal, holding period after expiration; surviving registrars);
2. Prohibitions on warehousing or speculation;
3. Reservation of SLD names that may not be registered initially or that may not be renewed due to reasons reasonably related to (a) avoidance of confusion among or misleading of users, (b) intellectual property, or (c) the technical management of the DNS or the Internet (e.g., "example.com" and single-letter/digit names); and
4. Dispute resolution policies related to registration of domain names.

Taken together, the general policy making authority granted to ICANN to preserve the stability and security of the DNS and the legacy policy authority listed above created a "picket fence" around ICANN's authority. ICANN could establish policy and/or best practices affecting issues outside the picket fence, but could not mandate registry and registrar compliance with such policies.<sup>2</sup> ICANN's ability to impose policy prospectively on registries and registrars was further constrained by procedural safeguards (ICANN's first PDP) designed to demonstrate the presence of a "true consensus" - *i.e.*, the absence of substantial objections.

When the first new TLDs came online in 2001, the "picket fence" was retained, with only minor refinements. This was no accident: even though operators of the new registries had virtually no bargaining power, the agreements reflected the community's settled understanding about ICANN's authority. ICANN was empowered to impose policies - even prospectively - on DNS service providers in a limited number of areas related to interoperability, technical reliability, operational stability, the safety and integrity of the Registry Database.<sup>3</sup>

By 2002, it was widely (but not universally) conceded that the standard for measuring consensus laid out in the Registry Agreements and the Registrar

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<sup>1</sup> For the most part, this policy authority (a) related to the protection of intellectual property rights and (b) derived from formulations contained in the White Paper.

<sup>2</sup> Of course, registries and registrars remained free to comply with best practices or other voluntary standards.

<sup>3</sup> ICANN's legacy policy authority with respect to intellectual property protection likewise did not change.

Accreditation Agreements was unworkable. The standard by which consensus was measured - the absence of substantial opposition - was a barrier to policy development. Accordingly, as part of ICANN's "evolution and reform (ERC)" process, ICANN amended its by-laws to include the GNSO PDP process. Under that process, ICANN could develop and adopt consensus policies, even in the face of substantial opposition, so long as the policy area was within ICANN's mission statement and ICANN followed specified procedures in developing such policies.<sup>4</sup>

The ERC process not only embraced the concept of the "picket fence" - it incorporated those substantive constraints into ICANN's bylaws in the form of a mission statement. Post-ERC registry and registrar agreements continued (as they do to this day) to limit the scope of permissible topics for mandatory specifications and policies. In effect, registrars and registry operators confirmed their agreement to abide by subsequently developed ICANN policies so long as those policies were (i) necessary to facilitate interoperability, technical reliability, operational stability on the DNS or the Internet, and the safety and integrity of the Registry Database, or (ii) covered by ICANN's legacy authority.

Some might argue that the constraints on ICANN's policy authority are artificial, and should be abandoned. That would be a mistake. The protections of the picket fence and the procedural safeguards are today - just as they were when first agreed - the ultimate source of ICANN's legitimacy. Private commercial actors - registries and registrars - voluntarily ceded to ICANN, via contractual undertakings, the authority it needed to fulfill ICANN's legitimate mission. ICANN's authority is legitimate because the delegation of authority was necessary, but no more than needed, to create policy in areas requiring coordination. ICANN is recognized as a legitimate private standards setting body because its authority answers but does not exceed that needed to perform its legitimate coordinating functions. Absent these constraints, ICANN's authority would be vulnerable to challenges under the competition laws of most countries participating in ICANN through the GAC.

### **The Registry Agreement**

**Notwithstanding the arguments of some of those opposed to the Verisign settlement, the new agreements - including the Verisign agreement - are, with regards to fundamental policy considerations, entirely consistent with the prior agreements.**

- First, the new agreements obligate registry operators to agree in advance to comply with consensus policies as they are developed in the future.

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<sup>4</sup> In December of 2002, however, the GNSO PDP could not be used to impose policy on any registry operator, each of whom had the contractual right to insist on the original formulation. The first registry agreement to adopt the new by-law procedure was .org, effective January of 2003. Since that time, registry operators, including VeriSign, have agreed to be bound by policy adopted in accordance with the GNSO PDP in ICANN's post-ERC by-laws.

- Second, the new agreements include a picket fence not dissimilar to those found in every registry agreement since 1999. Registry operators must promise to comply with existing and prospective “consensus policies” relating to a very familiar set of issues, including:
  1. Issues for which uniform or coordinated resolution is reasonably necessary to facilitate interoperability, security and/or stability of the Internet or DNS;
  2. Functional and performance specifications for the provision of registry services;
  3. Security and stability of the registry database for the TLD;
  4. Registry policies reasonably necessary to implement consensus policies relating to registry operations or registrars; or
  5. Resolution of disputes regarding the registration of domain names (as opposed to the use of such domain names).

As before, the agreements specifically grandfather policies relating to name allocation, warehousing, speculation, IP protection, Whois data, and registration disputes.

As a result, the undersigned registry operators believe that in general, while registries are not equal and there are fundamental differences between sponsored and non-sponsored TLDs, the future agreements and contract renewals should be made consistent with the .com agreement as applicable, and that Registries should be treated on an equitable basis.

Those objecting to the proposed agreement for .com ignore the fundamental continuity and focus instead on presumptions of renewal and the pricing authority. But unless those who object can make a reasonable case that the disputed terms and conditions threaten ICANN’s ability to preserve interoperability, stability, and security, they are not properly the subject of ICANN consensus policy-making.<sup>5</sup>

As a threshold matter, consensus policies must fit within the constraints ICANN has acknowledged from the start - i.e., in order to be binding on registries and registrars, the resulting policies must be reasonably necessary to facilitate interoperability, security and stability of the Internet or the DNS, or relate to the

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<sup>5</sup> That is not to say, however, that the ICANN Board has no ability to effect registry or registrar behavior in these areas. Far from it, ICANN is free to negotiate additional terms and conditions as it sees fit - and regularly does so. But issues outside of ICANN’s core mission must be resolved through arms-length commercial negotiations, and in these areas the ICANN Board must remain free to exercise its reasoned judgment consistent with its fiduciary duty to the organization, keeping in mind that local law/jurisdiction obligations of individual Registries might warrant considering such carve-outs from general consensus policies, for example as related to data protection and privacy.

resolution of disputes regarding the registration (as opposed to the use) of domain names.

The GNSO has recently undertaken to draft terms of reference for a PDP to establish the terms and conditions under which existing registry agreements will be renewed. Because this draft TOR is presumably motivated by dissatisfaction about the new registry agreements in general, and the proposed agreement for .com in particular, it provides important context for the objections to the proposed registry agreement for the .com TLD. Accordingly, the scope of the proposed PDP is relevant to the Board's consideration of the Verisign settlement, and we address below certain provisions of the draft TOR that appear to be parallel objections to the .com agreement.

Registry Agreement Renewal. The draft TOR asks "What benefits does the ICANN community derive from presumptive rights of renewal?" This is simply the wrong question. Unless a reasonable case can be made that such presumptions pose a threat to interoperability, security, and/or stability, the question of renewal presumptions can not be a subject for consensus policy making and must, we submit, be resolved through commercial negotiations. Again, that is not to say that the GNSO council is not entitled to develop a view. For example, the draft PDP TOR might appropriately ask:

Do presumptions of renewal pose a threat to interoperability, security, and stability of the Internet and DNS, or undermine existing consensus policies on name allocation, warehousing, Whois data, and registration disputes?

While the undersigned registry operators believe that the answer is a rather emphatic "no," we have no objection to a serious debate on the question.<sup>6</sup>

Registry Agreements and Consensus Policies. The draft TOR asks whether registry contract provisions should ever be immune from the obligation to abide by consensus policies. This could be an interesting question, and properly constructed, within the scope of a PDP.<sup>7</sup> But it is simply not on the table in connection with the new registry agreements: nothing in any of the new sTLD agreements, in the .net agreement or in the proposed .com agreement with Verisign permits a registry operator to ignore a policy that is (1) adopted in accordance with the PDP procedures, and (2) necessary to preserve the interoperability, security, and stability of the Internet.

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<sup>6</sup> We believe that renewal presumptions are quite positive, and expect as a matter of equity that these presumptions will be extended to all existing registry operators. The possibility of redelegation -- however remote -- undermines the ability of registry operators to raise capital. At the same time, we do not believe that the theoretical ability to redelegate a TLD is a meaningful enforcement tool for ICANN. ICANN will be better served by other, more practicable responses to non-compliance.

<sup>7</sup> The proper construction would be "Do carve-outs from the general obligation of registry operators to abide by consensus policy pose a threat to interoperability, security, and stability of the Internet and DNS, or undermine existing consensus policies on name allocation, warehousing, Whois data, and registration disputes?" With respect to any properly constructed consensus policy, moreover, the answer should be yes.

Whatever one thinks about proposed agreement between ICANN and Verisign for the .com registry, it does not except Verisign from the obligation that all registry operators have to comply with applicable consensus policies.<sup>8</sup> To the extent that the proposed contract has language that does not appear in other new agreements, that language is nothing more than a belt-and-suspenders exercise that, given the circumstances under which this contract was negotiated, should surprise no one. The fact that ICANN cannot expand the scope of its consensus policy authority beyond interoperability, stability, and security and the legacy policy authority areas is consistent with ICANN's mission statement and reflected in every registry agreement ever negotiated. Simply put, ICANN does not have the authority to adopt a new mission and then unilaterally obligate registries or registrars to comply with related policies.<sup>9</sup>

### **The Importance of Negotiating Flexibility**

The GNSO is, of course, free to recommend whatever course of action its members agree on. Likewise, individual members of the ICANN community are free to express their views on the proposed settlement. But the community should understand that an issue outside the picket fence cannot be moved inside simply by considering it under the procedural rules set out in the GNSO PDP. Policies and policy recommendations related to issues outside the picket fence simply are not "consensus policies" and are not, as a result, binding on either registries or registrars except as a result of commercial negotiations.

In our view, the vast majority of objections to the .com agreement pertain to issues that are not within the picket fence and that have to date been addressed in commercial negotiations. Those who object to the agreement are, in effect, second-guessing the ICANN Board, and demanding a seat at the negotiating table to negotiate issues outside of ICANN's mission. The ICANN Board should proceed with extreme caution, and address its critiques head on, without setting a precedent that will complicate ICANN's ability to take care of business for years to come.

The job of the ICANN Board is to serve the community by exercising its informed judgment based on the best available information. Some of that important information may be proprietary, and not on the public record. Some of that information may relate to the fiduciary obligations of the ICANN Board and properly not on the public record. By acceding to the demands of a few with respect to commercial issues outside of ICANN's core mission the Board deprives the community of its informed judgment, limits its future negotiating flexibility and, at the same time, makes it increasingly difficult to resist those who would use ICANN's agreements with DNS service providers to create an anti-competitive regulatory regime. In negotiating agreements with registry operators, ICANN must retain the authority to respond to the commercial realities in which any particular registry operates. This requires that ICANN have the ability to modify its position with respect to fees, renewal terms, the introduction of new registry

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<sup>8</sup> This does not mean that all consensus policies necessarily apply to all TLDs. It is certainly conceivable that a consensus policy would fairly apply to gTLDs and not sTLDs (or vice versa). As a baseline principle, however, to the extent that registry operators are similarly situated we expect the same rules to apply.

<sup>9</sup> For example, ICANN could not decide that its mission now includes the prevention of online gambling and require registries or registrars to delete any domain registration used for that purpose.



services, and other issues that may well vary from registry to registry. The Board must retain the authority to actually make a deal that the registry operators on the other side of the table can rely on. Tying the hands of the ICANN board in these areas makes little sense.

While ICANN's mission includes the promotion of competition, this role is best fulfilled through the measured expansion of the name space and the facilitation of innovative approaches to the delivery of domain name registry services. Neither ICANN nor the GNSO have the authority or expertise to act as anti-trust regulators. Fortunately, many governments around the world do have this expertise and authority, and do not hesitate to exercise it in appropriate circumstances.

Signed by:

Afilias (.info)  
Employ Media (.jobs)  
Global Name Registry (.name)  
NeuLevel (.biz)  
PIR (.org)  
VeriSign (.com and .net)

# **EXHIBIT AC-43**



(/)

- [Home \(/\)](#)
- [Registrar Login \(http://registrars.afilias.info\)](http://registrars.afilias.info)
- [Afilias WHOIS \(http://whois.afilias.net\)](http://whois.afilias.net)

Search

- [About U \(/about u \)](#)
  - [Products & Services \(/products-services\)](#)
  - [Careers \(/about-us/careers\)](#)
  - [Director of the Company \(/biographies/board-directors\)](#)
  - [Management \(/biographies/executive-staff\)](#)
  - [Policie \(/policie \)](#)
  - [Sustainability \(/sustainability\)](#)
- [Domain Name Registry Services \(/global-registry-services\)](#)
  - [gTLD \(/global regi try services/gtlds\)](#)
  - [ccTLDs \(/global-registry-services/ctlds\)](#)
  - [IDN e mail \(/idnemail\)](#)
  - [ZoneHawk \(/zonehawk\)](#)
  -
- [New Top Level Domain \(/global regi try ervice /new tld \)](#)
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  - [dotBrand Services \(/dotbrand\)](#)
  - [Managed Registry Services \(/MRS\)](#)
- [Mobile & Web Service \(/mobile/\)](#)
  - [DeviceAtlas \(/mobile/deviceatlas/\)](#)
  - [DeviceAssure \(/mobile/deviceassure/\)](#)
  - [goMobi \(/mobile/gomobi/\)](#)
  - [mobiReady \(/mobile/mobiready/\)](#)
  - [mobiForge \(/mobile/mobiforge/\)](#)
- [Managed DNS \(/product ervice /dn \)](#)
  - [One-Click DNSSEC \(/one-click-dnssec\)](#)
  - [FlexDNS<sup>SM</sup> Platform \(/flexdns\)](#)
- [News \(/news\)](#)
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  - [Blog \(/blog/executive\)](#)
  - [Event \(/new /event \)](#)
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English (/) 中文 (/china)

- [Request Information \(/product-services/request-proposal\)](#)
- [FAQ \(/faq\)](#)

## New TLDs

Afilias supports all types of new TLDs, including dotBrands, dotCities, dotCommunities and dotGenerics with turnkey technical and value-added services.

## Afilias' New TLDs

Afilias takes pride in its history of bringing to market innovative top-level domains like [.INFO \(http://info.info/\)](http://info.info/), the most successful new gTLD ever launched. Afilias is now expanding on that success with the introduction of dozens of new gTLDs, including .BET, .PET, .LOTTO, .POKER, .LGBT, .VOTE, .VOTO, .ORGANIC, .GREEN, .BLACK, .RD, .PINK, .BLUE, .KIM, .SHIKSHA, .PROMO and 移动 (MOBILE in Chinese)

Afilias will also be launching many other domains in the months ahead.

<http://get.promo>



[.PROMO \(http://get.promo\)](http://get.promo) is the new top level domain created for marketers that want to highlight promotion online and is the best domain name for sites that feature promotion and promotional items. Because .PROMO lets your visitors know what your site is all about from the domain level! And, .PROMO web addresses are short and easy to remember – perfect for

advertising campaigns both on and offline.

<http://get.green> A strategic way to enter the rapidly growing Green Economy and the Global Green Movement, [.GREEN \(http://get.green\)](http://get.green) domain names are an ideal way for individuals to identify organizations, companies, and products that are leaders in the current global shift toward sustainability. Brand and business are keeping up with consumer demand and strategic sustainable ways of doing business can use a .green domain name and easily be recognized as part of the broader solution. [Click here to find a .GREEN Registrar \(http://get.green/find-a-registrar\)](http://get.green/find-a-registrar).



<http://get.bet> Online gambling has taken the world by storm and [.BET \(http://get.bet\)](http://get.bet) is the ideal domain name for all sites that feature betting and games of chance. .BET lets your visitor know what your site is all about from the domain level and with only three characters. .BET web addresses are short and easy to remember for users. There are thousands of chance-based games around the world and therefore there are thousands of users for .BET addresses! [Click here to find a .BET Registrar \(http://get.bet/find-a-registrar\)](http://get.bet/find-a-registrar).



<http://get.pet> The pet industry is burgeoning worldwide; in the US alone, consumers will spend over \$61 billion in 2015 on their furry, feathered and scaly friends. With that in mind, [.PET \(http://get.pet\)](http://get.pet) is designed to help pet lovers



more easily find pet-related products and services on the Internet. It even works for sites dedicated to the pet itself (e.g. grumpy.cat.pet)! From veterinarians to dog whisperers, .PET is the TLD of choice for those who support the animals we love. It also makes a great choice for rescues, shelters, clubs, associations and pet lovers of all kinds. [Click here to find a .PET Registrar \(http://get.pet/find-a-registrar\)](http://get.pet/find-a-registrar).

<http://get.lotto>



[.LOTTO \(http://get.lotto\)](http://get.lotto) was created exclusively for official, state-sanctioned lotteries around the world, creating a global Internet name space that users can trust for legitimate Lottery gaming and information. By consulting with the World Lottery Association, North American Association of State and Provincial Lotteries, The European Lotteries, and other trusted lottery authorities worldwide. .LOTTO has been tailored to ensure that its domains can only be issued to registrants that meet these requirements via a strict verification method. [Click here to find a .LOTTO Registrar \(http://get.lotto/find-a-registrar\)](http://get.lotto/find-a-registrar).

<http://get.poker>



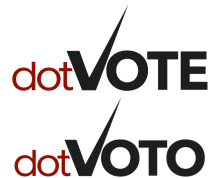
[.POKER \(http://get.poker\)](http://get.poker) is the internet address that ups the ante on web addresses for the Poker world online. From the exciting world of online gaming, to tournament or just organizing your local Poker night, .POKER is the perfect web address to stack the chips in your favor and set your Poker website apart from the rest! So why use a “wild card” top level domain when you can choose .POKER? [Click here to find a .POKER Registrar \(http://get.poker/find-a-registrar\)](http://get.poker/find-a-registrar).

<http://get.lgbt/>



[.LGBT \(http://get.lgbt/\)](http://get.lgbt/) is the first internet address created specifically for connecting with the Lesbian, Gay, Bisexual and Transgender community. An internet namespace that is inclusive, utilizing the preferred term itself as a clear way to indicate a site's content is for the community. [Click here for a list of .LGBT registrars \(http://get.lgbt/find-a-registrar\)](http://get.lgbt/find-a-registrar).

<http://nic.vote>



[.VOTE \(http://get.vote\)](http://get.vote) and [.VOTO \(http://get.voto\)](http://get.voto) are new web addresses designed for participants in the democratic process who need to provide information on their issues/candidacy to voters. As the names imply, .VOTE and .VOTO are dedicated to voter-focused, politically oriented information. Registrants must be able to demonstrate a nexus between their political activities and the name they are using. And they are prohibited from using names that are deceitful or disparaging. As a result, VOTE/.VOTO addresses will be respected as THE space dedicated to politically oriented information. Click for a list of [.VOTE \(http://get.vote/find-a-registrar\)](http://get.vote/find-a-registrar) and [.VOTO \(http://get.voto/find-a-registrar\)](http://get.voto/find-a-registrar) registrars.

<http://get.organic>



**.ORGANIC**

The organic movement is growing rapidly worldwide as people seek a healthier lifestyle. Until now however, it has been difficult to find authentically “organic” products and services on the Internet. The new **.ORGANIC** (<http://get.organic>) domain will be restricted to verified members of the organic community, and with it's launch, Internet users will now have a clear and trustworthy way to find bona fide organic products and services online. [Click here for a list of .ORGANIC registrars. \(http://get.organic/find-a-registrar\)](http://get.organic/find-a-registrar)

**.BLACK**

(<http://get.black>)

Black is always in style because it is associated with sophistication, elegance and understated authority. Consequently, an **.BLACK** (<http://get.black>) domain adds this element of style to every website. Like the classic style of a little black dress, a .BLACK domain instantly gives a site effortless chic. [Click here for a list of .BLACK registrars \(http://get.black/find-a-registrar\)](http://get.black/find-a-registrar).

(<http://dotblue.blue>)



Research shows that BLUE is the most popular color, everywhere in the world, for everyone. The color blue is an attention grabber, and it elicits positive, peaceful emotions of harmony, strength and loyalty. Like the sky above and sea below, the color blue is all around you ... and the **.BLUE** (<http://dotblue.blue>) domain is here to let you tap into the warm feelings we all have about this special color. [Click here for a list of .BLUE registrars. \(http://dotblue.blue/find-a-registrar\)](http://dotblue.blue/find-a-registrar)

**.pink**

(<http://get.pink>)

Like the color, **.PINK** (<http://get.pink>) domains have big personality! A .PINK address is a celebration of all the things you or your business are passionate about. A .PINK domain expresses joy, and courage, and optimism. .PINK domains let you and your web presence express all that is uniquely you. [Click here for a list of .PINK Registrars. \(http://get.pink/find-a-registrar\)](http://get.pink/find-a-registrar)

(<http://get.red>)



Like red lipstick, a red dress, or a little red sports car; the color red brings intensity to everything. And now the **.RED** domain (<http://get.red>) will do the same for your website! It's the perfect domain for your site if you want your web address to bring as much excitement as your content. [Click here for a list of .RED registrars \(http://get.red/find-a-registrar\)](http://get.red/find-a-registrar).



(<http://get.kim>)

While the Internet has previously let you classify your Web presence as commercial or informational, it's never before let you say, "We're all part of the same family." That's what **.KIM** (<http://get.kim>) offers. A .KIM domain lets you proclaim your allegiance as a member of the first family of the Internet. [Click here for a list of .KIM registrars.](http://get.kim/find-a-registrar) (<http://get.kim/find-a-registrar>)

(<http://get.shiksha>)



**.SHIKSHA**

Shiksha means education, teaching, learning, and the path to self-improvement. And now there's an entire Internet domain dedicated to education: dotSHIKSHA or .SHIKSHA. **.SHIKSHA** (<http://get.shiksha>) is the best top-level domain for identifying your organization as educational and tailored to an Indian audience. [Click here for a list of .SHIKSHA registrars](http://get.shiksha/find-a-registrar) (<http://get.shiksha/find-a-registrar>).



**.移动** is a domain name just like .INFO or .COM. But this is a new generation of domains: native language TLDs. This is a domain in Chinese, designed for reaching Chinese-language speakers, and means, simply, "MOBILE" in Chinese. When you use **.移动** as the name for your mobile website, your Chinese-speaking audience — wherever in the world they're located — will know that your website works on a mobile device, like an Android™ tablet or an iPhone, as well as on a standard computer. [Click here for a list of 移动 registrars](http://afilias.info/new-tlds/mobileregistrars) (<http://afilias.info/new-tlds/mobileregistrars>).

To be added to the Afilias' Domains Newsletter please fill out the form below:

* Email	<input type="text"/>
First Name	<input type="text"/>
Last Name	<input type="text"/>
* = Required Field	
<input type="submit" value="Submit"/>	

## In the News

- [Device usage stats for Ireland, iOS rules, Windows Phone fairs badly](http://irelandstechnologyblog.com/home/device-usage-stats-for-ireland-ios-rules-windows-phone-fairs-badly/) (<http://irelandstechnologyblog.com/home/device-usage-stats-for-ireland-ios-rules-windows-phone-fairs-badly/>)
- [Afilias confirms public availability for .BET domains](http://www.igamingbusiness.com/news/afilias-confirms-public-availability-bet-domains) (<http://www.igamingbusiness.com/news/afilias-confirms-public-availability-bet-domains>)

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- [Afilias Facebook Link \(http://www.facebook.com/dotINFO\)](http://www.facebook.com/dotINFO)
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- [Afilias YouTube Link \(http://www.youtube.com/user/AfiliasLimited\)](http://www.youtube.com/user/AfiliasLimited)
- [Afilias LinkedIn Link \(http://www.linkedin.com/companies/afilias\)](http://www.linkedin.com/companies/afilias)
- [Afilias Google+ \(https://plus.google.com/106277859905372813285?prsrc=3\)](https://plus.google.com/106277859905372813285?prsrc=3)





# **EXHIBIT AC-44**



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- [Home \( / \)](#)
- [Registrar Login \(http://registrars.afilias.info\)](http://registrars.afilias.info)
- [Afilias WHOIS \(http://whois.afilias.net\)](http://whois.afilias.net)



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  - [Products & Services \( /products-services \)](#)
  - [Careers \( /about-us/careers \)](#)
  - [Director of the Company \( /biographies/board-directors \)](#)
  - [Management \( /biographies/executive-staff \)](#)
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  - [gTLD \( /global regi try services/gtlds \)](#)
  - [ccTLDs \( /global-registry-services/ctlds \)](#)
  - [IDN e mail \( /idnemail \)](#)
  - [ZoneHawk \( /zonehawk \)](#)
  -
- [New Top Level Domain \( /global regi try ervice /new tld \)](#)
  - [Afilias' New Domains \( /new-tlds \)](#)
  - [dotBrand Services \( /dotbrand \)](#)
  - [Managed Registry Services \( /MRS \)](#)
- [Mobile & Web Service \( /mobile/ \)](#)
  - [DeviceAtlas \( /mobile/deviceatlas/ \)](#)
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  - [mobiReady \( /mobile/mobiready/ \)](#)
  - [mobiForge \( /mobile/mobiforge/ \)](#)
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  - [FlexDNS<sup>SM</sup> Platform \( /flexdns \)](#)
- [News \( /news \)](#)
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  - [Office \( /contact u /office \)](#)
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English ( / )    中文 ( /china )

- [Request Information \(/product/services/request-proposal\)](#)
- [FAQ \(/faq\)](#)

## New TLDs

Afilias supports all types of new TLDs, including dotBrands, dotCities, dotCommunities and dotGenerics with turnkey technical and value-added services.

## New TLDs | Top Level Domain Registry Services

The first ICANN New gTLD Application round is now closed but another is expected possibly in 2016. The most current source of information about the new TLDs is ICANN's micro-site <http://newgtlds.icann.org/> (<http://newgtlds.icann.org/en/>). To find out the status of specific applications or domain names you can visit: <https://gtldresult.icann.org/application-result/applicationstatus/viewstatus> (<https://gtldresult.icann.org/application-result/application-tatu/view-tatu>) where you can input your TLD idea and see immediately if anyone else has applied in this round.

Beyond that, a complete list of current TLDs is available at: <http://www.iana.org/domains/root/db> (<http://www.iana.org/domains/root/db>).

ICANN has not yet announced when the new application window will open. However, it is not too early to begin planning for round II.

As one of the leaders in TLD registry services, we'd be happy to help you with the application and technology needed for the next round. Afilias is supporting over 300 applications in the current round, and is an expert at ICANN's processes and policies. We have plenty of capacity to help you consider your options for the next round, and would be eager to help you.

Investing in a new gTLD is a strategic decision. It takes time to identify, monitor and research how organizations and communities are deploying their new gTLDs.

In 2012, ICANN -- the non-profit organization that regulates the domain naming system for the Internet -- unleashed a new era of competition and innovation for new generic Top Level Domain (gTLD). This meant that anyone with a vision, resources and a global registry services partner like Afilias could own and use the suffix to the right of the last dot in a website or email address, moving the world from "dot com" to "dot anything."

If you are considering a new gTLD during the next application window, you've come to the best place on the Internet for information. Afilias is the world's [most experienced provider of domain registry services for new TLD](#) (<http://www.afilias.info/global-registry-services/new-tlds/new-tld-experience>). We can help you ask, and answer, the most important questions to help build the right team, create the best ICANN application, and succeed with launching and operating your new TLD when the application window again opens.

[\(/webfm\\_send/291\)](#)

ICANN's mission is to ensure the continued stability and security of the DNS (Domain Name System). That's why they put such a sharp focus on the technical parts of the gTLD application. Practically half of the application is of a highly technical nature. ICANN expects each applicant to work with a knowledgeable, experienced provider.

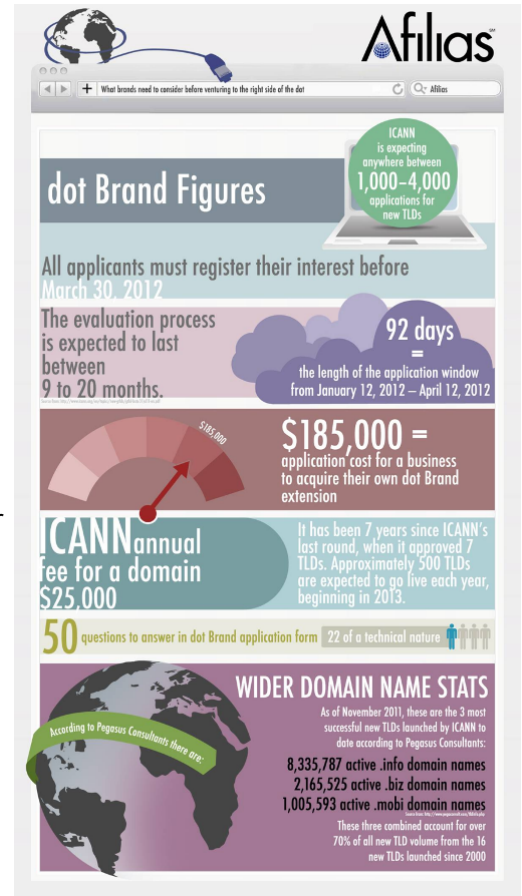
How do you plan to mitigate the technological and operational risks and costs to maximize launching and managing your new TLD during the next application window? You and your team will have to develop criteria to help select the very best domain registry services partner. A suitable partner will be able to answer these highly technical questions so that you

can focus on all of the other aspects necessary for a [successful new TLD](http://www.afilias.info/global-registry-services/new-tlds/new-tld-success) (<http://www.afilias.info/global-registry-services/new-tlds/new-tld-success>).

As the [expert in new TLD registry services](http://www.afilias.info/global-registry-services/new-tlds/new-tld-experts) (<http://www.afilias.info/global-registry-services/new-tlds/new-tld-experts>), our second-to-none reputation and record of performance are our best marketing tools. We believe that an educated new TLD prospect is our best customer. That's why we invest in educational content like webinars, videos, blogs, conference presentations and e-books.

In this section of the Afilias website, you will find valuable information, insights and educational materials to help you understand the issues surrounding new TLDs and to be prepared when the next application window opens.

Once you've reviewed all the material, let's start a conversation about your New TLD. Contact the [Afilias New TLD Team](http://www.afilias.info/newTLD-partner-form) (<http://www.afilias.info/newTLD-partner-form>) today.



## In the News

- [Device usage stats for Ireland, iOS rules, Windows Phone fairs badly](http://irelandstechnologyblog.com/home/device-usage-stats-for-ireland-ios-rules-windows-phone-fairs-badly/) (<http://irelandstechnologyblog.com/home/device-usage-stats-for-ireland-ios-rules-windows-phone-fairs-badly/>)
- [Afilias confirms public availability for .BET domains](http://www.igamingbusiness.com/news/afilias-confirms-public-availability-bet-domains) (<http://www.igamingbusiness.com/news/afilias-confirms-public-availability-bet-domains>)

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[Management \(/biographies/executive-officers\)](#)

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[Sustainability \(/sustainability\)](#)

[Domain Name Registry Services \(/global-registry-services\)](#)

[gTLDs \(/global-registry-services/gtlds\)](#)

[ccTLDs \(/global-registry-services/ctlds\)](#)

[IDN e-mail \(/idnemail\)](#)

[ZoneHawk \(/global-registry-services/zonehawk\)](#)

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- [dotBrand Services \(/dotbrand\)](#)
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- [mobiReady \(/mobile\)](#)
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- [Resources \(/news/resources\)](#)
- [Contact Us \(/contact-us\)](#)
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- [Press Inquiries \(/news/contact-pr\)](#)
- [Support \(/contact-us/support\)](#)
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- [Afilias Facebook Link \(http://www.facebook.com/dotINFO\)](http://www.facebook.com/dotINFO)
- [Afilias Twitter Link \(http://www.twitter.com/Afilias\)](http://www.twitter.com/Afilias)
- [Afilias YouTube Link \(http://www.youtube.com/user/AfiliasLimited\)](http://www.youtube.com/user/AfiliasLimited)
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# **EXHIBIT AC-45**

WE  
BUY  
TLDS!



Talk with us today!  
[webuytlds@afilias.info](http://webuytlds@afilias.info)

Afilias

ANNUAL GE

tion  
dor  
sition  
.au.



# **EXHIBIT AC-46**



Interested  
in Selling  
Your TLD?

Specialize in identifying  
opportunities for domain sales!  
Web@TLD@afilias.com

06/22/2015

# **EXHIBIT AC-47**

# WE BUY TLDs!



# Afilias<sup>SM</sup>

Speak wth us today! | [WeBuyTLDs@afilias.info](mailto:WeBuyTLDs@afilias.info)

# **EXHIBIT AC-48**



( / )

- [Home \( / \)](#)
- [Registrar Login \(http://registrars.afilias.info\)](http://registrars.afilias.info)
- [Afilias WHOIS \(http://whois.afilias.net\)](http://whois.afilias.net)



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  - [Careers \( /about-us/careers \)](#)
  - [Director of the Company \( /biographies/board-directors \)](#)
  - [Management \( /biographies/executive-staff \)](#)
  - [Policie \( /policie \)](#)
  - [Sustainability \( /sustainability \)](#)
- [Domain Name Registry Services \( /global-registry-services \)](#)
  - [gTLD \( /global regi try services/gtlds \)](#)
  - [ccTLDs \( /global-registry-services/ctlds \)](#)
  - [IDN e mail \( /idnemail \)](#)
  - [ZoneHawk \( /zonehawk \)](#)
  -
- [New Top Level Domain \( /global regi try ervice /new tld \)](#)
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## About Us

Afilias' specialized technology makes Internet addresses more accessible and useful through a wide range of applications, including Internet domain registry services, Managed DNS and award-winning mobile Web services.

## .WEB is ICANN's First Test of Accountability

[\(/biographie /Jonathan Robinson\)](#)



Submitted by Jonathan Robinson on Oct 28, 2016

Last month, in a much heralded international event, the agreement that ICANN (Internet Corporation for Assigned Names and Numbers) held with the United States Department of Commerce was permitted to lapse and so ICANN became an independent manager of the Internet's addressing system. While some argued that the organization was not "ready" for the transition, the majority of ICANN's multi-stakeholder community, including Afilias, agreed that sufficient accountability measures were in place to ensure that ICANN remains a responsible (and responsive) international organization.

Ensuring competition and choice in domain names has been an essential feature of ICANN's construct since formation over 15 years ago and it remains one of the core values enshrined within ICANN's post-transition bylaws

[\(https://www.icann.org/resources/pages/governance/bylaws-en/#article1](https://www.icann.org/resources/pages/governance/bylaws-en/#article1)

[\(http://www.icann.org/resource/page/governance/bylaw-en/#article1\)](http://www.icann.org/resource/page/governance/bylaw-en/#article1)) The first real test of this core value is now upon ICANN: what to do about the significant violations that occurred in the ICANN run auction process for the .WEB top level domain (TLD).

Afilias is a longstanding, active and constructive member of the ICANN community. We are strongly supportive of competition and choice in the domain name market and we are one of the applicants for .WEB.

### .WEB background

In 2011, ICANN finalized a process to further enhance competition and choice in domain names by expanding the top level domain space beyond the legacy .COM, .NET, .ORG and prior round new gTLD addresses. Over 1300 new top level domains were applied for, and over 1100 have already launched. These include addresses as diverse as .BERLIN, .BIO, .RED and even "dotBrands" like .BNPPARIBAS. The .WEB TLD was one of these and has taken some time to come to auction. It is short, generic and expected to be especially attractive to registrants. Seven applicants applied for .WEB in 2012, but the TLD has in fact been sought after since ICANN's first nTLD application round back in 2000.

The process for determining a registry operator when multiple applications are received is defined in the Applicant Guidebook (AGB). This document is the authoritative procedure manual for all aspects of the nTLD process. Consistent with the AGB, all .WEB applicants had agreed as recently as 11 May 2016, to resolve the contention set via a private mechanism (a private auction). However, a few weeks prior to the scheduled private auction on 15 June 2016, one applicant Nu Dot Company seriously backed out, forcing an ICANN auction (the latter sort process), which had been scheduled for 26 July 2016.

The AGB is clear: it specifies that an "applicant may not resell, assign or transfer any of the applicant's rights or obligations in connection with the application." Why did Nu Dot Co back out of the private auction process? Several parties asked ICANN to investigate Nu Dot Co, specifically with respect to alleged changes in ownership or financial control of the company. In response, ICANN enquired of Nu Dot Co in writing, whether any such change had occurred. Nu Dot Co responded and denied that any such changes had taken place. ICANN dropped the matter and proceeded with the auction.

In the 26 July 2016 ICANN auction, Nu Dot Co was indeed the high bidder, with a record bid for a TLD that exceeded US\$135m. Shortly thereafter, Verisign, the .COM and .NET registry operator, came out of the shadows and announced publicly that it had secretly arranged to fund Nu Dot Co's bid and moreover, that Verisign intended (subject to ICANN's consent) to take assignment of the .WEB registry agreement from Nu Dot Co after the auction was over – a direct contravention of the AGB rule against assignment. Given the timing, it seems reasonable to surmise that Verisign and Nu Dot Co misled ICANN prior to the auction.

ICANN's new TLD process was specifically designed to disqualify this kind of behaviour. The restrictions on reselling, assigning or transferring rights exist in the AGB for good reason. Such behaviour is not transparent and damages the honest auction participants. In this case, because Verisign (already the dominant competitor with COM and NET) would be the gaining party, it also further reduces competition in domain names. The potential outcome is contrary to ICANN's core values and contrary to the extensively deliberated, community approved procedures laid out in the AGB.

### **Why this is important: the gTLD registry market is not competitive**

Verisign began 2016 with over 80% market share of gTLD registrations and enjoys considerable standing and contractual advantages relative to other registry operators. This is not simply the opinion of Afilias. The United States Department of Commerce (DoC), in Cooperative Agreement Amendment 32 with Verisign

([http://www.ntia.doc.gov/file/ntia/publication/amendment\\_32\\_11292012.pdf](http://www.ntia.doc.gov/file/ntia/publication/amendment_32_11292012.pdf)

([https://www.ntia.doc.gov/files/ntia/publications/amendment\\_32\\_11292012.pdf](https://www.ntia.doc.gov/files/ntia/publications/amendment_32_11292012.pdf))), restricts it from increasing prices on .COM

unless market conditions show evidence of good competition. Just this past week, after a formal review of the market conditions and Verisign pricing, the DoC confirmed continued lack of competition by forbidding .COM price increases

through 2024 ([http://www.ntia.doc.gov/file/ntia/publication/amendment\\_34.pdf](http://www.ntia.doc.gov/file/ntia/publication/amendment_34.pdf)

([https://www.ntia.doc.gov/files/ntia/publications/amendment\\_34.pdf](https://www.ntia.doc.gov/files/ntia/publications/amendment_34.pdf))).

Competition is a core value of ICANN with very good reason. Competition drives innovation and improves consumer choice through ensuring: (i) market-based pricing; (ii) a widely available variety of unrestricted TLDs; (iii) improved quality of service (e.g. highly available and reliable systems); and (iv) improved customer service. Competition also reflects the global diversity of the Internet user base, and promotes open and collaborative technologies.

### **What ICANN needs to do**

A coordinated effort to circumvent or violate the rules of the Applicant Guidebook has positioned Verisign to potentially acquire the .WEB TLD, a TLD that Verisign did not openly and transparently apply for in 2012 alongside the other 7 applicants.

If ICANN permits the auction result to stand, ICANN will grant to Verisign, the dominant market player in a non-competitive market, the right to operate the registry for .WEB, the only new TLD expected to pose a significant challenge to the market dominance of Verisign's .COM and .NET franchises. In turn, granting .WEB to Verisign will expand Verisign's dominance, restrict competition and consumer choice, and directly contradict ICANN's values and Bylaws. The ICANN Board has the opportunity to not begin its newly independent tenure by favouring Verisign. The ICANN board and, under its direction, ICANN itself, can stand-up for competition and consumer choice. The remedy is clear: disqualify the application that would allow Verisign to illegitimately acquire rights to .WEB.

The next ICANN Board meeting is at the global community meeting in Hyderabad, India from November 3-9. This is also the first global community meeting to occur after ICANN gained independence, and hence is pivotal for ICANN's emerging reputation as an independent, international organization. Given the controversy over ICANN's independence, all eyes will be on the ICANN board to see if it is focused on doing the right thing. It's time for the ICANN board to show resolve and to demonstrate that it is a strong, independent body acting according to the letter and spirit of its own AGB and bylaws and, perhaps most importantly of all, to actively demonstrate its commitment to act both independently and in the global public interest.

Jonathan Robinson  
Executive Chairman  
Afilias plc



[Jonathan Robin on' blog \(/blog/7137\)](#)

## In the News

- [Device usage stats for Ireland, iOS rules, Windows Phone fairs badly \(http://irelandstechnologyblog.com/home/device-usage-stats-for-ireland-ios-rules-windows-phone-fairs-badly/\)](http://irelandstechnologyblog.com/home/device-usage-stats-for-ireland-ios-rules-windows-phone-fairs-badly/)
- [Afilias confirms public availability for .BET domains \(http://www.igamingbusiness.com/news/afilias-confirms-public-availability-bet-domains\)](http://www.igamingbusiness.com/news/afilias-confirms-public-availability-bet-domains)

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# **EXHIBIT AC-49**

VERISIGN®

DISCOVER DOMAIN NAMES

CHANNEL RESOURCES

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CHANNEL RESOURCES

REGISTRAR SERVICES AND PRODUCTS

NEW GTLDS

CHANNEL RESOURCES

## New gTLD Services

Hundreds of new top-level domains at your fingertips

Verisign delivers the protected, trusted and always-on registry infrastructure needed to reliably operate your new generic Top Level Domains.

The internet is undergoing the largest expansion in its 40-year history with over 1,200 new generic top level domains ("new gTLDs") already live in the root as of year end 2016, and a second round of new gTLD applications currently under discussion within the Internet Corporation for Assigned Names and Numbers ("ICANN"). This new Internet will open opportunities for businesses and consumers alike.

By recognizing and embracing this opportunity, many top brands are introducing their own branded new gTLD. Operating your own new gTLD can provide multiple opportunities to enhance marketing, brand management and security online but it also presents a large operational and technical undertaking. That's where Verisign can help.

Verisign has an extensive history in operating two of the world's best-known existing generic TLDs, .com and .net, and helps organizations by providing the back-end services needed to apply for, and operate, new gTLDs. Since the launch of ICANN's new gTLD application process in 2012, Verisign has helped over 150 brands apply for and manage their new gTLD(s) and has helped others to transfer their existing backend registry service to Verisign. Verisign's best in class services provide:

Support with application and delegation of a new gTLD through ICANN's program process

Provisioning and management of a secure, robust infrastructure on which to operate your new gTLD

Facilitation of transfer services from an existing back end registry services provider for your new gTLD to Verisign

### Verisign, Your Back-End Registry Service Provider

Verisign has proven experience and is the same registry operator that has maintained 100 percent operational accuracy and stability of the DNS resolution infrastructure for .com and .net for more than 22 years. We will provide comprehensive, premium technical services to help you launch, manage and monetize

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your new gTLD, backed by a proven operating track record with significant economies of scale compared to developing and operating an in-house alternative.

We can work directly with your organization or through your corporate domain name service provider. Start planning for the next round of new gTLD applications by speaking to a Verisign expert who can help you navigate the new gTLD space.

[Contact an expert on new gTLDs](#)

### Verisign as a Registry

Learn more about our role in powering the domain names that define the Internet.

### Registrar Products and Tools

Whether you want to increase registrations or renewals, expand to new markets, or enhance services, we have the tools and registry services to help.

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[.NET](#)

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[FIND A REGISTRAR](#)

[WHOIS](#)

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[INTERNET RESOLUTION](#)

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#### SECURITY SERVICES

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# **EXHIBIT AC-50**

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2013**

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **001-35048**

**DEMAND MEDIA, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**20-4731239**

(I R S Employer  
Identification No )

**1630 Stewart Street, Suite 120  
Santa Monica, CA**

(Address of principal executive offices)

**90404**

(Zip Code)

**(310) 394-6400**

(Reg st a t's te ep o e e , c d g a ea code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 2b 2 of the Exchange Act

Large accelerated filer

Accelerated filer

Non accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Exchange Act): Yes  No

As of May 9, 2013, there were 86,951,044 shares of the registrant's common stock, \$0.0001 par value, outstanding.

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DEMAND MEDIA, INC.

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**Part I. FINANCIAL INFORMATION**

**Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(In thousands, except per share amounts)  
(unaudited)

	December 31, 2012	March 31, 2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 02,933	\$ 09,37
Accounts receivable, net	45,57	4,464
Prepaid expenses and other current assets	6,04	7,94
Deferred start-up costs	57,78	62,288
Total current assets	222,09	220,37
Deferred start-up costs, less current portion	,320	,776
Property and equipment, net	35,467	37,875
Intangible assets, net	9,06	89,700
Goodwill	267,034	27,392
Other assets	20,906	20,640
Total assets	\$ 637,997	\$ 65,700
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 0,47	\$ ,003
Accrued expenses and other liabilities	40,489	43,489
Deferred liabilities	8,892	6,27
Deferred revenue	75,42	80,362
Total current liabilities	44,994	5,07
Deferred revenue, less current portion	5,965	6,46
Other liabilities	4,847	8,654
Total liabilities	65,806	76,86
Common stock, \$0.000 par value. Authorized 500,000 shares; 90,378 and 90,953 shares issued, and 86,93 and 86,947 shares outstanding at December 31, 2012 and March 31, 2013, respectively		
Additional paid-in capital	562,692	570,22
Accumulated other comprehensive income	5	(16)
Treasury stock at cost, 3,447 and 4,006 shares at December 31, 2012 and March 31, 2013, respectively	(25,932)	(30,767)
Accumulated deficit	(64,595)	(63,926)
Total stockholders' equity	472,9	475,54
Total liabilities and stockholders' equity	\$ 637,997	\$ 65,700

The accompanying notes are an integral part of these consolidated financial statements.

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
(In thousands, except per share amounts)  
**(unaudited)**

	Three months ended March 31,	
	2012	2013
Revenue	\$ 86,234	\$ 100,620
Operating expenses:		
Service costs (exclusive of amortization of intangible assets shown separately below)	41,262	48,177
Sales and marketing	10,393	14,083
Product development	10,124	11,160
General and administrative	15,395	16,375
Amortization of intangible assets	11,956	9,559
Total operating expenses	89,130	99,354
Income (loss) from operations	(2,896)	1,266
Other income (expense):		
Interest income	15	7
Interest expense	( 37)	(153)
Other income (expense), net	(19)	(78)
Total other income (expense), net	( 4 )	(224)
Income (loss) before income taxes	(3,037)	1,042
Income tax benefit (expense)	1,195	(373)
Net income (loss)	(1,842)	669
Net income (loss) attributable to common stockholders	\$ (1,842)	\$ 669
Net income (loss) per share basic	\$ (0 02)	\$ 0 0
Net income (loss) per share diluted	\$ (0 02)	\$ 0 0
Weighted average number of shares basic	82,942	86,618
Weighted average number of shares diluted	82,942	87,743

The accompanying notes are an integral part of these condensed consolidated financial statements

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**(In thousands, except per share amounts)**  
**(unaudited)**

	<u>Three months ended March 31,</u>	
	<u>2012</u>	<u>2013</u>
Net income (loss)	\$ (1,842)	\$ 669
Other comprehensive income (loss)		
Foreign currency translation adjustment	(6)	(3 )
Other comprehensive income (loss)	(6)	(3 )
Comprehensive income (loss)	<u>\$ (1,848)</u>	<u>\$ 638</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**

(In thousands)

(unaudited)

	Common stock		Additional paid-in capital amount	Treasury Stock	Accumulated other comprehensive income (loss)	Accumulated deficit	Total Stockholders' Equity
	Shares Outstanding	Amount					
<b>Balance at December 31, 2012</b>	86,931	\$ 11	\$ 562,692	\$ (25,932)	\$ 15	\$ (64,595)	\$ 472,191
Issuance of stock under employee stock awards, net	575		980				980
Stock option windfall tax benefits			88				88
Repurchases of common stock to be held in treasury	(559)			(4,835)			(4,835)
Stock based compensation expense			6,452				6,452
Foreign currency translation adjustment					(3 )		(3 )
Net income						669	669
<b>Balance at March 31, 2013</b>	86,947	\$ 11	\$ 570,212	\$ (30,767)	\$ (16)	\$ (63,926)	\$ 475,514

The accompanying notes are an integral part of these condensed consolidated financial statements

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In thousands)  
(unaudited)

	<b>Three months ended March 31,</b>	
	<b>2012</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ ( ,842)	\$ 669
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	6,920	4,904
Deferred income taxes	(826)	209
Stock-based compensation	7,39	7,263
Other	(594)	
Change in operating assets and liabilities, net of effect of acquisitions		
Accounts receivable	416	4,045
Prepaid expenses and other current assets	(957)	(50 )
Deferred litigation costs	(7,598)	(5,026)
Deposits and reserves	680	(48 )
Other long-term assets	(585)	266
Accounts payable	( ,929)	869
Accrued expenses and other liabilities	(71)	( , 08)
Deferred revenue	7,473	5,706
Net cash provided by operating activities	<u>8,478</u>	<u>26,8 5</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(4,32 )	(5,825)
Purchases of intangible assets	(2,573)	(3,853)
Payments for TLD applications	(130)	
Cash paid for acquisitions, net of cash acquired	(243)	(6,092)
Net cash used in investing activities	<u>(7,267)</u>	<u>( , 5,770)</u>
<b>Cash flows from financing activities</b>		
Principal payments on capital lease obligations		(172)
Proceeds from exercises of stock options and contributions to ESPP	2, 5	,746
Warrant exercise of exercises of stock options		88
Repurchases of common stock	(2,990)	(4,835)
Issuance of convertible debt		(8)
Payments of warrant exercise of exercises of stock-based awards	(796)	( ,383)
Net cash used in financing activities	<u>( ,67 )</u>	<u>(4,564)</u>
Effect of foreign currency on cash and cash equivalents	(7)	(43)
Change in cash and cash equivalents	9,533	6,438
Cash and cash equivalents, beginning of period	86,035	02,933
Cash and cash equivalents, end of period	<u>\$ 95,568</u>	<u>\$ 09,37</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

## **Demand Media, Inc. and Subsidiaries**

### **Notes to Condensed Consolidated Financial Statements (Unaudited)**

**(In thousands, except per share amounts)**

#### **1. Company Background and Overview**

Demand Media, Inc., together with its consolidated subsidiaries (the “Company”) is a Delaware corporation headquartered in Santa Monica, California. The Company’s business is focused on an Internet based model for the professional creation of content at scale, and is comprised of two service offerings, Content & Media and Registrar.

##### **Content & Media**

The Company’s Content & Media service offering is engaged in creating long lived media content, primarily consisting of text articles and videos, and delivering it along with social media and monetization tools to the Company’s owned and operated websites and mobile applications and to its network of customer websites and their mobile applications. Content & Media services are delivered through the Company’s Content & Media platform, which includes its content creation studio, social media applications and a system of monetization tools designed to match content with advertisements in a manner that is optimized for revenue yield and end user experience.

##### **Registrar**

The Company’s Registrar service offering provides domain name registration and related value added service subscriptions to third parties through its wholly owned subsidiary, eNom.

#### **2. Basis of Presentation and Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

##### **Basis of Preparation**

The accompanying interim consolidated balance sheet as of March 31, 2013, the consolidated statements of operations and statements of comprehensive income for the three month periods ended March 31, 2012 and 2013, the consolidated statements of cash flows for the three month periods ended March 31, 2012 and 2013 and the consolidated statement of stockholders’ equity for the three month period ended March 31, 2013 are unaudited.

In the opinion of the Company’s management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company’s statement of financial position as of March 31, 2013 and its results of operations for the three month periods ended March 31, 2012 and 2013 and its cash flows for the three month periods ended March 31, 2012 and 2013. The results for the three month period ended March 31, 2013 are not necessarily indicative of the results expected for the full year. The consolidated balance sheet as of December 31, 2012 has been derived from the Company’s audited financial statements included in the Company’s Annual Report on Form 10 K for the year ended December 31, 2012.

The interim unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), for interim financial information and with the instructions to Securities and Exchange Commission (“SEC”) Form 10 Q and Article 10 of SEC Regulation S X. They do not include all of the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto, included in the Company’s Annual Report on Form 10 K for the year ended December 31, 2012 filed with the SEC.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Demand Media, Inc. and its wholly owned subsidiaries. Acquisitions are included in the Company’s consolidated financial statements from the date of the acquisition. The Company’s

purchase accounting resulted in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All significant intercompany transactions and balances have been eliminated in consolidation.

Investments in affiliates over which the Company has the ability to exert significant influence, but does not control and is not the primary beneficiary of, including NameJet, LLC ("NameJet"), are accounted for using the equity method of accounting. Investments in affiliates which the Company has no ability to exert significant influence are accounted for using the cost method of accounting. The Company's proportional shares of affiliate earnings or losses accounted for under the equity method of accounting, which are not material for all periods presented, are included in other income (expense) in the Company's consolidated statements of operations. Affiliated companies are not material individually or in the aggregate to the Company's financial position, results of operations or cash flows for any period presented.

### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include revenue, allowance for doubtful accounts, investments in equity interests, fair value of issued and acquired stock warrants, the assigned value of acquired assets and assumed liabilities in business combinations, useful lives and impairment of property and equipment, intangible assets, goodwill and other assets, the fair value of the Company's equity based compensation awards, and deferred income tax assets and liabilities. Actual results could differ materially from those estimates. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

### **Revenue Recognition**

The Company recognizes revenue when four basic criteria are met: persuasive evidence of a sales arrangement exists; performance of services has occurred; the sales price is fixed or determinable; and collectability is reasonably assured. The Company considers persuasive evidence of a sales arrangement to be the receipt of a signed contract or insertion order. Collectability is assessed based on a number of factors, including transaction history with the customer and the credit worthiness of the customer. If it is determined that the collection is not reasonably assured, revenue is not recognized until collection becomes reasonably assured, which is generally upon receipt of cash. The Company records cash received in advance of revenue recognition as deferred revenue.

For arrangements with multiple deliverables, the Company allocates revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Company. The fair value of the selling price for a deliverable is determined using a hierarchy of (1) Company specific objective and reliable evidence, then (2) third party evidence, then (3) best estimate of selling price. The Company allocates any arrangement fee to each of the elements based on their relative selling prices.

The Company's revenue is principally derived from the following services:

### ***Content & Media***

***Advertising Revenue.*** Advertising revenue is generated by performance based Internet advertising, such as cost per click, or CPC, in which an advertiser pays only when a user clicks on its advertisement that is displayed on the Company's owned and operated websites and customer websites; fees generated by users viewing third party website banners and text link advertisements; fees generated by enabling customer leads or registrations for partners; and fees from referring users to, or from users making purchases on, sponsors' websites. In determining whether an arrangement exists, the Company ensures that a binding arrangement is in place, such as a standard insertion order or a fully executed customer specific agreement. Obligations pursuant to the Company's advertising revenue arrangements typically include a minimum number of impressions or the satisfaction of the other performance criteria. Revenue from performance based arrangements, including referral revenue, is recognized as the related performance criteria are met. The Company assesses whether performance criteria have been met and whether the fees are fixed or determinable based on a reconciliation of the performance criteria and an analysis of the payment terms associated with the transaction. The reconciliation of the performance criteria generally includes a comparison of third party performance data to the contractual performance obligation and to internal or customer performance data in circumstances where that data is available.

When the Company enters into advertising revenue sharing arrangements where it acts as the primary obligor, the Company recognizes the underlying revenue on a gross basis. In determining whether to report revenue gross for the amount of fees received from the advertising networks, the Company assesses whether it maintains the principal relationship with the advertising network, whether it bears the credit risk and whether it has latitude in establishing prices. In circumstances where the customer acts as the primary obligor, the Company recognizes the underlying revenue on a net basis.

In certain cases, the Company records revenue based on available and preliminary information from third parties. Amounts collected on the related receivables may vary from reported information based upon third party refinement of estimated and reported amounts owing that occurs typically within 30 days of the period end. For the three months ended March 31, 2012 and 2013, the difference between the amounts recognized based on preliminary information and cash collected was not material.

**Content Revenue.** Content revenue is generated through the sale or license of media content. Revenue from the sale or perpetual license of content is recognized when the content has been delivered and the contractual performance obligations have been fulfilled. Revenue from the license of content is recognized over the period of the license as content is delivered or when other related performance criteria are fulfilled.

**Subscription Services and Social Media Services.** Subscription services revenue is generated through the sale of membership fees paid to access content available on certain owned and operated websites. The majority of the memberships range from 6 to 12 month terms. Subscription services revenue is recognized on a straight line basis over the membership term.

The Company configures, hosts, and maintains its platform social media services under private labeled versions of software for commercial customers. The Company earns revenue from its social media services through initial set up fees, recurring management support fees, overage fees in excess of standard usage terms, and outside consulting fees. Due to the fact that social media services customers have no contractual right to take possession of the Company's private labeled software, the Company accounts for its social media services revenue as service arrangements, whereby social media services revenue is recognized when persuasive evidence of an arrangement exists, delivery of the service has occurred and no significant obligations remain, the selling price is fixed or determinable, and collectability is reasonably assured.

Social media service arrangements may contain multiple deliverables, including, but not limited to, single arrangements containing set up fees, monthly support fees and overage billings, consulting services and advertising services. To the extent that consulting services have value on a standalone basis, the Company allocates revenue to each element in the multiple deliverable arrangement based upon their relative fair values. Fair value is determined based upon the best estimate of the selling price. To date, substantially all consulting services entered into concurrent with the original social media service arrangements are not treated as separate deliverables as such services do not have value to the customer on a standalone basis. In such cases, the arrangement is treated as a single unit of accounting with the arrangement fee recognized over the term of the arrangement on a straight line basis. Set up fees are recognized as revenue on a straight line basis over the greater of the contractual or estimated customer life once monthly recurring services have commenced. The Company determines the estimated customer life based on analysis of historical attrition rates, average contractual term and renewal expectations. The Company periodically reviews the estimated customer life at least quarterly and when events or changes in circumstances, such as significant customer attrition relative to expected historical of projected future results, occur. Overage billings are recognized when delivered and at contractual rates in excess of standard usage terms.

Outside consulting services performed for customers that have value on a stand alone basis are recognized as services are performed.

### **Registrar**

**Domain Name Registration Service Fees.** Registration fees charged to third parties in connection with new, renewed, and transferred domain name registrations are recognized on a straight line basis over the registration term, which customarily range from one to two years but can extend to ten years. Payments received in advance of the domain name registration term are included in deferred revenue in the accompanying consolidated balance sheets. The registration term and related revenue recognition commences once the Company confirms that the requested domain name has been recorded in the appropriate registry under contractual performance standards. Associated direct and incremental costs, which principally consist of registry and Internet Corporation for Assigned Names and Numbers ("ICANN") fees, are also deferred and amortized to service costs on a straight line basis over the registration term.

The Company's wholly owned subsidiary, eNom, is an ICANN accredited registrar. Thus, the Company is the primary obligor with its reseller and retail registrant customers and is responsible for the fulfillment of its registrar services. As a result, the Company reports revenue derived from the fees it receives from resellers and retail registrant customers for registrations on



a gross basis in the accompanying consolidated statements of operations. A minority of the Company's resellers have contracted with the Company to provide billing and credit card processing services to the resellers' retail customer base in addition to domain name registration services. Under these circumstances, the cash collected from these resellers' retail customer base is in excess of the fixed amount per transaction that the Company charges for domain name registration services. As such, these amounts, which are collected for the benefit of the reseller, are not recognized as revenue and are recorded as a liability until remitted to the reseller on a periodic basis.

**Value Added Services.** Revenue from online value added services, which includes, but is not limited to, web hosting services, email services, domain name identification protection, charges associated with alternative payment methods, and security certificates, is recognized on a straight line basis over the period in which services are provided. Payments received in advance of services being provided are included in deferred revenue.

**Auction Service Revenue.** Domain name auction service revenue represents fees received from selling third party owned domains via an online bidding process primarily through NameJet. For names sold through the auction process that are registered on the Company's registrar platform upon sale, the Company has determined that auction revenue and related registration revenue represent separate units of accounting given the domain name has value to the customers on a standalone basis. As a result, the Company recognizes the related registration fees on a straight line basis over the registration term. The Company recognizes the bidding portion of auction revenue upon sale, net of payments to third parties since it is acting as an agent only.

### **Service Costs**

Service costs consist primarily of fees paid to registries and ICANN associated with domain registrations, advertising revenue recognized by the Company and shared with its customers or partners as a result of its revenue sharing arrangements, such as traffic acquisition costs, Internet connection and co location charges and other platform operating expenses associated with the Company's owned and operated and customer websites, including depreciation of the systems and hardware used to build and operate the Company's Content & Media platform and Registrar, personnel costs relating to in house editorial, customer service, information technology and certain content production costs such as our multi channel video deal with YouTube.

Registry fee expenses consist of payments to entities accredited by ICANN as the designated registry related to each top level domain ("TLD"). These payments are generally fixed dollar amounts per domain name registration period and are recognized on a straight line basis over the registration term. The costs of renewal registration fee expenses for owned and operated undeveloped websites are also included in service costs. Amortization of the cost of website names and media content owned by the Company is included in amortization of intangible assets.

### **Deferred Revenue and Deferred Registration Costs**

Deferred revenue consists substantially of amounts received from customers in advance of the Company's performance for domain name registration services, subscription services for premium media content, social media services and online value added services. Deferred revenue is recognized as revenue on a systematic basis that is proportionate to the unexpired term of the related domain name registration, media subscription as services are rendered, over customer useful life, or over the period of online value added service.

Deferred registration costs represent incremental direct cost paid in advance to registries, ICANN, and other third parties for domain name registrations and are recorded as a deferred cost on the balance sheets. Deferred registration costs are amortized to expense on a straight line basis concurrently with the recognition of the related domain name registration revenue and the expense is included in service costs.

### **Long lived Assets**

The Company evaluates the recoverability of its long lived assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Such trigger events or changes in circumstances may include: a significant decrease in the market price of a long lived asset, a significant adverse change in the extent or manner in which a long lived asset is being used, significant adverse change in legal factors or in the business climate, including those resulting from technology advancements in the industry, the impact of competition or other factors that could affect the value of a long lived asset, a significant adverse deterioration in the amount of revenue or cash flows we expect to generate from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long lived asset, current or future operating or cash flow losses that

demonstrate continuing losses associated with the use of a long lived asset, or a current expectation that, more likely than not, a long lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows. Through March 31, 2013, the Company has identified no such impairment loss. Assets to be disposed of would be separately presented on the balance sheets and reported at the lower of their carrying amount or fair value less costs to sell, and would no longer be depreciated or amortized.

Google, the largest provider of search engine referrals to the majority of the Company's websites, regularly deploys changes to its search engine algorithms. Since 2011, the Company has experienced fluctuations in the total number of Google search referrals to its owned and operated and network of customer websites. Some of the fluctuations were negative, resulting in adverse changes to traffic to our owned and operated websites. Other search engines may deploy similar changes. During 2011 and 2012, and in response to the changes in search engine algorithms in 2011, the Company performed an evaluation of its existing content library to identify potential improvements in its content creation and distribution platform. As a result of this evaluation, the Company elected to remove certain content assets from service, resulting in \$1.8 million of accelerated amortization expense in the first quarter of 2012.

We intend to evolve and continuously improve our content creation and distribution platform, by creating new content formats to meet rapidly changing consumer demand. Such changes may include increasing our investment in short form articles on our owned and operated sites including eHow.com, growth in content published on our network of customer websites and creation of new content formats, including paid content, designed to further diversify our content offering.

There can be no assurance that these changes or any future changes that may be implemented by the Company, by search engines to their algorithms and search methodologies, or by consumers in their web usage habits will not adversely impact the carrying value, estimated useful life or intended use of our long lived assets. The Company will continue to monitor these changes as well as any future changes and emerging trends in search engine algorithms and methodologies, including the resulting impact that these changes may have on future operating results, the economic performance of the Company's long lived assets and in its assessment as to whether significant changes in circumstances might provide an indication of potential impairment of the carrying value of its long lived assets, including its media content and goodwill arising from acquisitions.

#### ***Property and equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Computer equipment is amortized over two to five years, software is amortized over two to three years, and furniture and fixtures are amortized over seven to ten years. Leasehold improvements are amortized straight line over the shorter of the remaining lease term or the estimated useful lives of the improvements ranging from one to seven years. Upon the sale or retirement of property or equipment, the cost and related accumulated depreciation or amortization is removed from the Company's financial statements with the resulting gain or loss reflected in the Company's results of operations. Repairs and maintenance costs are expensed as incurred. In the event that property and equipment is no longer in use, the Company will record a loss on disposal of the property and equipment, which is computed as the net remaining value (gross amount of property and equipment less accumulated depreciation expense) of the related equipment at the date of disposal.

#### ***Intangibles - Undeveloped Websites***

The Company capitalizes costs incurred to acquire and to initially register its owned and operated undeveloped websites (i.e. Uniform Resource Locators). The Company amortizes these costs over the expected useful life of the underlying undeveloped websites on a straight line basis. The expected useful life of an undeveloped website ranges from 12 months to 84 months. The Company determines the appropriate useful life by performing an analysis of expected cash flows based on historical experience with undeveloped websites of similar quality and value.

In order to maintain the rights to each undeveloped website acquired, the Company pays periodic renewal registration fees, which generally cover a minimum period of twelve months. The Company records renewal registration fees of website name intangible assets in deferred registration costs and recognizes the costs over the renewal registration period, which is included in service costs.

## ***Intangibles Media Content***

The Company capitalizes the direct costs incurred to acquire its media content that is determined to embody a probable future economic benefit. Costs are recognized as finite lived intangible assets based on their acquisition cost to the Company. Direct content costs primarily represent amounts paid to unrelated third parties for completed content units, and to a lesser extent, specifically identifiable internal direct labor costs incurred to enhance the value of specific content units acquired prior to their publication. Internal costs not directly attributable to the enhancement of an individual content unit acquired are expensed as incurred. All costs incurred to deploy and publish content are expensed as incurred, including the costs for the ongoing maintenance of the Company's websites in which the Company's content is deployed.

Capitalized media content is amortized on a straight line basis over five years, representing the Company's estimate of the pattern that the underlying economic benefits are expected to be realized and based on its estimates of the projected cash flows from advertising revenue expected to be generated by the deployment of its content. These estimates are based on the Company's plans and projections, comparison of the economic returns generated by its content of comparable quality and an analysis of historical cash flows generated by that content to date. Amortization of media content is included in amortization of intangible assets in the accompanying statement of operations, and the acquisition costs are included in purchases of intangible assets within cash flows from investing activities in the Consolidated Statements of Cash Flows.

## ***Intangibles Acquired in Business Combinations***

The Company performs valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocates the purchase price of each acquired business to its respective net tangible and intangible assets. Acquired intangible assets include: trade names, non compete agreements, owned website names, customer relationships, technology, media content, and content publisher relationships. The Company determines the appropriate useful life by performing an analysis of expected cash flows based on historical experience of the acquired businesses. Intangible assets are amortized over their estimated useful lives using the straight line method which approximates the pattern in which the economic benefits are consumed.

## ***Goodwill***

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets. Goodwill is tested for impairment annually during the fourth quarter of the Company's fiscal year or when events or circumstances change that would indicate that goodwill might be impaired. Events or circumstances that could trigger an impairment review include, but are not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business, significant negative industry or economic trends or significant underperformance relative to expected historical or projected future results of operations.

Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. As of December 31, 2012, the Company determined that it has three reporting units. When testing goodwill for impairment, the Company first performs a qualitative assessment to determine whether it is necessary to perform step one of a two step annual goodwill impairment test for each reporting unit. The Company is required to perform step one only if it concludes that it is more likely than not that a reporting unit's fair value is less than its carrying value. Should this be the case, the first step of the two step process is to identify whether a potential impairment exists by comparing the estimated fair values of the Company's reporting units with their respective book values, including goodwill. If the estimated fair value of the reporting unit exceeds book value, goodwill is considered not to be impaired, and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then the second step is performed to determine if goodwill is impaired and to measure the amount of impairment loss, if any. The amount of the impairment loss is the excess of the carrying amount of the goodwill over its implied fair value. The estimate of implied fair value of goodwill is primarily based on an estimate of the discounted cash flows expected to result from that reporting unit, but may require valuations of certain internally generated and unrecognized intangible assets such as the Company's software, technology, patents and trademarks. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

## ***Business acquisitions and supplemental pro forma information***

On December 31, 2012, the Company completed the acquisition of the net assets of Name.com, a retail registrar company based in Denver, Colorado. During the three months ended March 31, 2013, the Company acquired Creativebug, an online destination for arts and crafts instruction based in San Francisco, California.

Supplemental information on an unaudited pro forma basis, as if these acquisitions had been completed as of January 1, 2012, is as follows:

	Three months ended March 31,	Three months ended March 31,
	2012	2013
	(unaud ted)	
Revenue	\$ 87,980	\$ 100,649
Net income (loss)	(2,531)	590

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflect amortization of intangible assets as a result of the acquisitions. The pro forma results are not necessarily indicative of the results that have been realized had the acquisitions been consolidated as of the beginning of the periods presented.

The Company accounts for acquisitions of businesses using the purchase method of accounting where the cost is allocated to the underlying net tangible and intangible assets acquired, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Determining the fair value of certain acquired assets and liabilities is subjective in nature and often involves the use of significant estimates and assumptions, including, but not limited to, the selection of appropriate valuation methodology, projected revenue, expenses and cash flows, weighted average cost of capital, discount rates, estimates of advertiser and publisher turnover rates and estimates of terminal values.

The acquisitions are included in the Company's consolidated financial statements as of the date of the acquisition. The following table summarizes the allocation of the purchase consideration, which is preliminary and subject to revision based on the finalization of hold back amounts for post closing obligations and related matters, for business acquisitions made by the Company during the three months ended March 31, 2013.

	Creativebug
Goodwill	\$ 4,459
Media content	3,390
Non compete agreements	699
Trade names	132
Customer relationships	43
Other assets and liabilities assumed	(723)
Total	<u>\$ 8,000</u>

#### **Other Long Term Assets**

The Internet Corporation for Assigned Names and Numbers, or ICANN, has approved a framework for the significant expansion of the number of generic Top Level Domains ("gTLDs"), which is expected to result in the delegation of new gTLDs commencing in 2013 ("New gTLD Program"). During the year ended December 31, 2012, the Company paid \$ 18.2 million for certain gTLD applications under the New gTLD Program. The Company capitalizes the costs incurred to pursue the acquisition of gTLD operator rights that are determined to embody a probable economic benefit. Capitalized payments for gTLD applications are included in long term other assets during the application process. While there can be no assurance that the Company will be awarded any gTLDs, capitalized payments will be reclassified as finite lived intangible assets following the delegation of operator rights for each gTLD by ICANN. Payments for gTLD applications primarily represent amounts paid directly to ICANN and or third parties in the pursuit of gTLD operator rights. The Company may receive partial cash refunds for certain gTLD applications, and to the extent the Company elects to sell or dispose of its interest in certain gTLD applications throughout the process, it may also incur gains or losses on amounts invested. Gains on the sale of the Company's interest in gTLD applications will be recognized when realized, while losses will be recognized when deemed probable. Other costs incurred by the Company as part of its gTLD initiative not directly attributable to the acquisition of gTLD operator rights are expensed as incurred. Capitalized costs will be amortized on a straight line basis over the estimated useful life of the gTLD.

operator rights acquired commencing the date that each asset is available for its intended use, which is expected to occur following commencement of delegation by ICANN in 2013.

### **Stock Based Compensation**

Stock based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period, on a straight line basis. The Company uses the Black Scholes option pricing model to determine the fair value of stock options that do not include market conditions. Stock based awards are comprised principally of stock options, restricted stock awards (“RSA”) and restricted stock units (“RSU”).

Under the Company's Employee Stock Purchase Plan (the “ESPP”), eligible officers and employees may purchase a limited amount of our common stock at a discount to the market price in accordance with the terms of the plan as described in Note 11 Share based Compensation Plans and Awards. The Company uses the Black Scholes option pricing model to determine the fair value of the ESPP awards granted which is recognized straight line over the total offering period.

Some equity awards granted by the Company contain certain performance and/or market conditions. The Company recognizes compensation cost for awards with performance conditions based upon the probability of that performance condition being met, net of an estimate of pre vesting forfeitures. Awards granted with performance and/or market conditions are amortized using the graded vesting method.

The effect of a market condition is reflected in the award's fair value on the grant date. The Company uses a Monte Carlo simulation model or binomial lattice model to determine the grant date fair value of awards with market conditions. Compensation cost for an award that has a market condition is recognized as the requisite service period is fulfilled, even if the market condition is never satisfied.

Stock based awards issued to non employees are accounted for at fair value determined using the Black Scholes option pricing model. Management believes that the fair value of the stock options is more reliably measured than the fair value of the services received. The fair value of each non employee stock based compensation award is re measured each period until a commitment date is reached, which is generally the vesting date.

### **Stock Repurchases**

Under a stock repurchase plan, shares repurchased by the Company are accounted for when the transaction is settled. Repurchased shares held for future issuance are classified as treasury stock. Shares formally or constructively retired are deducted from common stock at par value and from additional paid in capital for the excess over par value. If additional paid in capital has been exhausted, the excess over par value is deducted from retained earnings. Direct costs incurred to acquire the shares are included in the total cost of the repurchased shares.

### **Income Taxes**

Deferred income taxes are recognized for differences between financial reporting and tax bases of assets and liabilities at the enacted statutory tax rates in effect for the years in which the temporary differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. The Company evaluates the realizability of deferred tax assets and recognizes a valuation allowance for its deferred tax assets when it is more likely than not that a future benefit on such deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in its income tax (benefit) provision in the accompanying statements of operations.

### **Net Income (Loss) Per Share**

Basic income (loss) per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Net income (loss) attributable to common stockholders is increased for cumulative preferred stock dividends earned during the period. Diluted income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average common shares outstanding plus

potentially dilutive common shares. Because the Company reported losses in certain the periods presented, potentially dilutive common shares comprising of stock options, RSUs, stock from the employee stock purchase plan, warrants and convertible preferred stock are antidilutive in those periods.

RSUs and other restricted awards are considered outstanding common shares and included in the computation of basic earnings per share as of the date that all necessary conditions of vesting are satisfied. RSUs are excluded from the dilutive earnings per share calculation when their impact is antidilutive.

### Fair Value of Financial Instruments

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures its financial assets and liabilities in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 valuations for assets and liabilities traded in active exchange markets, or interest in open end mutual funds that allow a company to sell its ownership interest back at net asset value on a daily basis. Valuations are obtained from readily available pricing sources for market transactions involving identical assets, liabilities or funds.
- Level 2 valuations for assets and liabilities traded in less active dealer, or broker markets, such as quoted prices for similar assets or liabilities or quoted prices in markets that are not active. Level 2 includes U.S. Treasury, U.S. government and agency debt securities, and certain corporate obligations.

Valuations are usually obtained from third party pricing services for identical or comparable assets or liabilities.

- Level 3 valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

The Company chose not to elect the fair value option for its financial assets and liabilities that had not been previously carried at fair value. Therefore, material financial assets and liabilities not carried at fair value, such as trade accounts receivable and payables, are reported at their carrying values.

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, receivables from domain name registries, registry deposits, restricted cash, accounts payable, accrued liabilities and customer deposits approximate fair value because of their short maturities. The Company's investments in marketable securities are recorded at fair value. Certain assets, including equity investments, investments held at cost, goodwill and intangible assets are also subject to measurement at fair value on a nonrecurring basis, if they are deemed to be impaired as the result of an impairment review. For the year ended December 31, 2012 and three month period ended March 31, 2013, no impairments were recorded on those assets required to be measured at fair value on a nonrecurring basis.

Financial assets and liabilities carried at fair value on a recurring basis were as follows:

#### December 31, 2012

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents <sup>(1)</sup>	\$ 29,129	\$ 7,940	\$	\$ 37,069
Total assets at fair value	\$ 29,129	\$ 7,940	\$	\$ 37,069

( ) Comprises money market funds which are included in Cash and cash equivalents in the accompanying balance sheet

March 31, 2013

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents <sup>(1)</sup>	\$ 8,681	\$ 7,940	\$	\$ 16,621
Total assets at fair value	\$ 8,681	\$ 7,940	\$	\$ 16,621

( ) Comprises money market funds which are included in Cash and cash equivalents in the accompanying balance sheet

For financial assets that utilize Level 1 and Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including quoted market prices (Level 1 inputs) or inputs that are derived principally from or corroborated by observable market data (Level 2 inputs).

### Recent Accounting Pronouncements

#### *Indefinite lived intangible assets impairment*

In July 2012, the FASB issued an update to the authoritative guidance related to testing indefinite lived intangible assets for impairment. This update gives an entity the option to first consider certain qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the fair value of an indefinite lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative impairment test. This update is effective for the indefinite lived intangible asset impairment test performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this guidance does not have a material impact on the Company's consolidated financial statements.

#### *Balance sheet offsetting disclosures*

In December 2011, the FASB issued authoritative guidance on the disclosure of financial instruments and derivative instruments that are either offset or subject to an enforceable master netting arrangement or similar agreement and should be applied retrospectively for all comparative periods presented for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. The adoption of this guidance does not have a material impact on the Company's consolidated financial statements.

#### *Reclassification of accumulated other comprehensive loss*

In February 2013, the FASB issued an accounting standards update requiring new disclosures about reclassifications from accumulated other comprehensive loss to net income. These disclosures may be presented on the face of the statements or in the notes to the consolidated financial statements. The standards update is effective for fiscal years beginning after December 15, 2012. The adoption of this guidance does not have a material impact on the Company's consolidated financial statements.

### 3. Property and Equipment

Property and equipment consisted of the following:



	December 31, 2012	March 31, 2013
Computers and other related equipment	\$ 42,940	\$ 44,636
Purchased and internally developed software	54,657	56,898
Furniture and fixtures	2,623	3,244
Leasehold improvements	3,552	5,992
	<u>103,772</u>	<u>110,770</u>
Less accumulated depreciation	(68,305)	(72,895)
Property and equipment, net	<u>\$ 35,467</u>	<u>\$ 37,875</u>

Depreciation and software amortization expense by classification for the three months ended March 31, 2012 and 2013 is shown below:

	Three months ended March 31,	
	2012	2013
Service costs	\$ 3,650	\$ 3,982
Sales and marketing	34	107
Product development	282	236
General and administrative	898	1,020
Total depreciation	<u>\$ 4,964</u>	<u>\$ 5,345</u>

#### 4. Intangible Assets

Intangible assets consist of the following:

	December 31, 2012			Weighted average useful life
	Gross carrying amount	Accumulated amortization	Net	
Owned website names	\$ 42,840	\$ (36,489)	\$ 6,351	3.7
Customer relationships	32,109	(23,151)	8,958	5.5
Media content	136,495	(78,223)	58,272	5.1
Technology	38,768	(28,556)	10,212	6.0
Non compete agreements	14,986	(14,685)	30	3.3
Trade names	11,999	(5,654)	6,345	13.7
Content publisher relationships	2,092	(1,470)	622	5.0
	<u>\$ 279,289</u>	<u>\$ (188,228)</u>	<u>\$ 91,061</u>	5.3
	March 31, 2013			
	Gross carrying amount	Accumulated amortization	Net	Weighted average useful life
Owned website names	\$ 42,845	\$ (37,088)	\$ 5,757	3.7
Customer relationships	32,152	(24,036)	8,116	5.5
Media content	142,690	(83,737)	58,953	5.1
Technology	38,768	(29,685)	9,083	6.0
Non compete agreements	15,685	(14,732)	953	3.3
Trade names	12,131	(5,856)	6,275	13.6
Content publisher relationships	2,092	(1,529)	563	5.0
	<u>\$ 286,363</u>	<u>\$ (196,663)</u>	<u>\$ 89,700</u>	5.3



Identifiable finite lived intangible assets are amortized on a straight line basis over their estimated useful lives commencing the date that the asset is available for its intended use

Amortization expense by classification for the three months ended March 31, 2012 and 2013 is shown below:

	Three months ended	
	March 31,	
	2012	2013
Service costs	\$ 9,920	\$ 7,439
Sales and marketing	710	845
Product development	1,068	1,071
General and administrative	258	204
Total amortization	<u>\$ 11,956</u>	<u>\$ 9,559</u>

## 5. Goodwill

The following table presents the changes in the Company's goodwill balance:

Balance at December 31, 2011	\$ 256,060
Goodwill arising from acquisitions	10,997
Other	(23)
Balance at December 31, 2012	<u>267,034</u>
Goodwill arising from acquisitions	4,358
Balance at March 31, 2013	<u>\$ 271,392</u>

Goodwill in 2012 arose from one acquisition completed in that year. The movement in 2013 relates to the acquisition of Creativebug during the three months ended March 31, 2013.

The Company's most recent annual impairment analysis was performed in the fourth quarter of the year ended December 31, 2012 and indicated that the fair value of each of its three reporting units significantly exceeded the carrying amount of the respective reporting unit's book value of goodwill at that time.

## 6. Other Assets

Other long term assets consisted of the following:

	December 31, 2012	March 31, 2013
Payments for gTLD applications	\$ 18,202	\$ 18,202
Other	2,704	2,438
Other assets	<u>\$ 20,906</u>	<u>\$ 20,640</u>

During the year ended December 31, 2012, the Company paid \$18.2 million for certain gTLD applications under the New gTLD Program. Payments for gTLD applications represent amounts paid directly to ICANN or third parties in the pursuit of gTLD operator rights, the majority of which was paid to Donuts Inc. as described in Note 8 - Commitments and Contingencies.

Other assets also includes \$0.9 million of restricted cash comprising a collateralized letter of credit connected with the Company's applications under the New gTLD Program. The restrictions require the cash to be maintained in a bank account for a minimum of five years from the delegation of the gTLDs.

## 7. Other Balance Sheets Items

Accounts receivable consisted of the following:

	December 31, 2012	March 31, 2013
Accounts receivable - trade	\$ 40,995	\$ 36,163
Receivables from registries	4,522	5,301
Accounts receivable, net	<u>\$ 45,517</u>	<u>\$ 41,464</u>

Accrued expenses and other liabilities consisted of the following:

	December 31, 2012	March 31, 2013
Accrued payroll and related items	\$ 12,196	\$ 13,187
Domain owners' royalties payable	1,996	1,845
Commissions payable	3,184	2,866
Customer deposits	7,029	6,643
Other	16,084	18,948
Accrued expenses and other liabilities	<u>\$ 40,489</u>	<u>\$ 43,489</u>

## 8. Commitments and Contingencies

### Leases

The Company conducts its operations utilizing leased office facilities in various locations and leases certain equipment under non-cancelable operating and capital leases. The Company's leases expire between April 2013 and July 2024.

In 2012, the Company entered into two one-year lease commitments to replace its existing corporate headquarter space in Santa Monica, California that commence in 2013 with an average expense of approximately \$2,000 and \$800, respectively, per annum over the life of each lease. The leases expire in 2024, and the Company has an early termination option after six years on each lease.

### Litigation

In April 2011, the Company and eleven other defendants were named in a patent infringement lawsuit filed in the U.S. District Court, Eastern District of Texas. The plaintiff filed and served a complaint making several claims related to a method for displaying advertising on the Internet. In April 2013, the Company settled with the plaintiff for an immaterial amount.

In addition, from time to time, the Company is a party to other various litigation matters incidental to the conduct of its business. There is no pending or threatened legal proceeding to which the Company is a party that, in our belief, is likely to have a material adverse effect on the Company's future financial results.

### Taxes

From time to time, various federal, state and other jurisdictional tax authorities undertake review of the Company and its filings. In evaluating the exposure associated with various tax filing positions, the Company accrues charges for possible exposures. The Company believes any adjustments that may ultimately be required as a result of any of these reviews will not be material to its consolidated financial statements.

### Domain Name Agreement

In April 2011, the Company entered into an agreement to provide domain name registration services and manage certain domain names owned and operated by a customer over a 27-month term ending June 30, 2013 (the "Amended Domain Agreement"). In conjunction with the Amended Domain Agreement, the Company is committed to purchase approximately \$233 of expired domain names every calendar quarter over the term of the agreement. The contract can

be terminated by either the Company or the counter party within 60 days prior to the end of June 30, 2013 or at each annual renewal period thereafter

## **Donuts Agreement**

As part of its initiative to pursue the acquisition of gTLD operator rights, the Company has entered into a gTLD acquisition agreement (“gTLD Agreement”) with Donuts Inc (“Donuts”). The gTLD Agreement provides the Company with rights to acquire the operating and economic rights to certain gTLDs. These rights are shared equally with Donuts and are associated with specific gTLDs (“Covered gTLDs”) for which Donuts is the applicant under the New gTLD Program. The Company has the right, but not the obligation, to make further deposits with Donuts in the pursuit of acquisitions of Covered gTLDs, for example as part of the ICANN auction process. The operating and economic rights for each Covered gTLD will be determined through a process whereby the Company and Donuts each select gTLDs from the pool of Covered gTLDs, with the number of selections available to each party based upon the proportion of the total acquisition price of all Covered gTLDs that they funded. Gains on sale of the Company's interest in Covered gTLDs will be recognized when realized, while losses will be recognized when deemed probable. Separately, the Company entered into an agreement to provide certain back end registry services for gTLD operator rights owned by Donuts for a period of five years commencing from the launch of Donut's first gTLD. Demand Media is not an investor in Donuts nor involved in any joint venture with Donuts or its affiliates.

## **Indemnifications**

In its normal course of business, the Company has made certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. Those indemnities include intellectual property indemnities to the Company's customers, indemnities to directors and officers of the Company to the maximum extent permitted under the laws of the State of Delaware and indemnifications related to the Company's lease agreements. In addition, the Company's advertiser and distribution partner agreements contain certain indemnification provisions which are generally consistent with those prevalent in the Company's industry. The Company has not incurred significant obligations under indemnification provisions historically and does not expect to incur significant obligations in the future. Accordingly, the Company has not recorded any liability for these indemnities, commitments and guarantees in the accompanying balance sheets.

## **9. Income Taxes**

The Company's effective tax rate differs from the statutory rate primarily as a result of state taxes, foreign taxes, nondeductible stock option expenses and changes in the Company's valuation allowance.

During the three months ended March 31, 2013, the Company recorded an income tax expense of \$373 compared to an income tax benefit of \$1,195 during the same period in 2012, representing an increase of \$1,568. The increase was primarily due to a benefit from the change in California apportionment methodology during the quarter ended March 31, 2012, which reduced the Company's effective state tax rate compared to the current period.

The Company reduces its deferred tax assets resulting from future tax benefits by a valuation allowance if, based on the weight of the available evidence it is more likely than not that some portion or all of these deferred taxes will not be realized. The timing of the reversal of deferred tax liabilities associated with tax deductible goodwill is not certain and thus not available to assure the realization of deferred tax assets. Due to the limitation associated with deferred tax liabilities from tax deductible goodwill, the Company has deferred tax assets in excess of deferred tax liabilities before application of a valuation allowance for the periods presented. As the Company has insufficient history of generating book income, the ultimate future realization of these excess deferred tax assets is not more likely than not and thus subject to a valuation allowance. Accordingly, the Company has established a valuation allowance against its deferred tax assets.

The Company is subject to the accounting guidance for uncertain income tax positions. The Company believes that its income tax positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company's financial condition, results of operations, or cash flow. The Company acquired an \$85 uncertain tax position as a result of a business acquisition during 2011.

The Company's policy for recording interest and penalties associated with audits and uncertain tax positions is to record such items as a component of income tax expense, and amounts recognized to date are insignificant. No uncertain income tax positions were recorded during the three months ended March 31, 2012 or 2013 other than the acquired uncertain tax position, and the Company does not expect its uncertain tax position to change materially during the next twelve months. The Company

files a U S federal and many state tax returns as well as tax returns in multiple foreign jurisdictions. All tax years since the Company's incorporation remain subject to examination by the IRS and various state authorities.

#### **10. Employee Benefit Plan**

The Company has a defined contribution plan under Section 40 (k) of the Internal Revenue Code ("40 (k) Plan") covering all full time employees who meet certain eligibility requirements. Eligible employees may defer up to 90% of their pre tax eligible compensation, up to the annual maximum allowed by the Internal Revenue Service. Effective January 1, 2013, the Company began matching a portion of the employee contributions under the 401(k) Plan up to a defined maximum. During the three months ended March 31, 2013, the Company incurred approximately \$421 in employer contributions under the 401(k) Plan, and expects to incur a similar amount per quarter through the remainder of the current fiscal year.

## 11. Share-based Compensation Plans and Awards

### Valuation of Stock Option Awards

The following table presents the weighted average assumptions used to estimate the fair values of the employee stock options granted in the periods presented:

	<u>Three months ended</u> <u>March 31,</u> <u>2013</u>
Expected life (in years)	5.5
Risk free interest rate	0.61%
Expected volatility	51%
Expected dividend yield	
Weighted average estimated fair value of options granted during the period	\$ 3.82

The Company did not grant any stock options to employees during the three months ended March 31, 2012.

### Stock Options

Stock option activity for the three months ended March 31, 2013 is as follows:

	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
<b>Outstanding at December 31, 2012</b>	11,846	\$ 16.34	6.93	\$ 10,208
Options granted	230	8.48		
Options exercised	(230)	4.26		
Options forfeited or canceled	(284)	11.83		
<b>Outstanding at March 31, 2013</b>	<u>11,562</u>	16.54	6.82	7,472
<b>Exercisable at March 31, 2013</b>	6,039	9.80	6.27	7,049
<b>Vested and expected to vest after March 31, 2013</b>	10,324	\$ 15.59	6.76	\$ 7,386

The pre tax aggregate intrinsic value of outstanding and exercisable stock options is calculated as the difference between the exercise price of the underlying awards and the closing stock price of \$8.63 of the Company's common stock on March 28, 2013 for all awards where that stock price exceeds the exercise price. Options expected to vest reflect an estimated forfeiture rate.

The following table summarizes additional information concerning outstanding and exercisable options at March 31, 2013:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Term (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.00 - 3.60	643	4.70	\$ 2.56	641	\$ 2.56
\$3.61 - 7.20	820	5.81	5.32	744	5.24
\$7.21 - 10.80	4,040	6.59	9.07	3,537	9.16
\$10.81 - 14.40	202	6.98	13.19	136	13.18
\$14.41 - 18.00	2,367	7.39	17.57	765	17.20
\$18.01 - 21.60	40	6.58	21.41	24	21.42
\$21.61 - 25.20	1,150	7.34	24.00	64	24.00
\$25.21 - 28.80					
\$28.81 - 32.40	1,150	7.34	30.00	64	30.00
\$32.41 - 36.00	1,150	7.34	36.00	64	36.00
	<u>11,562</u>	6.83	\$ 16.54	<u>6,039</u>	\$ 9.80

The total grant date fair value of stock options vested during the three months ended March 31, 2012 and 2013 was \$2,594 and \$3,399, respectively. The aggregate intrinsic value of all options exercised during the three months ended March 31, 2012 and 2013 was \$1,855 and \$951, respectively.

As of March 31, 2013, there was \$18,484 of unrecognized stock based compensation expense related to the non-vested portion of stock options, which is expected to be recognized over a weighted average period of 2.7 years. To the extent that the forfeiture rate is different from that anticipated, stock based compensation expense related to these awards will be different.

#### Restricted stock units

The following table summarizes the activity of RSUs and other restricted shares for the three months ended March 31, 2013 as follows:

	Shares	Weighted average grant date fair value
<b>Unvested at December 31, 2012</b>	<u>4,099</u>	\$ 9.82
Granted	923	8.45
Vested	(460)	9.55
Forfeited	(232)	0.4
<b>Unvested at March 31, 2013</b>	<u>4,330</u>	\$ 9.54

As of March 31, 2013, there was approximately \$33,910 of unrecognized compensation cost related to employee non-vested RSUs and restricted shares. The amount is expected to be recognized over a weighted average period of 2.6 years. To the extent that the forfeiture rate is different from that anticipated, stock based compensation expense related to these awards will be different.

#### Employee Stock Purchase Plan

In May 2011, the Company commenced its first offering under the Demand Media, Inc. 2010 Employee Stock Purchase Plan (the "ESPP"), which allows eligible employees to purchase a limited amount of the Company's common stock at a 15% discount to the market price through payroll deductions. Participants can authorize payroll deductions for amounts up to the lesser of 15% of their qualifying wages or the statutory limit under the U.S. Internal Revenue Code. The ESPP provides for up to four concurrent offering periods of twenty-four, eighteen, twelve and six month durations, which correspondingly have four, three, two and one, six month purchase periods, respectively. A maximum of one thousand two hundred fifty shares of common stock may be purchased by each participant at six month intervals during each purchase period within an offering. The fair value of the ESPP options granted is determined using a Black-Scholes model and is amortized over the life of the 24-

month offering period of the ESPP. The Black Scholes model included an assumption for expected volatility of between 34% and 43% for each of the four purchase periods. During the three months ended March 31, 2012 and 2013, the Company recognized an expense of \$582 and \$519, respectively, in relation to the ESPP and there were 9,535 shares of common stock remaining authorized for issuance under the ESPP at March 31, 2013. As of March 31, 2013, there was approximately \$1,400 of unrecognized compensation cost related to the ESPP which is expected to be recognized on a straight line basis over the remainder of the offering period.

### ***BEI Warrant***

In June 2010, the Company entered into a website development, endorsement and license agreement with Bankable Enterprises, Inc. (“BEI”) (the “BEI Agreement”). BEI is wholly owned by Tyra Banks (“Ms. Banks”), a business woman and celebrity. As consideration for Ms. Banks’ services, the Company issued a fully vested four year warrant to purchase 375 shares of the Company’s common stock at an exercise price of \$12.00 per share. During the three months ended March 31, 2012, we recognized \$113 of expense related to the BEI Warrant. Effective October 2012, the BEI Agreement was terminated and the Company agreed to release BEI and Ms. Banks from future services and obligations in exchange for Ms. Banks surrendering the warrants in full.

### **Stock based Compensation Expense**

Stock based compensation expense related to all employee and non employee stock based awards was as follows:

	Three months ended March 31,	
	2012	2013
<b>Stock based compensation included in</b>		
Service costs	\$ 708	\$ 611
Sales and marketing	1,536	1,923
Product development	1,688	1,165
General and administrative	3,459	3,564
Total stock based compensation included in net loss	<u>\$ 7,391</u>	<u>\$ 7,263</u>

## **12. Stockholders' Equity**

### ***Stock Repurchases***

Under the February 8, 2012 stock repurchase plan, as amended, the Company is authorized to repurchase up to \$50,000 of its common stock from time to time. During the three months ended March 31, 2013, the Company repurchased 559 shares at an average price of \$8.65 per share for an aggregate amount of \$4,835. As of March 31, 2013, approximately \$19,232 of the stock repurchase authorization remained. The timing and actual number of shares repurchased will depend on various factors including price, corporate and regulatory requirements, debt covenant requirements, alternative investment opportunities and other market conditions.

Shares repurchased by the Company are accounted for when the transaction is settled. As of March 31, 2013 and December 31, 2012, there were no unsettled share repurchases. Shares repurchased and retired are deducted from common stock for par value and from additional paid in capital for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares.

### ***Other***

Each share of common stock has the right to one vote per share. Each restricted stock purchase right has the right to one vote per share and the right to receive dividends or other distributions paid or made with respect to common shares, subject to restrictions for continued employment service.

## **13. Business Segments**

The Company operates in one operating segment. The Company’s chief operating decision maker (“CODM”) manages the Company’s operations on a consolidated basis for purposes of evaluating financial performance and allocating resources. The CODM reviews separate revenue information for its Content & Media and Registrar offerings. All other financial information is reviewed by the CODM on a consolidated basis. All of the Company’s principal operations and decision making functions are located in the United States. Revenue generated outside of the United States is not material for any of the periods presented.

Revenue derived from the Company's Content & Media and Registrar Services is as follows

	Three months ended	
	March 31,	
	2012	2013
Content & Media revenue		
Owned & operated	\$ 39,348	\$ 49,703
Network	14,615	15,588
Total Content & Media revenue	53,963	65,291
Registrar revenue	32,271	35,329
Total Revenue	\$ 86,234	\$ 100,620

#### 14. Net Income (Loss) Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share of common stock:

	Three months ended	
	March 31,	
	2012	2013
<i>Numerator:</i>		
Net income (loss)	\$ (1,842)	\$ 669
Net income (loss) attributable to common stockholders	\$ (1,842)	\$ 669
<i>Denominator:</i>		
Weighted average common shares outstanding	83,445	86,838
Weighted average unvested restricted stock awards	(503)	(220)
Weighted average common shares outstanding basic	82,942	86,618
Dilutive effect of stock options, warrants and ESPP		1,125
Weighted average common shares outstanding diluted	82,942	87,743
Net income (loss) per share basic	\$ (0 02)	\$ 0 0
Net income (loss) per share diluted	\$ (0 02)	\$ 0 0

As of each period end, the following common equivalent shares were excluded from the calculation of the Company's diluted net income (loss) per share in for the period shown as their inclusion would have been antidilutive:

	Three months ended	
	March 31,	
	2012	2013
Stock options	15,571	11,562
Unvested RSUs	3,256	4,330
Common Stock Warrants	375	
ESPP shares	876	602

#### 15. Subsequent Events

During the period from April 1, 2013 to May 7, 2013, the Company granted 2,530 restricted stock units as part of its annual employee compensation process.

In April 2013, the Company settled a patent infringement lawsuit as detailed in Note 8 Commitments and Contingencies



## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Forward Looking Statements

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10 Q and our 2012 Annual Report on Form 10 K.*

This Quarterly Report on Form 10 Q contains forward looking statements. All statements other than statements of historical facts contained in this Quarterly Report on Form 10 Q, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward looking statements. We have based these forward looking statements largely on our estimates of our financial results and our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short term and long term business operations and objectives, and financial needs. These forward looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section entitled "Risk Factors" in Part II Item 1A of this Quarterly Report on Form 10 Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements we may make. In light of these risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this Quarterly Report on Form 10 Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward looking statements.

You should not rely upon forward looking statements as predictions of future events. Although we believe that the expectations reflected in the forward looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward looking statements. We undertake no obligation to update publicly any forward looking statements for any reason after the date of this Quarterly Report on Form 10 Q to conform these statements to actual results or to changes in our expectations.

You should read this Quarterly Report on Form 10 Q and the documents that we reference in this Quarterly Report on Form 10 Q and have filed with the Securities and Exchange Commission (the "SEC") with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

As used herein, "Demand Media," "the Company," "our," "we," or "us" and similar terms include Demand Media, Inc. and its subsidiaries, unless the context indicates otherwise.

"Demand Media" and other trademarks of ours appearing in this report are our property. This report contains additional trade names and trademarks of other companies. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

### Overview

We are a diversified Internet media and domain services company. We have developed a leading Internet based model for the professional creation and distribution of high quality, commercially valuable, long lived content at scale, and we operate the world's largest wholesale registrar and the world's second largest registrar overall. Our business is comprised of two service offerings: Content & Media and Registrar. Our Content & Media offering is engaged in creating media content, primarily consisting of text articles and videos, and delivering such content along with our social media and monetization tools to our owned and operated websites and mobile applications, and to our network of customer websites and their mobile applications. Our Content & Media service offering also includes a portfolio of websites primarily containing advertising listings, which we refer to as undeveloped websites. Our Registrar service is the world's largest wholesale registrar of Internet domain names and the world's second largest registrar overall, based on the number of names under management, and provides domain name registration and related value added services. We are also a leading participant in ICANN's significant expansion of the number of generic Top Level Domain ("gTLDs"), which is expected to result in the delegation on new gTLDs commencing in 2013.

Our principal operations and decision making functions are located in the United States. We report our financial results as one operating segment, with two distinct service offerings. Our operating results are regularly reviewed by our chief operating decision maker on a consolidated basis, principally to make decisions about how we allocate our resources and to measure our consolidated operating performance. Together, our service offerings provide us with proprietary data that facilitate the creation of commercially valuable, long lived content, which we combine with broad distribution and targeted monetization capabilities. We currently generate the vast majority of our Content & Media revenue through the sale of advertising, and to a lesser extent through subscriptions to our social media applications and licensing and sales of select content and service offerings. Substantially all of our Registrar revenue is derived from domain name registration and related value added service subscriptions. Our chief operating decision maker regularly reviews revenue for each of our Content & Media and Registrar service offerings in order to gain more depth and understanding of the key business metrics driving our business. Accordingly, we report Content & Media and Registrar revenue separately.

In February 2013, we announced that our board of directors authorized a plan to explore separating the Company into two independent, publicly traded companies: a pure play Internet based content and media company and a pure play domain services company (hereinafter referred to as the "Proposed Business Separation"). We anticipate that the Proposed Business Separation will be structured as a tax free pro rata distribution to stockholders of new publicly traded shares in the new domain services company. Consummation of the Proposed Business Separation is subject to final approval by our board of directors. Consummation of the Proposed Business Separation also is subject to satisfaction of several conditions, including confirmation of the transaction's tax free treatment, receipt of listing approval, and the filing and effectiveness of a registration statement on Form 0 with the SEC. We have not yet finalized all of the details of the Proposed Business Separation and there is no assurance that the Proposed Business Separation as described herein will occur.

For the three months ended March 31, 2012 and 20 3, we reported revenue of \$86.2 million and \$100.6 million, respectively. For the three months ended March 31, 2012 and 20 3, our Content & Media offering accounted for 63% and 65% of our total revenue, respectively, and our Registrar service accounted for 37% and 35% of our total revenue, respectively.

### Key Business Metrics

We regularly review a number of business metrics, including the following key metrics, to evaluate our business, measure the performance of our business model, identify trends impacting our business, determine resource allocations, formulate financial projections and make strategic business decisions. Measures which we believe are the primary indicators of our performance are as follows:

#### Content & Media Metrics

- page views: We define page views as the total number of web pages viewed across (1) our owned and operated websites and/or (2) our network of customer websites, to the extent that the viewed web pages of our customers host the Company's monetization, social media and/or content services. Page views are primarily tracked through internal systems, such as our Omniture web analytics tool, contain estimates for our customer websites using our social media tools and may use data compiled from certain customer websites. We periodically review and refine our methodology for monitoring, gathering, and counting page views in an ongoing effort to improve the accuracy of our measure.
- RPM: We define RPM as Content & Media revenue per one thousand page views.

#### Registrar Metrics

- domain: We define a domain as an individual domain name registered by a third party customer on our platform for which we have begun to recognize revenue. This metric does not include any of the company's owned and operated websites.
- average revenue per domain: We calculate average revenue per domain by dividing Registrar revenues for a period by the average number of domains registered in that period. The average number of domains is the simple average of the number of domains at the beginning and end of the period. Average revenue per domain for partial year periods is annualized.

The following table sets forth additional performance highlights of key business metrics for the periods presented:

	Three months ended March 31,		
	2012	2013	% Change
<b>Content &amp; Media Metrics <sup>(1)</sup></b>			
<i>Owned &amp; operated</i>			
Page views (in millions)	3,142	3,780	20 %
RPM	\$ 12.52	\$ 13.15	5 %
<i>Network of customer websites</i>			
Page views (in millions)	4,722	4,867	3 %
RPM	\$ 3.0	\$ 3.20	3 %
RPM ex TAC <sup>(1)</sup>	\$ 2.38	\$ 2.09	(12)%
<b>Registrar Metrics <sup>(2)</sup></b>			
End of Period # of Domains (in millions)	3.3	4.0	5 %
Average Revenue per Domain	\$ 9.94	\$ 10.22	3 %

<sup>(1)</sup> Traffic acquisition costs (TAC) represents revenue sharing payments made to our network customers from advertising revenue generated from such customers' websites

<sup>(2)</sup> For a discussion of these period to period changes in the number of page views, RPM, end of period domains and average revenue per domain and how they impacted our financial results, see "Results of Operations" below

### Opportunities, Challenges and Risks

To date, we have derived the majority of our revenue through the sale of advertising in connection with our Content & Media service offering and through domain name registration subscriptions in our Registrar service offering. Our advertising revenue is primarily generated by advertising networks, which include both performance based Internet advertising, such as cost per click where an advertiser pays only when a user clicks on its advertisement, and display Internet advertising where an advertiser pays when the advertising is displayed. Historically and for the three months ended March 31, 2013, the majority of our advertising revenue was generated by our relationship with Google. We deliver online advertisements provided by Google on our owned and operated websites as well as on certain of our customer websites where we share a portion of the advertising revenue. For the three months ended March 31, 2013, approximately 40% of our total consolidated revenue was derived from our advertising arrangements with Google. Google maintains the direct relationships with the advertisers and provides us with cost per click and display advertising services.

Growth in Content & Media revenue is principally dependent upon growth in page views and RPMs. Our recent growth in page views has been primarily due to an increase in the number of visitors to our library of content published in 2011 and earlier, the increase in the amount of our content distributed to our network of content partners, and traffic growth from mobile devices. We believe that there are opportunities to grow our page views by creating and publishing more content in a greater variety of formats on our owned and operated sites as well as expanding our network of customer websites. Our RPMs are subject to changes in the online advertising marketplace, which could include lower rates received for certain ad units. Currently, our Content & Media revenue is primarily advertising based; however, we believe there is an opportunity to diversify our revenue by expanding our paid content services, including offering paid subscriptions to access certain of our media content. For example, we acquired Creativebug, an online destination for arts and crafts instructional content in March 2013 to accelerate our paid content opportunity.

Google, the largest provider of search engine referrals to the majority of the Company's websites, regularly deploys changes to its search engine algorithms. Since 2011, the Company has experienced fluctuations in the total number of Google search referrals to its owned and operated websites and network of customer websites. Some of the more recent changes in 2013 have resulted in a significant reduction in search engine referral traffic to eHow and certain of our other owned and operated websites. These changes, as well as any potential future changes, may result in material fluctuations in our financial performance.

During 2011 and 2012, and in response to changes in search engine algorithms in 2011, the Company performed an evaluation of its existing content library to identify potential improvements in its content creation and distribution platform. As a result of this evaluation, the Company elected to remove certain content assets from service, resulting in \$5.9 of accelerated amortization expense in the fourth quarter of 2011 and \$1.8 of accelerated amortization expense in the first quarter of 2012.

We intend to evolve and continuously improve our content creation and distribution platform. During 2011 and 2012, we made certain improvements to this platform including establishing more stringent criteria for the admission of content creators, increasing our investment in video, long form content and images, publishing content directed at international markets and in languages other than English, adding content production algorithms targeted toward ensuring that each additional unit of content published is unique in relation to existing content units, and expanding the distribution of our content to our network of customer websites. As we made these improvements to our content creation and distribution platform, we reduced the level of our overall investment in media content in 2012 when compared to 2011. Based on our assessment of the results of these improvements, we increased our investment in media content over the course of 2012. We expect this trend to continue and anticipate increased media content expenditures in 2013 compared to 2012, including additional investment in short form articles on our owned and operated sites such as eHow.com, growth in content published on our network of customer websites and creation of new content formats, including paid content, designed to further diversify our content offering.

There can be no assurance that these or any future changes that may be implemented by the Company, by search engines to their algorithms and search methodologies, or by consumers in their web usage habits will not adversely impact the carrying value, estimated useful life or intended use of our long lived assets. The Company will continue to monitor these changes as well as any future changes and emerging trends in search engine algorithms and methodologies, including the resulting impact that these changes may have on future operating results, the economic performance of the Company's long lived assets and in its assessment as to whether significant changes in circumstances might provide an indication of potential impairment of the carrying value of its long lived assets, including its media content and goodwill arising from acquisitions.

The growth in our Registrar revenue is dependent upon our ability to attract and retain customers to our Registrar platform through competitive pricing on domain registrations and value added services. Beginning in the first quarter of 2010 and extending through the third quarter of 2011, we added several customers with large volumes of domains to our Registrar platform. This resulted in fluctuations in our average revenue per domain over these periods, from which we only recognized revenue on a portion of these domain names while deferring revenue recognition on the remainder. As the mix of large, higher volume customers increases, we also expect that the associated service costs as a percentage of revenue will increase when compared to our historical results.

The Internet Corporation for Assigned Names and Numbers, or ICANN, has approved a framework for the significant expansion of the number of gTLDs, which is expected to result in the delegation of new gTLDs commencing in 2013. We believe that such expansion, once completed, could result in an increase in the number of domains registered on our platform commencing in the latter half of 2013. In addition, we believe that the New gTLD Program could also provide us with new revenue opportunities commencing in the latter half of 2013, which include operating the back end infrastructure for new gTLD registries and/or owning one or more gTLDs in our own right.

During 2012, the Company paid \$18.2 million for certain gTLD applications under the New gTLD Program. Payments for gTLD applications represent amounts paid directly to ICANN and or third parties in the pursuit of the Company's ownership of certain gTLD operator rights. While there can be no assurance that the Company will be awarded any gTLDs, the Company capitalizes payments made for gTLD applications that are determined to embody a probable economic benefit, which are included in other long term assets at December 31, 2012 and March 31, 2013. During the remainder of 2013 and as part of the New gTLD Program, the Company may receive partial cash refunds for certain gTLD applications, and to the extent the Company elects to sell or dispose of certain gTLD applications throughout the process, it may also incur gains or losses on amounts invested. Gains on the sale of the Company's interest in gTLDs will be recognized when realized, while losses will be recognized when deemed probable. Upon the delegation of operator rights for each gTLD by ICANN, which the Company expects to commence in 2013, gTLD application fees will be reclassified as finite lived intangible assets and amortized on a straight line basis over their estimated useful life. Other costs incurred by the Company as part of its gTLD initiative and not directly attributable to the acquisition of gTLD operator rights are expensed as incurred.

We expect to incur between \$5 and \$10 million of formation expenses related to the New gTLD Program in 2013, and the total amount of our investment at the completion of the New gTLD Program could be substantially higher or lower than the amounts invested to date. Revenue is not expected to commence until the latter half of 2013 at the earliest.

Our service costs, the largest component of our operating expenses, can vary from period to period, particularly as a percentage of revenue, based upon the mix of the underlying Content & Media and Registrar services revenues we generate. In the near term, we expect that the period over period growth in our Content & Media revenue will exceed the growth in our Registrar revenue, which would typically provide for higher operating margins. However, we also expect that our service costs will increase in 2013 compared to 2012 in line with revenue growth and also due to the impact of our acquisitions of

Name.com and Creativebug. We believe that these factors, together with costs associated with our preparation for new gTLDs becoming available for registration later in 2013, will constrain our operating margin growth in the short term as we increase our investment in new business initiatives to support future growth.

Our content studio identifies and creates online text articles and videos through a community of freelance creative professionals and is core to our business strategy and long-term growth initiatives. Historically, we have made substantial investments in our platform to support our expanding community of freelance creative professionals and the growth of our content production and distribution and expect to continue to make such investments. As we develop new content formats, we may not be able to attract and retain qualified creative professionals to produce such new content at scale, which may adversely impact our ability to execute against emerging business opportunities or retain existing content creators.

For the three months ended March 31, 2013, more than 90% of our revenue has been derived from websites and customers located in the United States. While our content is primarily targeted towards English-speaking users in the United States today, we believe that there is an opportunity in the longer term for us to create content targeted to users outside of the United States and thereby increase our revenue generated from countries outside of the United States. We plan to further expand our operations internationally to address this opportunity by launching new websites and expanding our existing web properties: eHow en Español and eHow Brasil. As we expand our business internationally, we may incur additional expenses associated with this growth initiative.

## **Basis of Presentation**

### **Revenue**

Our revenue is derived from our Content & Media and Registrar service offerings.

#### ***Content & Media Revenue***

We currently generate substantially all of our Content & Media revenue through the sale of advertising, and to a lesser extent through subscriptions to our social media applications and select content and service offerings. Articles and videos, each of which we refer to as a content unit, generate revenue both directly and indirectly. Direct revenue is that directly attributable to a content unit, such as advertisements, including sponsored advertising links, display advertisements and in-text advertisements, on the same webpage on which the content is displayed. Indirect revenue is also derived primarily by our content library, but is not directly attributable to a specific content unit. Indirect revenue includes advertising revenue generated on our owned and operated websites' home pages (e.g., home page of eHow), on topic category webpages (e.g., home and garden category page), on user-generated article pages that feature content that was not acquired through our proprietary content acquisition process, and subscription revenue. Our revenue-generating advertising arrangements, for both our owned and operated websites and our network of customer websites, include cost-per-click performance-based advertising; display advertisements where revenue is dependent upon the number of page views; and lead-generating advertisements where revenue is dependent upon users registering for, or purchasing or demonstrating interest in, advertisers' products and services. We generate revenue from advertisements displayed alongside our content offered to consumers across a broad range of topics and categories on our owned and operated websites and on certain customer websites. Our advertising revenue also includes revenue derived from cost-per-click advertising links we place on undeveloped websites owned both by us, which we acquire and sell on a regular basis, and certain of our customers. To a lesser extent, we also generate revenue from our subscription-based offerings, which include our social media applications deployed on our network of customer websites and subscriptions to premium content or services offered on certain of our owned and operated websites.

Where we enter into revenue sharing arrangements with our customers, such as those relating to our IndieClick network and our undeveloped customer websites, and when we are considered the primary obligor, we report the underlying revenue on a gross basis in our consolidated statements of operations, and record these revenue sharing payments to our customers as traffic acquisition costs, or TAC, which are included in service costs. In circumstances where we distribute our content on third-party websites and the customer acts as the primary obligor, we recognize revenue on a net basis.

#### ***Registrar Revenue***

Our Registrar revenue is principally comprised of registration fees charged to resellers and consumers in connection with new, renewed and transferred domain name registrations. In addition, our Registrar also generates revenue from the sale of other value-added services that are designed to help our customers easily build, enhance and protect their domains, including security services, e-mail accounts and web hosting. Finally, we generate revenue from fees related to auction services we provide to facilitate the selling of third-party owned domains. Our Registrar revenue varies based upon the number of domains.

registered, the rates we charge our customers and our ability to sell value added services. We market our Registrar wholesale services under our eNom brand, and our retail registration services under Name.com and the eNomCentral brand, among others.

## **Operating Expenses**

Operating expenses consist of service costs, sales and marketing, product development, general and administrative, and amortization of intangible assets. Included in our operating expenses are stock based compensation and depreciation expenses associated with our capital expenditures.

### ***Service Costs***

Service costs consist of: fees paid to registries and ICANN associated with domain registrations; advertising revenue recognized by us and shared with others as a result of our revenue sharing arrangements, such as TAC and content creator revenue sharing arrangements; Internet connection and co-location charges and other platform operating expenses including depreciation of the systems and hardware used to build and operate our Content & Media platform and Registrar; personnel costs related to in-house editorial, customer service and information technology; and certain content production costs such as our premium multi-channel video deal with YouTube in 2012 and costs associated with our paid content initiatives, such as instruction content created in connection with our acquisition of Creativebug in March 2013. We anticipate that content production costs will be a lower proportion of total service costs in 2013 than in 2012 as we completed the production of our content under the multi-channel video initiative with YouTube. Our service costs are dependent on a number of factors, including the number of page views generated across our platform and the volume of domain registrations and value added services supported by our Registrar. In the near term, we expect that the decrease in the production of video for YouTube will be offset by increases in costs associated with our investment in new business initiatives in 2013 (including our preparation for new gTLDs) resulting in comparable service costs compared to historical results.

### ***Sales and Marketing***

Sales and marketing expenses consist primarily of sales and marketing personnel costs, sales support, public relations, advertising, marketing and general promotional expenditures. Fluctuations in our sales and marketing expenses are generally the result of our efforts to support the growth in our Content & Media service, including expenses required to support the expansion of our direct advertising sales force. We currently anticipate that our sales and marketing expenses will continue to increase in the near term as a percent of revenue as we continue to grow our sales and marketing organizations and invest in marketing activities to support the growth of our business.

### ***Product Development***

Product development expenses consist primarily of expenses incurred in our software engineering, product development and web design activities and related personnel costs. Fluctuations in our product development expenses are generally the result of hiring personnel to support and develop our platform, including the costs to further develop our content algorithms, our owned and operated websites and future product and service offerings of our Registrar. We currently anticipate that our product development expenses will increase as we continue to hire more product development personnel and further develop our products and offerings to support the growth of our business, but remain relatively flat as a percentage of revenue compared to 2012.

### ***General and Administrative***

General and administrative expenses consist primarily of personnel costs from our executive, legal, finance, human resources and information technology organizations and facilities related expenditures, as well as third party professional fees, insurance and bad debt expenses. Professional fees are largely comprised of outside legal, audit and information technology consulting. During the three months ended March 31, 2012 and 2013, our allowance for doubtful accounts and bad debt expense were not significant and we expect that this trend will continue in the near term. However, as we grow our revenue from direct advertising sales, which tend to have longer collection cycles, our allowance for doubtful accounts may increase, which may lead to increased bad debt expense. In 2013, we expect to incur higher personnel costs and professional fees related to our efforts to separate the Company into two distinct publicly traded companies. As we continue to expand our business, combined with higher general and administrative costs expected from the Proposed Business Separation in 2013, we anticipate general and administrative expenses will increase at a higher rate than our projected revenue growth in 2013 when compared to 2012.



### ***Amortization of Intangibles***

We capitalize certain costs allocated to the purchase price of certain identifiable intangible assets acquired in connection with business combinations, to acquire content that our models show embody probable economic benefit, and to acquire undeveloped websites, including initial registration costs. We amortize these costs on a straight line basis over the related expected useful lives of these assets, which have a weighted average useful life of approximately 5.3 years on a combined basis as of March 31, 2013. We estimate our capitalized content to have a weighted average useful life of 5.1 years as of March 31, 2013. The Company determines the appropriate useful life of intangible assets by performing an analysis of expected cash flows based on its historical experience of intangible assets of similar quality and value. We expect amortization expense to fluctuate in the near term as we intend to increase our investment in content intangible assets as compared to the prior year, and because of the increase in identifiable intangible assets acquired in the Name.com and Creativebug acquisitions in December 2012 and March 2013, respectively. Amortization as a percentage of revenue will depend upon a variety of factors, such as the amounts and mix of our investments in content and identifiable intangible assets acquired in business combinations.

### ***Stock based Compensation***

Included in our operating expenses are expenses associated with stock based compensation, which are allocated and included in service costs, sales and marketing, product development and general and administrative expenses. Stock based compensation expense is largely comprised of costs associated with stock options and restricted stock units granted to employees, restricted stock issued to employees and expenses relating to our Employee Stock Purchase Plan.

We record the fair value of these equity based awards and expense at their cost ratably over related vesting periods. In addition, stock based compensation expense includes the cost of warrants to purchase common and preferred stock issued to certain non-employees.

As of March 31, 2013, we had approximately \$52.4 million of unrecognized employee related stock based compensation, net of estimated forfeitures, that we expect to recognize over a weighted average period of approximately 2.5 years. In addition we also had approximately \$4 million of unrecognized compensation expense related to our Employee Stock Purchase Plan that we expect to recognize on a straight line basis through the fourth quarter of 2013. Stock based compensation expense is expected to increase in 2013 compared to 2012 as a result of our existing unrecognized stock based compensation and as we issue additional stock based awards to continue to attract and retain employees and non-employee directors.

### ***Interest Expense***

Interest expense principally consists of interest on outstanding debt and amortization of debt issuance costs associated with our revolving credit facility. In the event that we increase, modify and/or draw down on our revolving credit facility in the near term, interest expense would increase when compared to 2012. As of March 31, 2013 no principal balance was outstanding under the revolving credit facility.

### ***Interest Income***

Interest income consists of interest earned on cash balances and short term investments. We typically invest our available cash balances in money market funds and short term United States Treasury obligations.

### ***Other Income (Expense), Net***

Other income (expense), net consists primarily of transaction gains and losses on foreign currency denominated assets and liabilities and changes in the value of certain long term investments and, prior to our initial public offering, changes in the fair value of our preferred stock warrant liability. We expect our transaction gains and losses will vary depending upon movements in underlying currency exchange rates, and could become more significant when we expand internationally.

### ***Provision for Income Taxes***

Since our inception, we have been subject to income taxes principally in the United States, and certain other countries where we have legal presence, including the United Kingdom, the Netherlands, Canada, Sweden, Ireland and Argentina. We anticipate that as we expand our operations outside the United States, we will become subject to taxation based on the foreign statutory rates and our effective tax rate could fluctuate accordingly.

Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

We currently believe that based on the available information, it is more likely than not that our deferred tax assets will not be realized, and accordingly we have taken a full valuation allowance against all of our United States federal and certain state and foreign deferred tax assets. As of December 31, 2012, we had approximately \$66 million of federal and \$13 million of state operating loss carry forwards available to offset future taxable income which expire in varying amounts beginning in 2020 for federal and 2013 for state purposes if unused. Federal and state laws impose substantial restrictions on the utilization of net operating loss and tax credit carry forwards in the event of an "ownership change," as defined in Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Currently, we do not expect the utilization of our net operating loss and tax credit carry forwards in the near term to be materially affected as no significant limitations are expected to be placed on these carry forwards as a result of our previous ownership changes.

#### **Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with our revenue recognition, accounts receivable and allowance for doubtful accounts, capitalization and useful lives associated with our intangible assets, including our internal software and website development and content costs, income taxes, stock based compensation and the recoverability of our goodwill and long lived assets have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates and have discussed those in our 2012 Annual Report on Form 10-K. There have been no material changes to our critical accounting policies and estimates since the date of our 2012 Annual Report on Form 10-K.



## Results of Operations

The following tables set forth our results of operations for the periods presented. The period to period comparison of financial results is not necessarily indicative of future results.

	Three months ended	
	March 31,	
	2012	2013
	(In thousands)	
Revenue	\$ 86,234	\$ 100,620
Operating expenses <sup>(1) (2)</sup> :		
Service costs (exclusive of amortization of intangible assets)	41,262	48,177
Sales and marketing	10,393	14,083
Product development	10,124	11,160
General and administrative	15,395	16,375
Amortization of intangible assets	11,956	9,559
Total operating expenses	<u>89,130</u>	<u>99,354</u>
Income (loss) from operations	<u>(2,896)</u>	<u>1,266</u>
Other income (expense)		
Interest income	15	7
Interest expense	( 37)	(153)
Other income (expense), net	(19)	(78)
Total other expense	<u>( 4 )</u>	<u>(224)</u>
Income (loss) before income taxes	(3,037)	1,042
Income tax (expense)/benefit	1,195	(373)
Net income (loss)	<u>(1,842)</u>	<u>669</u>
Cumulative preferred stock dividends		
Net income (loss) attributable to common shareholders	<u>\$ (1,842)</u>	<u>\$ 669</u>

<sup>(1)</sup> Depreciation expense included in the above line items:

Service costs	\$ 3,650	\$ 3,982
Sales and marketing	34	107
Product development	282	236
General and administrative	898	1,020
Total depreciation expense	<u>\$ 4,964</u>	<u>\$ 5,345</u>

<sup>(2)</sup> Stock based compensation included in the above line items:

Service costs	\$ 708	\$ 611
Sales and marketing	1,536	1,923
Product development	1,688	1,165
General and administrative	3,459	3,564
Total stock based compensation	<u>\$ 7,391</u>	<u>\$ 7,263</u>

As a percentage of revenue:

	Three Months ended	
	March 31,	
	2012	2013
Revenue	00 0 %	00 0 %
Operating expenses:		
Service costs (exclusive of amortization of intangible assets)	47.8 %	47.9 %
Sales and marketing	12.1 %	4 0 %
Product development	11.7 %	11.1 %
General and administrative	17.9 %	16.3 %
Amortization of intangible assets	13.9 %	9.5 %
Total operating expenses	03 4 %	98.7 %
Income (loss) from operations	(3 4)%	1 3 %
Other income (expense)		
Interest income	%	%
Interest expense	(0 2)%	(0 2)%
Other income (expense), net	%	(0 )%
Total other expense	(0 2)%	(0 2)%
Income (loss) before income taxes	(3.5)%	1 0 %
Income tax (expense)/benefit	1 4 %	(0 4)%
Net income (loss)	(2.1)%	0 7 %

## Revenue

Revenue by service line were as follows:

	Three months ended March 31,		
	2012	2013	% Change
	(In thousands)		
Content & Media:			
Owned and operated websites	\$ 39,348	\$ 49,703	26%
Network of customer websites	14,615	15,588	7%
Total Content & Media	53,963	65,291	21%
Registrar	32,271	35,329	9%
Total revenue	\$ 86,234	\$ 100,620	17%

### *Content & Media Revenue from Owned and Operated Websites*

Content & Media revenue from our owned and operated websites increased by \$10.4 million, or 26%, to \$49.7 million for the three months ended March 31, 2013, as compared to \$39.3 million for the same period in 2012. The increase was primarily due to an increase in page views and an increase in RPMs. Page views increased by 20%, from 3,142 million page views in the three months ended March 31, 2012 to 3,780 million page views in the three months ended March 31, 2013 primarily due to stronger traffic growth on eHow.com and Livestrong.com. RPMs increased by 5%, from \$12.52 in the three months ended March 31, 2012 to \$13.15 in the three months ended March 31, 2013 primarily due to growth on certain of our owned and operated websites and increasing monetization yield from mobile traffic.

### *Content & Media Revenue from Network of Customer Websites*

Content & Media revenue from our network of customer websites for the three months ended March 31, 2013 increased by \$1.0 million, or 7%, to \$15.6 million, as compared to \$14.6 million in the same period in 2012. The increase was primarily due to an increase in page views and RPMs, offset by lower revenue associated with less content delivered year over year as we satisfied our final content delivery requirements under the YouTube Channels agreement. Page views increased by 145 million or 3%, from 4,722 million page views in the three months ended March 31, 2012, to 4,867 million pages viewed in the three months ended March 31, 2013. The increase in page views was due primarily to growth in page views from our IndieClick network, offset by a decrease in page views associated with our Pluck customer base. RPMs increased 3% from \$3.10 in the three months ended March 31, 2012 to \$3.20 in the three months ended March 31, 2013. The increase in RPMs was primarily due to higher revenue growth from our content partners and network of customers with undeveloped websites, partially offset by growth in IndieClick page views, which typically average lower RPMs, and lower YouTube channels revenue.

### **Registrar Revenue**

Registrar revenue for the three months ended March 31, 2013 increased \$3.1 million, or 9%, to \$35.3 million compared to \$32.3 million for the same period in 2012. The increase was largely due to an increased number of new domain registrations and domain renewal registrations in 2013 compared to 2012 and an increase in our average revenue per domain. The number of domain registrations increased 0.7 million, or 5%, to 4.0 million during the three months ended March 31, 2013 as compared to 3.3 million in the same period in 2012 primarily due to the addition of large volume customers and the December 2012 acquisition of Name.com. Our average revenue per domain increased slightly by \$0.28, or 3%, to \$10.22 during the three months ended March 31, 2013 from \$9.94 in the same period in 2012.

### **Cost and Expenses**

Operating costs and expenses were as follows:

	Three months ended March 31,		
	2012	2013	% Change
	(In thousands)		
Service costs (exclusive of amortization of intangible assets)	\$ 41,262	\$ 48,177	17 %
Sales and marketing	10,393	14,083	36 %
Product development	10,124	11,160	0 %
General and administrative	15,395	16,375	6 %
Amortization of intangible assets	11,956	9,559	(20)%

### **Service Costs**

Service costs for the three months ended March 31, 2013 increased by approximately \$6.9 million, or 17%, to \$48.2 million compared to \$41.3 million in the same period in 2012. The increase was primarily due to a \$3.2 million increase in domain registry fees and registrar costs associated with our growth in domain registrations and related revenue over the same period and the acquisition of Name.com in December 2012, a \$2.1 million increase in TAC primarily due to revenue growth from customer owned undeveloped websites over the same period, a \$0.6 million increase in personnel related costs including stock based compensation, a \$0.3 million increase in depreciation expense and a \$0.4 million increase in information technology expense to support growth in our business. These factors were partially offset by a \$0.8 million decrease in content related expenses associated with our YouTube premium channels agreement. As a percentage of revenues, service costs (exclusive of amortization of intangible assets) increased 10 basis points to 47.9% in the three months ended March 31, 2013 compared to 47.8% during the same period in 2012.

### **Sales and Marketing**

Sales and marketing expenses increased 36%, or \$3.7 million, to \$14.1 million for the three months ended March 31, 2013 from \$10.4 million for the same period in 2012. The increase in expense was primarily driven by increased personnel related costs, including stock based compensation expense, of approximately \$1.1 million due to the Name.com acquisition, growth in our advertising sales teams, and an increase of approximately \$2.7 million in marketing activities to support the growth of our

business. As a percentage of revenue, sales and marketing expense increased 190 basis points to 4.0% during the three months ended March 31, 2013 compared to 12.1% during the same period in 2012.

#### ***Product Development***

Product development expenses increased by \$1.0 million, or 0%, to \$11.2 million during the three months ended March 31, 2013 compared to \$10.1 million in the same period in 2012. The increase was largely due to approximately \$0.8 million increase in personnel and related costs including stock based compensation expense, net of internal costs capitalized as internal software development. As a percentage of revenue, product development expenses decreased 60 basis points to 11.1% during the three months ended March 31, 2013 compared to 11.7% during the same period in 2012.

#### ***General and Administrative***

General and administrative expenses increased by \$1.0 million, or 6%, to \$16.4 million during the three months ended March 31, 2013 compared to \$15.4 million in the same period in 2012. The increase was primarily due to a \$0.9 million increase in rent expense and \$0.3 million increase in personnel related costs. The increase in rent expense was largely due to the acquisition of Name.com in December 2012 and incremental rent expense incurred during the period as a result of our upcoming headquarter relocation in the second quarter of 2013. Partially offsetting these expenses was a \$0.9 million decrease in professional fees primarily due to decreased audit related fees over the same period. As a percentage of revenue, general and administrative costs decreased 160 basis points to 16.3% during the three months ended March 31, 2013 compared to 17.9% during the same period in 2012.

#### ***Amortization of Intangibles***

Amortization expense for the three months ended March 31, 2013 decreased by \$2.4 million, or 20%, to \$9.6 million compared to \$12.0 million in the same period in 2012. The reduction is primarily due to a decrease in the amortization of content assets as well as other intangible assets primarily acquired via acquisitions prior to 2010 that are now fully amortized, offset by additional amortization expense from intangible assets acquired from acquisitions in 2011 and Name.com in 2012. Additionally, we accelerated \$1.8 million of amortization expense during the three months ended March 31, 2012 as compared to \$0.1 million in 2013 as a result of removing certain media content assets from service in these periods. As a percentage of revenue, amortization of intangible assets decreased 440 basis points to 9.5% during the three months ended March 31, 2013 compared to 13.9% during the same period in 2012 as the result of the increase in revenue.

#### ***Interest Income***

Interest income for the three and nine months ended March 31, 2013 did not change significantly compared to the same period in 2012.

#### ***Interest Expense***

Interest expense for the three and nine months ended March 31, 2013 did not change significantly compared to the same period in 2012.

#### ***Other Income (Expense), Net***

Other income (expense), net for the three months ended March 31, 2013 did not change significantly compared to the same period in 2012.

#### ***Income Tax Benefit (Expense)***

During the three months ended March 31, 2013, we recorded an income tax expense of \$0.4 million compared to a benefit of \$1.2 million during the same period in 2012, representing an increase of \$1.6 million. The increase was primarily due to a benefit from the change in California apportionment methodology during the quarter ended March 31, 2012.

### **Non GAAP Financial Measures**

To provide investors and others with additional information regarding our financial results, we have disclosed in the table below the following non GAAP financial measures: adjusted earnings before interest, taxes, depreciation and amortization expense, or Adjusted EBITDA, and revenue less traffic acquisition costs, or Revenue ex TAC. We have provided a

reconciliation of our non GAAP financial measures to the most directly comparable GAAP financial measures Our non GAAP Adjusted EBITDA financial measure differs from GAAP net income in that it excludes certain expenses such as depreciation, amortization, stock based compensation, as well as the financial impact of acquisition and realignment costs, the formation expenses directly related to our generic Top Level Domain (“gTLD”) initiative and any gains or losses on certain asset sales or dispositions. Acquisition and realignment costs include such items, when applicable, as (a) non cash GAAP purchase accounting adjustments for certain deferred revenue and costs, (b) legal, accounting and other professional fees directly attributable to acquisition activity, (c) employee severance payments attributable to acquisition or corporate realignment activities and (d) expenditures related to the Proposed Business Separation Our non GAAP Revenue ex TAC financial measure differs from GAAP revenue as it reflects our consolidated revenues net of our traffic acquisition costs Adjusted EBITDA and Revenue ex TAC are frequently used by securities analysts, investors and others as a common financial measure of our operating performance

These non GAAP financial measures are the primary measures used by our management and board of directors to understand and evaluate our financial performance and operating trends, including period to period comparisons, to prepare and approve our annual budget and to develop short and long term operational plans Additionally, Adjusted EBITDA is the primary measure used by the compensation committee of our board of directors to establish the target for and ultimately fund our annual employee bonus pool for all bonus eligible employees We also frequently use Adjusted EBITDA in our discussions with investors, commercial bankers and other users of our financial statements.

Management believes these non GAAP financial measures reflect our ongoing business in a manner that allows for meaningful period to period comparisons and analysis of trends. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period to period comparisons of our business’ underlying recurring revenue and operating costs which is focused more closely on the current costs necessary to utilize previously acquired long lived assets In addition, we believe that it can be useful to exclude certain non cash charges because the amount of such expenses is the result of long term investment decisions in previous periods rather than day to day operating decisions For example, due to the long lived nature of our media content, revenue generated from our content assets in a given period bears little relationship to the amount of our investment in content in that same period Accordingly, we believe that content acquisition costs represent a discretionary long term capital investment decision undertaken by management at a point in time. This investment decision is clearly distinguishable from other ongoing business activities, and its discretionary nature and long term impact differentiate it from specific period transactions, decisions regarding day to day operations, and activities that would have immediate performance consequences if materially changed, deferred or terminated

We believe that Revenue ex TAC is a meaningful measure of operating performance because it is frequently used for internal managerial purposes and helps facilitate a more complete period to period understanding of factors and trends affecting our underlying revenue performance

Accordingly, we believe that these non GAAP financial measures provide useful information to investors and others in understanding and evaluating our consolidated revenue and operating results in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies

The following table presents a reconciliation of Revenue ex TAC and Adjusted EBITDA for each of the periods presented:

	Three months ended	
	March 31,	
	2012	2013
(In thousands)		
<b>Non GAAP Financial Measures:</b>		
Content & Media revenue	\$ 53,963	\$ 65,291
Registrar revenue	32,271	35,329
Less: traffic acquisition costs (TAC) <sup>(1)</sup>	(3,379)	(5,436)
Total revenue ex TAC	<u>\$ 82,855</u>	<u>\$ 95,184</u>
Net income (loss)	\$ (1,842)	\$ 669
Add:		
Income tax expense/(benefit)	(1,195)	373
Interest and other expense, net	141	224
Depreciation and amortization <sup>(2)</sup>	16,920	14,904
Stock based compensation <sup>(3)</sup>	7,391	7,263
Acquisition and realignment costs <sup>(4)</sup>	61	376
gTLD expense <sup>(5)</sup>	429	1,618
Adjusted EBITDA	<u>\$ 21,905</u>	<u>\$ 25,427</u>

<sup>(1)</sup> Represents revenue sharing payments made to our network customers from advertising revenue generated from such customers' websites

<sup>(2)</sup> Represents depreciation expense of our long lived tangible assets and amortization expense of our finite lived intangible assets, including amortization expense related to our investment in media content assets, included in our GAAP results of operations. Amortization expense for the three months ended March 31, 2012 and 2013 includes \$1.8 million and \$0.1 million, respectively, of accelerated non-cash amortization expense associated with the removal of certain content intangible assets from service in that period.

<sup>(3)</sup> Represents the fair value of stock based awards and certain warrants to purchase our stock included in our GAAP results of operations.

<sup>(4)</sup> Acquisition and realignment costs include such items, when applicable, as (a) non-cash GAAP purchase accounting adjustments for certain deferred revenue and costs, (b) legal, accounting and other professional fees directly attributable to acquisition activity, (c) employee severance payments attributable to acquisition or corporate realignment activities and (d) expenditures related to the Proposed Business Separation.

<sup>(5)</sup> Comprises formation expenses directly related to our gTLDs initiative that is not expected to generate associated revenue until the latter half of 2013 at the earliest.

The use of non-GAAP financial measures has certain limitations because they do not reflect all items of income and expense that affect our operations. We compensate for these limitations by reconciling the non-GAAP financial measures to the most comparable GAAP financial measures. These non-GAAP financial measures should be considered in addition to, not as a substitute for, measures prepared in accordance with GAAP. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

### Liquidity and Capital Resources

As of March 31, 2013, our principal sources of liquidity were our cash and cash equivalents in the amount of \$109.4 million, which primarily are invested in money market funds, and our \$105 million revolving credit facility with a syndicate of commercial banks. We completed our initial public offering on January 31, 2011 and received proceeds, net of underwriting discounts but before deducting offering expenses, of \$81.8 million from the issuance of 5.2 million shares of common stock.

Historically, we have principally financed our operations from the issuance of stock, net cash provided by our operating activities and borrowings under our revolving credit facility. Our cash flows from operating activities are significantly affected by our cash-based investments in operations, including working capital, and corporate infrastructure to support our ability to

generate revenue and conduct operations through cost of services, product development, sales and marketing and general and administrative activities. Cash used in investing activities has historically been, and is expected to be, impacted significantly by our upfront investments in content and also reflects our ongoing investments in our platform, company infrastructure and equipment for both service offerings, the net sales and purchases of our marketable securities and more recently our investments in gTLD applications.

We intend to evolve and continuously improve our content creation and distribution platform and to create new content formats to enhance our content product offerings. In 2012 such changes included increasing our investment in video, long form content and images and publishing content directed at international markets and in languages other than English, as well as increasing and expanding distribution of our content to our network of customer websites. As we made improvements and assessed the impact of such improvements to our content creation and distribution platform, we reduced the level of our overall investment in media content in 2012 when compared to 2010 and 2011. However, based on our assessment of the results to date, we expect to increase our investment in media content during 2013 compared to 2012.

In connection with our gTLD initiative under the New gTLD Program, we incurred formation expenses of \$4.3 million through March 31, 2013 and expect to incur up to \$5 to \$10 million of additional formation expenses in 2013. We also made \$18.2 million of capital investment in gTLD applications as of March 31, 2013. The net amount of investment incurred in our pursuit of gTLD operator rights in 2013 could be substantially higher or lower as the New gTLD Program progresses throughout the remainder of the year.

Since our inception through March 31, 2013, we have also used significant cash to make strategic acquisitions to further grow our business, including the recent acquisitions of Name.com in December 2012 and Creativebug in March 2013 and those detailed in our 2012 Annual Report on Form 10-K. We may make further acquisitions in the future.

We announced a \$25 million stock repurchase plan on August 19, 2011, which was further increased on February 8, 2012 to \$50 million. Under the plan, the Company was authorized to repurchase up to \$50 million of its common stock from time to time in open market purchases or in negotiated transactions. During the three months ended March 31, 2013, we repurchased 0.6 million shares at an average price of \$8.65 per share for an aggregate amount of \$4.8 million and approximately \$19.2 million remains available under the repurchase plan at March 31, 2013. The timing and actual number of shares repurchased will depend on various factors including price, corporate and regulatory requirements, debt covenant requirements, alternative investment opportunities and other market conditions.

We entered into a credit agreement (the "Credit Agreement") with a syndicate of commercial banks in August, 2011. The Credit Agreement provides for a \$105 million, five year revolving credit facility, with the right (subject to certain conditions) to increase such facility by up to \$75 million in the aggregate. The syndicate of commercial banks under the Credit Agreement have no obligation to fund any increase in the size of the facility. The Credit Agreement contains customary events of default and affirmative and negative covenants and restrictions, including certain financial maintenance covenants such as a maximum total net leverage ratio and a minimum fixed charge ratio. As of March 31, 2013, no principal balance was outstanding and approximately \$95.6 million was available for borrowing under the Credit Agreement, after deducting the face amount of outstanding standby letters of credit of approximately \$9.4 million, and we were in compliance with all covenants.

In the future, we may utilize commercial financings, bonds, debentures, lines of credit and term loans with a syndicate of commercial banks or other bank syndicates for general corporate purposes, including acquisitions and investing in our intangible assets, platform and technologies.

We expect that our existing cash and cash equivalents, our revolving credit facility and our cash flows from operating activities will be sufficient to fund our operations for at least the next 24 months. However, we may need to raise additional funds through the issuance of equity, equity related or debt securities or through additional credit facilities to fund our growing operations, invest in new business opportunities and make potential acquisitions. We currently have an effective shelf registration statement on file with the SEC which we may use to offer and sell debt or equity securities with an aggregate offering price not to exceed \$ 00 million.

The following table sets forth our major sources and (uses) of cash for each period as set forth below:



	Three months ended March 31,	
	2012	2013
	(In thousands)	
Net cash provided by operating activities	\$ 18,478	\$ 26,815
Net cash used in investing activities	(7,267)	(15,770)
Net cash used in financing activities	(1,671)	(4,564)

## Cash Flow from Operating Activities

### *Three months ended March 31, 2013*

Net cash inflows from our operating activities of \$26.8 million primarily resulted from improved operating performance. Our net income during the period was \$0.7 million, which included non cash charges of \$22.4 million such as depreciation, amortization, stock based compensation and deferred taxes. The remainder of our sources of net cash flow from operating activities was from changes in our working capital, with positive contribution from increases in deferred revenue and decreases in accounts receivable of \$9.8 million, offset by changes in deferred registrations costs and accrued expenses of \$6.1 million. The increases in our deferred revenue and deferred registry costs were primarily due to growth in our Registrar service during the period, while the decrease in our accounts receivable was primarily due to timing of collections. The increase in accrued expenses reflects increases in amounts due to certain vendors and our employees resulting from growth in our business.

### *Three months ended March 31, 2012*

Net cash inflows from our operating activities of \$18.5 million primarily resulted from improved operating performance. Our net loss during the period was \$(1.8) million, which included non cash charges of \$22.9 million such as depreciation, amortization, stock based compensation and deferred taxes. The remainder of our sources of net cash flow from operating activities was from changes in our working capital, including accounts receivable, deposits with registries and deferred revenue of \$8.6 million, offset by changes in prepaid expenses and other assets, deferred registrations costs and accounts payable of \$11.1 million. The increases in our deferred revenue and deferred registry costs were primarily due to growth in our Registrar service during the period. The increase in accounts payable is reflective of significant amounts due to certain vendors at the close of 2011.

## Cash Flow from Investing Activities

### *Three months ended March 31, 2012 and 2013*

Net cash used in investing activities was \$15.8 million and \$7.3 million during the three months ended March 31, 2013 and 2012, respectively. Cash used in investing activities during the three months ended March 31, 2013 and 2012 included investments in our intangible assets of \$3.9 million and \$2.6 million, respectively and investments in our property and equipment of \$5.8 million and \$4.3 million respectively, which included internally developed software. Net cash outflows from business acquisitions was \$6.1 million and \$0.2 million during the three months ended March 31, 2013 and 2012, respectively.

## Cash Flow from Financing Activities

### *Three months ended March 31, 2012 and 2013*

Net cash used in financing activities was \$4.6 million and \$1.7 million during the three months ended March 31, 2013 and 2012, respectively. Cash used in financing activities during the three months ended March 31, 2013 and 2012 was primarily driven by the repurchase of common stock of \$4.8 million and \$3.0 million, respectively, and payments of withholding tax on net exercise of certain employee stock based awards of \$1.4 million and \$0.8 million, respectively. This was offset by proceeds from exercise of stock options and contributions to our ESPP of \$1.7 million and \$2.1 million during the three months ended March 31, 2013 and 2012, respectively.



From time to time, we expect to receive cash from the exercise of employee stock options in our common stock. Proceeds from the exercise of employee stock options will vary from period to period based upon, among other factors, fluctuations in the market value of our common stock relative to the exercise price of such stock options.

#### Off Balance Sheet Arrangements

As of March 31, 2013, we did not have any off balance sheet arrangements.

#### Capital Expenditures

For the three months ended March 31, 2012 and 2013, we used \$4.3 million and \$5.8 million in cash to fund capital expenditures to create internally developed software and purchase property and equipment. We currently anticipate making further capital expenditures of between \$20 million and \$25 million during the remainder of the year ending December 31, 2013.

### Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange, inflation, and concentration of credit risk. To reduce and manage these risks, we assess the financial condition of our large advertising network providers, large direct advertisers and their agencies, large Registrar resellers and other large customers when we enter into or amend agreements with them and limit credit risk by collecting in advance when possible and setting and adjusting credit limits where we deem appropriate. In addition, our recent investment strategy has been to invest in high credit quality financial instruments, which are highly liquid, are readily convertible into cash and that mature within three months from the date of purchase.

#### Foreign Currency Exchange Risk

While relatively small, we have operations and generate revenue from sources outside the United States. We have foreign currency risks related to our revenue being denominated in currencies other than the U.S. dollar, principally in the Euro and British Pound Sterling and a relatively smaller percentage of our expenses being denominated in such currencies. We do not believe movements in the foreign currencies in which we transact will significantly affect future net earnings or losses. Foreign currency risk can be quantified by estimating the change in cash flows resulting from a hypothetical 10% adverse change in foreign exchange rates. We believe such a change would not currently have a material impact on our results of operations. However, as our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we intend to continue to assess our approach to managing this risk.

#### Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

#### Concentrations of Credit Risk

As of March 31, 2013, our cash and cash equivalents were maintained primarily with four major U.S. financial institutions and two foreign banks. We also maintained cash balances with one Internet payment processor. Deposits with these institutions at times exceed the federally insured limits, which potentially subject us to concentration of credit risk. Historically, we have not experienced any losses related to these balances and believe that there is minimal risk of expected future losses. However, there can be no assurance that there will not be losses on these deposits.

As of December 31, 2012 and March 31, 2013, components of our consolidated accounts receivable balance comprising more than 10%:

	December 31, 2012	March 31, 2013
Google, Inc	26%	34%

### Item 4. CONTROLS AND PROCEDURES

## **Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Quarterly Report on Form 10-Q, were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

## **Changes in Internal Control over Financial Reporting**

There has been no change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II**  
**OTHER INFORMATION**

**Item 1. LEGAL PROCEEDINGS**

In April 2011, the Company and eleven other defendants were named in a patent infringement lawsuit filed in the U S District Court, Eastern District of Texas. The plaintiff filed and served a complaint making several claims related to a method for displaying advertising on the Internet. In April 2013, the Company settled with the plaintiff for an immaterial amount.

In addition, from time to time the Company is a party to other various litigation matters incidental to the conduct of its business. There is no pending or threatened legal proceeding to which the Company is a party that, in our belief, is likely to have a material adverse effect on the Company's future financial results.

**Item 1A. RISK FACTORS**

In addition to the other information set forth in this Quarterly Report on Form 10 Q, you should consider carefully the risks and uncertainties described below, which could materially adversely affect our business, financial condition and results of operations.

**Risks Relating to our Content & Media Service Offering**

*We are dependent upon certain material agreements with Google for a significant portion of our revenue. A termination of these agreements, or a failure to renew them on favorable terms, would adversely affect our business.*

We have an extensive relationship with Google and a significant portion of our revenue is derived from cost per click performance based advertising provided by Google. For the three months ended March 31, 2012 and 20 3, we derived approximately 36% and 40%, respectively, of our total revenue from our various advertising and content arrangements with Google. We use Google for cost per click advertising and cost per impression advertising on our owned and operated websites and on our network of customer websites, and receive a portion of the revenue generated by advertisements provided by Google on those websites. We have entered into agreements with Google related to (i) advertising for our developed websites, such as eHow, and our undeveloped websites, (ii) our use of Google's DoubleClick ad serving platform to deliver advertisements to our developed websites and (iii) a revenue sharing arrangement with respect to revenue generated by our content posted on Google's YouTube. Each such agreement expires in the third quarter of 20 4. Google, however, has termination rights in these agreements with us, including the right to terminate before the expiration of the terms upon the occurrence of certain events, including if our content violates the rights of third parties and other breaches of contractual provisions, a number of which are broadly defined. There can be no assurance that our agreements with Google will be extended or renewed after their respective expirations or that we will be able to extend or renew our agreements with Google on terms and conditions favorable to us. If our agreements with Google, in particular the cost per click agreement for our developed websites, are terminated, we may not be able to enter into agreements with alternative third party advertisement providers or ad serving platforms on acceptable terms or on a timely basis or both. Any termination of our relationships with Google, and any extension or renewal after the initial term of such agreements on terms and conditions less favorable to us, would have a material adverse effect on our business, financial condition and results of operations.

Our advertising agreements with Google may not continue to generate levels of revenue commensurate with what we have achieved during past periods. Our ability to generate online advertising revenue from Google depends on its assessment of the quality and performance characteristics of Internet traffic resulting from online advertisements on our owned and operated websites and on our network of customer websites as well as other factors determined by Google. We have no control over any of these assessments or over Google's advertising technology platforms. Google may from time to time change its existing, or establish new, methodologies and metrics for valuing the quality of Internet traffic and delivering cost per click advertisements. Any changes in these methodologies, metrics and advertising technology platforms could decrease the advertising rates that we receive and/or the amount of revenue that we generate from online advertisements. Since most of our agreements with Google contain exclusivity provisions, we are prevented from using other providers of services similar to those provided by Google. In addition, Google may at any time change or suspend the nature of the service that it provides to online advertisers and the catalog of advertisers from which online advertisements are sourced. These types of changes or suspensions would adversely impact our ability to generate revenue from cost per click advertising. Any change in the type of services that Google provides to us could have a material adverse effect on our business, financial condition and results of operations.

***If we are unable to continue to drive and retain visitors to our owned and operated websites and to our customer websites by offering high quality, engaging and commercially valuable content at scale in a cost-effective manner, our business, financial condition and results of operations could be adversely affected.***

The primary method that we use to attract traffic to our owned and operated websites and to our customer websites and convert these visitors into repeat users and customers is the content created by our freelance creative professionals. How successful we are in these efforts depends, in part, upon our continued ability to create and distribute high quality, commercially valuable content at scale in a cost effective manner that connects consumers with the formats and types of content that meets their specific interests and enables them to share and interact with the content and supporting communities. We may not be able to create the variety and types of content in a cost effective manner or content that meets rapidly changing consumer demand in a timely manner, if at all. Any such failure to do so could adversely affect user and customer experiences and reduce traffic driven to our owned and operated websites and to our customer websites through which we distribute our content, which would adversely affect our business, revenue, financial condition and results of operations.

One effort we employ to create and distribute our content in a cost effective manner is our proprietary technology and algorithms which are designed to predict consumer demand and return on investment. Our proprietary technology and algorithms have a limited history, and as a result the ultimate returns on our investment in content creation are difficult to predict, and may not be sustained in future periods at the same level as in past periods. Furthermore, our proprietary technology and algorithms are dependent on analyzing existing Internet search traffic data, and our analysis may be impaired by changes in Internet traffic or search engines' methodologies, which we do not have any control over. The failure of our proprietary technology and algorithms to accurately identify new content topics and formats, at scale, as well as the failure to create or effectively distribute new content, would have an adverse impact on our business, revenue, financial condition and results of operations.

Google, the largest provider of search engine referrals to the majority of the Company's websites, regularly deploys changes to its search engine algorithms. Since 2011, the Company has experienced fluctuations in the total number of Google search referrals to its owned and operated websites and network of customer websites. Some of the more recent changes in 2013 have resulted in a significant reduction in search engine referral traffic to eHow and certain of our other owned and operated websites. These changes are too recent for us to fully assess their overall potential impact and there is a risk that they, or any future changes, may result in a material negative impact on our projected financial performance for the remainder of 2013.

During 2011 and 2012, and in response to the changes in search engine algorithms in 2011, we performed an evaluation of our existing content library to identify potential improvements in our content creation and distribution platform. We intend to evolve and continuously improve our content creation and distribution platform and to create new content formats to meet rapidly changing consumer demand. During 2011 and 2012, we made certain improvements to this platform including the establishment of more stringent criteria for the admission of content creators, segmentation of creators by subject matter expertise, an increase in our investment in video, long form content and images, publication of content directed at international markets and in languages other than English, addition of content production algorithms targeted toward ensuring that each additional unit of content published is unique in relation to existing content units, and an expansion of distribution of our content to our network of customer websites. As we made these improvements to our content creation and distribution platform, we significantly reduced the level of our overall investment in media content in 2012 when compared to our content investment in 2011. Based on our assessment of the results of these improvements, we began to increase our investment in media content over the course of 2012. We anticipate making increased media content expenditures in 2013 compared to 2012, including additional investment in short form articles on our owned and operated sites including eHow.com, growth in content published on our network of customer websites and creation of new content formats, including subscription content, designed to further diversify our content offering. The continued creation of media content through our creation and distribution platform is critical to the long term growth of traffic to our owned and operated websites as well as our network of customer websites. There can be no assurance that these changes or any future changes, including the planned increase in content production, will be successfully implemented. If we are unsuccessful in increasing the production of content that successfully attracts traffic, our traffic and revenue growth could be adversely impacted.

Another method we employ to attract and acquire new, and retain existing, users and customers is commonly referred to as search engine optimization ("SEO"). SEO involves developing websites to rank well in search engine results. Our ability to successfully manage SEO efforts across our owned and operated websites and our customer websites is dependent on our timely and effective modification of SEO practices implemented in response to periodic changes in search engine algorithms and methodologies and changes in search query trends. Our failure to successfully manage our SEO strategy could result in a substantial decrease in traffic to our owned and operated websites and to our customer websites through which we distribute our content, which would result in substantial decreases in conversion rates and repeat business, as well as increased costs if we

were to replace free traffic with paid traffic. Any or all of these results would adversely affect our business, revenue, financial condition and results of operations.

Even if we succeed in driving traffic to our owned and operated websites and to our customer websites, neither we nor our advertisers and customers may be able to monetize this traffic or otherwise retain consumers. Our failure to do so could result in decreases in customers and related advertising revenue, which would have an adverse effect on our business, revenue, financial condition and results of operations.

***If Internet search engines' methodologies are modified, traffic to our owned and operated websites and to our customers' websites and corresponding consumer origination volumes could decline.***

We depend in part on various Internet search engines, such as Google, Bing, Yahoo!, and other search engines to direct a significant amount of traffic to our owned and operated websites. For the three months ended March 31, 2013, we believe that a majority of the page view traffic directed to our owned and operated websites came directly from these Internet search engines (and a majority of the traffic from search engines came from Google), based on our internal data. Our ability to maintain the number of visitors directed to our owned and operated websites and to our customers' websites through which we distribute our content by search engines is not entirely within our control. Some of our owned and operated websites and our customers' websites have experienced fluctuations in search result rankings and we cannot provide assurance that similar fluctuations may not continue to occur in the future.

Changes in the methodologies or algorithms used by Google or other search engines to display results could cause our owned and operated websites or our customers' websites to receive less favorable placements or be removed from the search results. Internet search engines could decide that content on our owned and operated websites and on our customers' websites, including content that is created by our freelance creative professionals, is unacceptable or violates their corporate policies. It is also possible that we could make changes to our existing websites or those of our customers that Google or other search engines could view unfavorably and thereby cause a decrease in search referral traffic.

Google, the largest provider of search engine referrals to the majority of the Company's websites, regularly deploys changes to its search engine algorithms. Since 2011, the Company has experienced fluctuations in the total number of Google search referrals to its owned and operated websites and network of customer websites. Some of the more recent changes in 2013 have resulted in a significant reduction in search engine referral traffic to eHow and certain of our other owned and operated websites. These changes are too recent for us to fully assess their overall potential impact and there is a risk that they, or any future changes, may result in a material negative impact on our projected financial performance for the remainder of 2013.

There cannot be any assurance as to whether these changes or any future changes that may be made by Google or any other search engines might further impact our content and media business. Any reduction in the number of users directed to our owned and operated websites and to our customers' websites would likely negatively affect our ability to earn revenue. If traffic on our owned and operated websites and on our customers' websites declines, we may also need to resort to more costly sources to replace lost traffic, and such increased expense could adversely affect our business, revenue, cash flows, financial condition and results of operations.

***We base our capital allocation decisions primarily on our analysis of the predicted internal rate of return on content. If the estimates and assumptions we use in calculating internal rate of return on content are inaccurate, our capital may be inefficiently allocated. If we fail to appropriately allocate our capital, our growth rate and financial results will be adversely affected.***

We invest in content and content formats based on our calculation of the internal rate of return on previously published content cohorts for which we believe we have sufficient data. For purposes of these calculations, a content cohort is typically defined as all of the content we publish in a particular quarter. We calculate the internal rate of return on a cohort of content as the annual discount rate that, when applied to the advertising revenue, less certain direct ongoing costs, generated from the cohort over a period of time, produces an amount equal to the initial investment in that cohort. Our calculations are based on certain material estimates and assumptions that may not be accurate. Accordingly, the calculation of internal rate of return may not be reflective of our actual returns. The material estimates and assumptions upon which we rely include estimates about portions of the costs to create content and the revenue allocated to that content. We make estimates regarding when revenue for each cohort will be received. Our internal rate of return calculations are highly dependent on the timing of this revenue, with revenue earned earlier resulting in greater internal rates of return than the same amount of revenue earned in subsequent periods.

We use more estimates and assumptions to calculate the internal rate of return on video content because our systems and processes to collect historical data on video content are less robust. As a result, our data on video content may be less reliable. If our estimates and calculations do not accurately reflect the costs or revenue associated with our content, the actual internal rate of return of a cohort may be more or less than our estimated internal rate of return for such cohort. In such an event, we may misallocate capital and our growth, revenue, financial condition and results of operations could be negatively impacted.

***We face significant competition to our Content & Media service offering, which we expect will continue to intensify, and we may not be able to maintain or improve our competitive position or market share.***

We operate in highly competitive and still developing markets. We compete for advertisers and customers on the basis of a number of factors including return on marketing expenditures, price of our offerings, and ability to deliver large volumes or precise types of customer traffic. This competition could make it more difficult for us to provide value to our consumers, our advertisers and our freelance creative professionals and result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses, decreased website traffic and failure to increase, or the loss of, market share, any of which would likely seriously harm our business, revenue, financial condition and results of operations. There can be no assurance that we will be able to compete successfully against current or future competitors.

We face intense competition from a wide range of competitors, including online marketing and media companies, social media outlets, integrated social media platforms and other specialist and enthusiast websites. Our current principal competitors include:

- *Online Marketing and Media Companies.* We compete with other Internet marketing and media companies, such as AOL, IAC and various startup companies as well as leading online media companies such as Yahoo!, for online marketing budgets. Most of these competitors compete with us across several areas of consumer interest, such as do it yourself, health, home and garden, beauty and fashion, golf, outdoors and humor.
- *Social Media Outlets.* We compete with social media outlets such as Facebook, Twitter and Google+, where brands and advertisers are focusing a significant portion of their online advertising spend in order to connect with their customers.
- *Integrated Social Media Applications.* We compete with various software technology competitors, such as Jive Software, in the integrated social media space where we offer our social media applications.
- *Specialized and Enthusiast Websites.* We compete with companies that provide specialized consumer information websites, particularly in the do it yourself, health, home and garden, beauty and fashion, golf, outdoors and humor categories, as well as enthusiast websites in specific categories, including message boards, blogs and other enthusiast websites maintained by individuals and other Internet companies.
- *Distributed Content Creation Platforms.* We compete with companies that employ a content creation model with aspects similar to our platform, such as the use of freelance creative professionals.

We may be subject to increased competition with any of these types of businesses in the future to the extent that they seek to devote increased resources to more directly address the online market for the professional creation of commercially valuable content at scale. For example, if Google chose to compete more directly with us, we may face the prospect of the loss of business or other adverse financial consequences given that Google possesses a significantly greater consumer base, financial resources, distribution channels and patent portfolio. In addition, should Google decide to directly compete with us in areas such as content creation, it may decide for competitive reasons to terminate or not renew our commercial agreements and, in such an event, we may experience a rapid decline in our revenue from the loss of our source for cost per click advertising on our owned and operated websites and on our network of customer websites. In addition, Google's access to more comprehensive data regarding user search queries through its search algorithms would give it a significant competitive advantage over everyone in the industry, including us. If this data is used competitively by Google, sold to online publishers or given away for free, our business may face increased competition from companies, including Google, with substantially greater resources, brand recognition and established market presence.

In addition to Google, many of our current and other potential competitors enjoy substantial competitive advantages, such as greater name recognition, longer operating histories, substantially greater financial, technical and other resources and, in some cases, the ability to combine their online marketing products with traditional offline media such as newspapers or magazines. These companies may use these advantages to offer products and services similar to ours at a lower price, develop different products to compete with our current offerings and respond more quickly and effectively than we can to new or

changing opportunities, technologies, standards or customer requirements. For example, both AOL and Yahoo! may have access to proprietary search data which could be utilized to assist them in their content creation processes. In addition, many of our current and potential competitors have established marketing relationships with and access to larger customer bases. As the markets for online and social media expand, we expect new competitors, business models and solutions to emerge, some of which may be superior to ours. Even if our platform is more effective than the products and services offered by our competitors, potential customers might adopt competitive products and services in lieu of using our services. For all of these reasons, we may not be able to compete successfully against our current and potential competitors.

***Our Content & Media service offering primarily generates its revenue from advertising, and the reduction in spending by or loss of advertisers could seriously harm our business.***

We generated 49% and 57%, respectively of our revenue for the three months ended March 31, 2012 and 2013 from advertising. One component of our platform that we use to generate advertiser interest in our content is our system of monetization tools, which is designed to match content with advertisements in a manner that optimizes revenue yield and end user experience. Advertisers will not continue to do business with us if their investment in advertising with us does not generate sales leads, and ultimately customers, or if we do not deliver their advertisements in an appropriate and effective manner. The failure of our yield optimized monetization technology to effectively match advertisements with our content in a manner that results in increased revenue for our advertisers would have an adverse impact on our ability to maintain or increase our revenue from advertising.

We rely on third party ad providers, such as Google, to provide advertisements on our owned and operated websites and on our network of customer websites. Even if our content is effectively matched with such ad content, we cannot assure our current advertisers will fulfill their obligations under their existing contracts, continue to provide advertisements beyond the terms of their existing contracts or enter into any additional contracts. If any of our advertisers, but in particular Google, decided not to continue advertising on our owned and operated websites and on our network of customer websites, we could experience a rapid decline in our revenue over a relatively short period of time.

In addition, our customers who receive a portion of the revenue generated from advertisements matched with our content displayed on their websites, may not continue to do business with us if our content does not generate increased revenue for them. If we are unable to remain competitive and provide value to advertisers they may stop placing advertisements with us or with our network of customer websites, which would negatively harm our business, revenue, financial condition and results of operations.

Furthermore, brands and advertisers are increasingly focusing a portion of their online advertising budgets on social media outlets such as Facebook as well as on advertising network exchanges. If this trend were to continue and we were unable to offer competitive or similarly valued advertising opportunities, this could adversely impact our ability to maintain or increase our revenue from advertising.

Lastly, we believe that advertising spending on the Internet, as in traditional media, fluctuates significantly as a result of a variety of factors, many of which are outside of our control. These factors include:

- variations in expenditures by advertisers due to budgetary constraints;
- the cancellation or delay of projects by advertisers;
- the cyclical and discretionary nature of advertising spending;
- general economic conditions, as well as economic conditions specific to the Internet and online and offline media industry; and
- the occurrence of extraordinary events, such as natural disasters, international or domestic terrorist attacks or armed conflict.

If we are unable to generate advertising revenue due to factors outside of our control, then our business, financial condition and results of operations would be adversely affected.

***Since the success of our Content & Media service offering has been closely tied to the success of eHow, if eHow's performance falters it could have a material adverse effect on our business, financial condition, and operations.***



For the three months ended March 31, 2012 and 2013, we generated approximately 28% and 34%, respectively, of our revenue from eHow. No other individual Content & Media site was responsible for more than 10% of our revenue in these periods.

eHow depends on various Internet search engines to direct traffic to the site. For the three months ended March 31, 2013, we estimate that approximately half of eHow's page view traffic came from Google searches. The traffic directed to eHow and in turn the performance of the content created for and distributed on eHow may be adversely impacted by a number of factors related to Internet search engines, including the following: any further changes in search engine algorithms or methodologies similar to those previously implemented by Google, some of which had a negative effect on search referral traffic to eHow and caused a reduction in page views on eHow; our failure to properly manage SEO efforts for eHow; our failure to prevent internal technical issues that disrupt traffic to eHow; or reduced reliance by Internet users on search engines to locate relevant content. Additionally, we have already produced a significant amount of content that is housed on eHow and it has become difficult for us to continue to identify topics and produce content with the same level of broad consumer appeal as the content we have produced up to this point. A material adverse effect on eHow could result in a material adverse effect to Demand Media and its business, financial condition, and results of operations.

***Poor perception of our brands, business or industry could harm our reputation and adversely affect our business, financial condition and results of operations.***

Our business is dependent on attracting a large number of visitors to our owned and operated websites and our network of customer websites and providing leads and clicks to our advertisers and customers, which depends in part on our reputation within the industry and with our customers. Because our business is transforming traditional content creation models and is therefore not easily understood by casual observers, our brands, business and reputation are vulnerable to poor perception. For example, perception that the quality of our content may not be the same or better than that of other published Internet content, even though baseless, can damage our reputation. We are frequently the subject of unflattering reports in the media about our business and our model. While disruptive businesses are often criticized early on in their life cycles, we believe we are more frequently targeted than most because of the nature of the business we are disrupting namely the traditional print and publication media as well as popular Internet publishing methods such as blogging. Any damage to our reputation could harm our ability to attract and retain advertisers, customers and freelance creative professionals who create a majority of our content, which would materially adversely affect our results of operations, financial condition and business. Furthermore, certain of our owned and operated websites, such as Livestrong.com and eHow, as well as some of the content we produce for our network of customer websites, are associated with high profile experts to enhance the websites' brand recognition and credibility. In addition, any adverse news reports, negative publicity or other alienation of all or a segment of our consumer base relating to these high profile experts would reflect poorly on our brands and could have an adverse effect on our business. For example Livestrong.com is a licensed trademark from the Livestrong Foundation, which is the charitable foundation created by Lance Armstrong to promote cancer awareness and healthy lifestyles. While recent negative publicity surrounding Lance Armstrong has not had a material impact on the performance of Livestrong.com to date, there can be no assurance that these events will not have a material adverse effect on its traffic and monetization in the future.

***We rely primarily on creative professionals for a majority of our online content. We may not be able to attract or retain sufficient creative professionals to generate content on a scale or of a quality sufficient to grow our business. As we do not control those persons or the source of content, we are at risk of being unable to generate interesting and attractive features and other material content.***

We rely primarily on freelance creative professionals for the content that we distribute through our owned and operated websites and our network of customer websites. We may not be able to attract or retain sufficient qualified and experienced creative professionals to generate content on a scale or of a quality sufficient to grow our business. For example, our premium video initiatives may require the engagement of producers, contributors, talent, editors and filmmakers with a specialized skill set, and there is no assurance that we will be able to engage such specialists in a cost effective manner or at all. Furthermore, as we develop new content formats to meet changing consumer demand, we may not offer the volume of traditional content assignments that our creative professionals have grown accustomed to, and some of our creative professionals may seek assignments elsewhere or otherwise stop producing content for us. In addition, our competitors may attempt to attract members of our freelance creative professional community by offering compensation that we are unable to match. We believe that over the past four years our ability to attract and retain creative professionals has benefited from the weak overall labor market and from the difficulties and resulting layoffs occurring in traditional media, particularly newspapers. We are uncertain whether this combination of circumstances is likely to continue and any change to the economy or the media jobs market may make it more difficult for us to attract and retain freelance creative professionals. While each of our freelance creative professionals is screened through our pre-qualification process, we cannot guarantee that the content created by our creative professionals will be of sufficient quality to attract users to our owned and operated websites and to our network of customer websites. In



addition, in the vast majority of cases we have no written agreements with these persons which obligate them to create articles or videos beyond the one article or video that they elect to create at any particular time and we have no ability to control their future performance. As a result, we cannot guarantee that our freelance creative professionals will continue to contribute content to us for further distribution through our owned and operated websites and our network of customer websites or that the content that is created and distributed will be sufficient to sustain our current growth rates. In the event that these creative professionals decrease their contributions of such content, we are unable to attract or retain qualified creative professionals or if the quality of such contributions is not sufficiently attractive to our advertisers or to drive traffic to our owned and operated websites and to our network of customer websites, we may incur substantial costs in procuring suitable replacement content, which could have a negative impact on our business, revenue and financial condition.

***We may not be successful in developing new content formats, including paid subscription content, or acquiring, investing in or developing new lines of business, which may limit our future growth and have a negative effect on our business, revenue, financial condition and results of operations.***

An important potential area of growth for us is the development of new content formats, including paid subscription content. We also regularly evaluate and consider acquiring or investing in new lines of business, or developing these new lines of business internally, including businesses that are ancillary to our existing Content and Media service offering. If we develop, acquire or invest in new lines of business, including the development of new content formats, we will need to develop, integrate and effectively manage these new businesses. For example, we have limited experience developing paid subscription content, and we cannot be certain that we will be successful in implementing such new lines of business. These new lines of business may be subject to significant business, economic and competitive uncertainties and contingencies frequently encountered by new businesses in competitive environments, many of which are beyond our control, including the lack of market acceptance. We also may not be successful in implementing appropriate operational, financial and management systems and controls to achieve the benefits expected to result from these new lines of business. In addition, if any new business which we acquire or develop or in which we invest does not progress as planned, we may not recover the funds and resources we have expended. Our inability to acquire, invest in or develop new lines of business, such as expanding our content offerings to include paid subscription content, may limit our future growth and have a negative effect on our business, revenue, financial condition and results of operations.

***The loss of third party data providers could significantly diminish the value of our services and cause us to lose customers and revenue.***

We collect data regarding consumer search queries from a variety of sources. When a user accesses one of our owned and operated websites, we may have access to certain data associated with the source and specific nature of the visit to our website. We also license consumer search query data from third parties. Our Content & Media algorithms utilize this data to help us determine what content consumers are seeking, if that content is valuable to advertisers and whether we can cost effectively produce this content. Some of these third party consumer search data agreements are for perpetual licenses of a discrete amount of data and generally do not provide for updates of the data licensed. There can be no assurances that we will be able to enter into agreements with these third parties to license additional data on the same or similar terms, if at all. If we are not able to enter into agreements with these providers, we may not be able to enter into agreements with alternative third party consumer search data providers on acceptable terms or on a timely basis or both. Any termination of our relationships with these consumer search data providers, or any entry into new agreements on terms and conditions less favorable to us, could limit the effectiveness of our content creation process, which would have a material adverse effect on our business, financial condition and results of operations. In addition, new laws or changes to existing laws in this area may prevent or restrict our use of this data. In such event, the value of our algorithms and our ability to determine what consumers are seeking could be significantly diminished.

***If we are unable to attract new customers for our content channels service offering or our social media product applications, or to retain our existing customers of these products and services, our revenue could be lower than expected and our operating results may suffer.***

Our content channels service offering helps publishers and brands broaden their reach online by creating topically relevant content to publish to their websites and utilizing our proprietary creation and distribution platform. We anticipate that a significant portion of our investment in media content in 2013 will result from our expanding investment in our content channels service offering. We currently have approximately 25 content channels and anticipate expanding this service offering during 2013 and beyond. In order to expand this service offering, we need to continue to generate new content channels customers and maintain our existing customers. If our existing and prospective content channels customers do not perceive our media content to be of sufficiently high quality, we may not be able to expand our content offering on the websites of existing customers, retain our current customers or identify and attract new customers. Our content channel agreements are generally

two year arrangements for the creation and distribution of media content, and typically include a revenue sharing arrangement with respect to different types of advertising generated by the display of our media content

In addition, our enterprise class social media tools allow websites to add feature rich applications, such as user profiles, comments, forums, reviews, blogs, photo and video sharing, media galleries, groups and messaging offered through our social media application product suite. We also provide social media services by powering live events with social engagement tools. In addition to adding new customers for our social media products, to increase our revenue, we must sell additional social media products to existing customers and encourage existing customers to maintain or increase their usage levels. If our existing and prospective customers do not perceive our social media products to be of sufficiently high quality, we may not be able to retain our current customers or attract new customers. We sell our social media products pursuant to service agreements that are generally one to two years in length. Our customers have no obligation to renew their contracts for our products after the expiration of their initial commitment period, and these agreements may not be renewed at the same or higher level of service, if at all. In addition, these agreements generally require us to keep our product suite operational with minimal service interruptions and to provide limited credits to media customers in the event that we are unable to maintain these service levels. To date, service level credits have not been significant. Moreover, under some circumstances, some of our customers have the right to cancel their service agreements prior to the expiration of the terms of their agreements, including the right to cancel if our social media product suite suffers repeated service interruptions.

If we are unable to attract new customers for our media products and services, including our content channels service offering and our social media products, our existing customers do not renew or terminate their agreements or we are required to provide service level credits to our social media customers in the future as a result of the operational failure of our social media products, then our operating results could be harmed.

***Wireless devices and mobile phones are increasingly being used to access the Internet, and our online media services may not be as effective when accessed through these devices, which could cause harm to our business.***

Historically, our Content & Media service offerings were designed for consumption on a desktop or laptop computer. However, the number of people who access the Internet through mobile devices such as smart phones and tablets has increased substantially in the last few years. The smaller screens, lower resolution graphics and less convenient typing capabilities of these devices may make it more difficult for visitors to respond to our offerings. If we cannot effectively distribute our content, products and services on these devices, we could experience a decline in page views and corresponding revenue. In addition, while increasing rapidly, mobile advertising yields on average are currently lower than those for desktop and laptop devices. The continued increase in mobile consumption of our content, should it replace page views from desktop or laptop devices, may result in a reduction in our RPMs and/or Content & Media revenue. Also, if our Content & Media service offering on mobile devices is less attractive to advertisers and this segment of Internet traffic increases at a faster rate than traditional desktop or laptop Internet access our business, revenue, financial condition and results of operations may be negatively impacted.

***We are dependent upon the quality of traffic in our network to provide value to online advertisers, and any failure in our quality control could have a material adverse effect on the value of our websites to our third party advertisement distribution providers and online advertisers and thereby adversely affect our revenue.***

We use technology and processes to monitor the quality of, and to identify any anomalous metrics associated with, the Internet traffic that we deliver to online advertisers and our network of customer websites. These metrics may be indicative of low quality clicks such as non human processes, including robots, spiders or other software; the mechanical automation of clicking; and other types of invalid clicks or click fraud. Even with such monitoring in place, there is a risk that a certain amount of low quality traffic, or traffic that is deemed to be invalid by online advertisers, will be delivered to such online advertisers. As a result, we may be required to credit future amounts owed to us by our advertisers. Furthermore, low quality or invalid traffic may be detrimental to our relationships with third party advertisement distribution providers and online advertisers, and could adversely affect our revenue.

***The expansion of our owned and operated websites into new areas of consumer interest, products, services and technologies subjects us to additional business, legal, financial and competitive risks.***

An important element of our business strategy is to grow our network of owned and operated websites to cover new areas of consumer interest, expand into new business lines and develop additional services, products and technologies. In directing our focus into new areas, we face numerous risks and challenges, including increased capital requirements, long development cycles, new competitors and the requirement to develop new strategic relationships. We cannot assure you that our strategy will result in increased net revenue or net income. Furthermore, growth into new areas may require changes to our existing business.

model and cost structure, modifications to our infrastructure and exposure to new regulatory and legal risks, any of which may require expertise in areas in which we have little or no experience. If we cannot generate revenue as a result of our expansion into new areas that are greater than the cost of such expansion, our operating results could be harmed.

***As a creator and a distributor of Internet content, we face potential liability and expenses for legal claims based on the nature and content of the materials that we create or distribute, or that are accessible via our owned and operated websites and our network of customer websites. If we are required to pay damages or expenses in connection with these legal claims, our operating results and business may be harmed.***

We rely on the work product of freelance creative professionals to create original content for our owned and operated websites and for our network of customer websites and for use in our marketing messages. As a creator and distributor of original content and third party provided content, we face potential liability based on a variety of theories, including defamation, negligence, unlawful practice of a licensed profession, copyright or trademark infringement or other legal theories based on the nature, creation or distribution of this information, and under various laws, including the Lanham Act and the Copyright Act. We may also be exposed to similar liability in connection with content that we do not create but that is posted to our owned and operated websites and to our network of customer websites by users and other third parties through forums, comments, personas and other social media features. In addition, it is also possible that visitors to our owned and operated websites and to our network of customer websites could make claims against us for losses incurred in reliance upon information provided on our owned and operated websites or our network of customer websites. These claims, whether brought in the United States or abroad, could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merit of these claims. If we become subject to these or similar types of claims and are not successful in our defense, we may be forced to pay substantial damages. While we run our content through a rigorous quality control process, including an automated plagiarism program, there is no guarantee that we will avoid future liability and potential expenses for legal claims based on the content of the materials that we create or distribute. Should the content distributed through our owned and operated websites and our network of customer websites violate the intellectual property rights of others or otherwise give rise to claims against us, we could be subject to substantial liability, which could have a negative impact on our business, revenue and financial condition.

***We may face liability in connection with our undeveloped owned and operated websites and our customers' undeveloped websites whose domain names may be identical or similar to another party's trademark or the name of a living or deceased person.***

A number of our owned and operated websites and our network of customer websites are undeveloped or minimally developed properties that primarily contain advertising listings and links. As part of our registration process, we perform searches, analysis and screenings to determine if the domain names of our owned and operated websites in combination with the advertisements displayed on those sites violate the trademark or other rights owned by third parties. Despite these efforts, we may inadvertently register the domain names of properties that are identical or similar to another party's trademark or the name of a living or deceased person. Moreover, our efforts are inherently limited due to the fact that the advertisements displayed on our undeveloped websites are delivered by third parties and the advertisements may vary over time or based on the location of the viewer. We may face primary or secondary liability in the United States under the Anticybersquatting Consumer Protection Act or under general theories of trademark infringement or dilution, unfair competition or under rights of publicity with respect to the domain names used for our owned and operated websites. If we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties and reputational harm, which could increase our costs of operations, reduce our profits or cause us to forgo opportunities that would otherwise support our growth.

***We may not succeed in establishing our businesses internationally, which may limit our future growth.***

One potential area of growth for us is in the international markets. We have launched a site in the United Kingdom, recently launched eHow en Español and eHow Brasil (Spanish and Portuguese language sites that target both the U.S., and the worldwide Spanish/Portuguese speaking market) and are exploring launches in certain other countries. We have also been investing in translation capabilities for our technologies. Operating internationally, where we have limited experience, exposes us to additional risks and operating costs. We cannot be certain that we will be successful in introducing or marketing our services internationally or that our services will gain market acceptance or that growth in commercial use of the Internet internationally will continue. There are risks inherent in conducting business in international markets, including the need to localize our products and services to foreign customers' preferences and customs, difficulties in managing operations due to language barriers, distance, staffing and cultural differences, application of foreign laws and regulations to us, tariffs and other trade barriers, fluctuations in currency exchange rates, establishing management systems and infrastructures, reduced protection for intellectual property rights in some countries, changes in foreign political and economic conditions, and

potentially adverse tax consequences. Our inability to expand and market our products and services internationally may have a negative effect on our business, revenue, financial condition and results of operations.

### **Risks Relating to our Registrar Service Offering**

***We face significant competition to our Registrar service offering, which we expect will continue to intensify. We may not be able to maintain or improve our competitive position or market share.***

We face significant competition from existing registrars and from new registrars that continue to enter the market. ICANN currently has approximately 1,000 registrars to register domain names in one or more of the generic top level domains, or gTLDs, that it oversees. There are relatively few barriers to entry in this market, so as this market continues to develop we expect the number of competitors to increase. The continued entry into the domain name registration market of competitive registrars and unaccredited entities that act as resellers for registrars, and the rapid growth of some competitive registrars and resellers that have already entered the market, may make it difficult for us to maintain our current market share.

The anticipated introduction of new gTLDs by ICANN (the “New gTLD Program”) could substantially change the domain name industry in unexpected ways. If we do not properly manage our response to the change in business environment, it could adversely impact our competitive position or market share.

The market for domain name registration and other related web based services is intensely competitive and rapidly evolving. We expect competition to increase from existing competitors as well as from new market entrants. Most of our existing competitors are expanding the variety of services that they offer. These competitors include, among others, domain name registrars, website design firms, website hosting companies, Internet service providers, Internet portals and search engine companies, including GoDaddy, Web.com, Tucows, Microsoft and Yahoo!. Some of these competitors have greater resources, more brand recognition and consumer awareness, greater international scope and larger bases of existing customers than we do. As a result, we may not be able to compete successfully against them in future periods.

In addition, these and other large competitors, in an attempt to gain market share, may offer aggressive price discounts on the services they offer. These pricing pressures may require us to match these discounts in order to remain competitive, which would reduce our margins, or cause us to lose customers who decide to purchase the discounted service offerings of our competitors. As a result of these factors, in the future it may become increasingly difficult for us to compete successfully.

***If our customers do not renew their domain name registrations or if they transfer their existing registrations to our competitors and we fail to replace their business, our business would be adversely affected.***

Our success depends in large part on our customers' renewals of their domain name registrations. Registrar service revenue, which is closely tied to domain name registrations, represented approximately 37% and 35% of total revenue in the three months ended March 31, 2012 and 2013, respectively. Our customer renewal rate for expiring domain name registrations was approximately 79% and 71% in the three months ended March 31, 2012 and 2013, respectively. If we are unable to maintain or increase our overall renewal rates for domain name registrations or if any decrease in our renewal rates, including due to transfers, is not offset by increases in new customer growth rates, our customer base and our revenue would likely decrease. This would also reduce the number of domain name registration customers to whom we could market our other higher margin services, thereby further potentially impacting our revenue and profitability, driving up our customer acquisition costs and harming our operating results. Since our strategy is to expand the number of services we provide to our customers, any decline in renewals of domain name registrations not offset by new domain name registrations would likely have an adverse effect on our business, revenue, financial condition and results of operations.

***Regulation could reduce the value of Internet domain names or negatively impact the Internet domain name acquisition process, which could significantly impair the value attributable to our acquisitions of Internet domain names.***

The acquisition of expiring domain names for development, undeveloped website commercialization, sale or other uses, involves the registration of thousands of Internet domain names, both with registries in the United States and internationally. We have and intend to continue to acquire previously owned Internet domain names that have expired and that, following the period of permitted redemption by their prior owners, have been made available for registration. The acquisition of Internet domain names generally is governed by regulatory bodies. The regulation of Internet domain names in the United States and in foreign countries is subject to change. Regulatory bodies could establish additional requirements for previously owned Internet domain names or modify the requirements for holding Internet domain names. As a result, we might not acquire or maintain names that contribute to our financial results in the same manner as we currently do. A failure to acquire or maintain such Internet domain names could adversely affect our business, revenue, financial condition and results of operations.

***We are participating in ICANN's New gTLD Program that was approved in June 2011. Our initiative with respect to the New gTLD Program includes applying for certain gTLD operator rights, as well as offering technical back end infrastructure services to new registry operators (our "gTLD Initiative"), both of which may present us with unique operational and other risks and expose us to increased costs. If we are unsuccessful in managing these risks, our business, financial condition and results of operations could be adversely affected.***

We are pursuing certain opportunities in connection with ICANN's New gTLD Program, including operating the technical back end infrastructure for new gTLD registries and/or owning and operating one or more of our own gTLD registries. In June 2012, ICANN announced that it had received over 1,900 applications related to over 400 new gTLDs, with new registration opportunities for consumers expected to be available beginning in 2013. Through a subsidiary, we have applied to operate registries for a number of gTLDs on a stand alone basis, and may acquire rights in an additional number of gTLDs based on our strategic relationship with Donuts Inc., a third party gTLD applicant. This subsidiary has also been selected to provide technical back end infrastructure services for any new gTLD operator rights acquired by Donuts Inc. We currently have no operating experience providing technical back end infrastructure services to new or existing registries or acting as an owner and operator of domain name registries for gTLD strings. In addition, we will be required to compete with other established and more experienced operators in these proposed service offerings, some of whom have greater financial, marketing and other resources than we do, including companies that are existing competitors as well as new entrants into the domain name industry. We may not be successful in implementing the businesses associated with our gTLD Initiative if we or our registry customers are awarded new gTLDs under the New gTLD Program. If we are unsuccessful in implementing our gTLD Initiative, including managing these risks and increased costs, our business, financial condition and results of operations could be adversely affected.

***ICANN's application submission and approval process for the New gTLD Program is new and untested. We may lose some of our current and future investment under our gTLD Initiative in connection with the New gTLD Program, and the returns on our investment in our gTLD Initiative may not meet our current expectations, either of which could adversely affect our business, financial condition and results of operations.***

To date, we have invested approximately \$18 million in applications for gTLD operating rights in connection with our gTLD Initiative to pursue the opportunity to be a registry operator of new gTLDs under ICANN's New gTLD Program, and we may be required to expend significant additional funds in order to be a successful applicant for gTLDs. Our gTLD Initiative also involves our active participation in a new, complex and untested process with respect to the application and awarding of gTLD strings by ICANN, which may require us to rely upon or negotiate and collaborate with independent third parties, including Donuts Inc., in order to be a successful applicant for contested gTLD strings. We will also need to invest capital in the build out of the technical back end infrastructure necessary to operate gTLDs for us and our customers, including Donuts Inc., in advance of gTLD strings being awarded by ICANN. There can be no assurances that we or Donuts Inc. will ultimately be successful in acquiring new gTLD operator rights, or be found as qualified applicants, in ICANN's process for awarding gTLDs, or that we or Donuts Inc. will be granted the right to be a registry operator by ICANN. Furthermore, there is no guarantee that any new gTLD operator rights acquired by us or Donuts Inc. will be successful. If we are unsuccessful in pursuing either aspect of our gTLD Initiative, we may lose some of our current and future investment in our gTLD Initiative. In addition, the return on investment in our gTLD Initiative may not meet our current expectations justifying such investment. The loss of some of our investment or lower than expected return on investment in our gTLD Initiative could adversely affect our business, financial condition and results of operations.

***We could face liability, or our corporate image might be impaired, as a result of the activities of our customers or the content of their websites.***

Our role as a registrar of domain names and a provider of website hosting services may subject us to potential liability for illegal activities by our customers on their websites. For example, we were named as a party to a lawsuit that has subsequently been dismissed in which a group registered a domain name through our registrar and proceeded to fill the site with content that was allegedly defamatory to another business whose name is similar to the domain name. We have also been criticized in the past for not being more proactive in policing online pharmacies acting in violation of U.S. laws. We provide an automated service that enables users to register domain names and populate websites with content. We do not monitor or review, nor does our accreditation agreement with ICANN require that we monitor or review, the appropriateness of the domain names we register for our customers or the content of our network of customer websites, and we have no control over the activities in which our customers engage. While we have policies in place to terminate domain names or to take other appropriate action if presented with a court order, governmental injunction or evidence of illegal conduct from law enforcement or a trusted industry partner, we have in the past been publicly criticized for not being more proactive in this area by consumer watchdogs and we may encounter similar criticism in the future. This criticism could harm our reputation. Conversely, were we to terminate a



domain name registration in the absence of legal compulsion or clear evidence of illegal conduct from a legitimate source, we could be criticized for prematurely and improperly terminating a domain name registered by a customer. In addition, despite the policies we have in place to terminate domain name registrations or to take other appropriate actions, customers could nonetheless engage in prohibited activities.

Several bodies of law may be deemed to apply to us with respect to various customer activities. Because we operate in a relatively new and rapidly evolving industry, and since this field is characterized by rapid changes in technology and in new and growing illegal activity, these bodies of laws are constantly evolving. Some of the laws that apply to us with respect to customer activity include the following:

- The Communications Decency Act of 1996, or CDA, generally protects online service providers, such as Demand Media, from liability for certain activities of their customers, such as posting of defamatory or obscene content, unless the online service provider is participating in the unlawful conduct. Notwithstanding the general protections from liability under the CDA, we may nonetheless be forced to defend ourselves from claims of liability covered by the CDA, resulting in an increased cost of doing business.
- The Digital Millennium Copyright Act of 1998, or DMCA, provides recourse for owners of copyrighted material who believe that their rights under U.S. copyright law have been infringed on the Internet. Under this statute, we generally are not liable for infringing content posted by third parties. However, if we receive a proper notice from a copyright owner alleging infringement of its protected works by web pages for which we provide hosting services, and we fail to expeditiously remove or disable access to the allegedly infringing material, fail to post and enforce a digital rights management policy or a policy to terminate accounts of repeat infringers, or otherwise fail to meet the requirements of the safe harbor under the statute, the owner may seek to impose liability on us.

Although established statutory law and case law in these areas to date generally have shielded us from liability for customer activities, court rulings in pending or future litigation may serve to narrow the scope of protection afforded us under these laws. In addition, laws governing these activities are unsettled in many international jurisdictions, or may prove difficult or impossible for us to comply with in some international jurisdictions. Also, notwithstanding the exculpatory language of these bodies of law, we may be embroiled in complaints and lawsuits which, even if ultimately resolved in our favor, add cost to our doing business and may divert management's time and attention. Finally, other existing bodies of law, including the criminal laws of various states, may be deemed to apply or new statutes or regulations may be adopted in the future, any of which could expose us to further liability and increase our costs of doing business.

***We may face liability or become involved in disputes over registration of domain names and control over websites.***

As a domain name registrar, we regularly become involved in disputes over registration of domain names. Most of these disputes arise as a result of a third party registering a domain name that is identical or similar to another party's trademark or the name of a living person. These disputes are typically resolved through the Uniform Domain Name Dispute Resolution Policy, or UDRP, ICANN's administrative process for domain name dispute resolution, or less frequently through litigation under the Anticybersquatting Consumer Protection Act, or ACPA, or under general theories of trademark infringement or dilution. The UDRP generally does not impose liability on registrars, and the ACPA provides that registrars may not be held liable for registering or maintaining a domain name absent a showing of bad faith intent to profit or reckless disregard of a court order by the registrars. However, we may face liability if we fail to comply in a timely manner with procedural requirements under these rules. In addition, these processes typically require at least limited involvement by us, and therefore increase our cost of doing business. The volume of domain name registration disputes may increase in the future as the overall number of registered domain names increases.

Domain name registrars also face potential tort law liability for their role in wrongful transfers of domain names. The safeguards and procedures we have adopted may not be successful in insulating us against liability from such claims in the future. In addition, we face potential liability for other forms of "domain name hijacking," including misappropriation by third parties of our network of customer domain names and attempts by third parties to operate websites on these domain names or to extort the customer whose domain name and website were misappropriated. Furthermore, our risk of incurring liability for a security breach on a customer website would increase if the security breach were to occur following our sale to a customer of an SSL certificate that proved ineffectual in preventing it. Finally, we are exposed to potential liability as a result of our private domain name registration service, wherein we become the domain name registrant, on a proxy basis, on behalf of our customers. While we have a policy of providing the underlying Whois information and reserve the right to cancel privacy services on domain names giving rise to domain name disputes including when we receive reasonable evidence of an actionable harm, the safeguards we have in place may not be sufficient to avoid liability in the future, which could increase our costs of doing business.

***We may experience unforeseen liabilities in connection with our acquisition of Internet domain names or arising out of third party domain names included in our distribution network, which could negatively impact our financial results.***

We have acquired and intend to continue to acquire in the future additional previously owned Internet domain names. While we have a policy against acquiring domain names that infringe on third party intellectual property rights, including trademarks or confusingly similar business names, in some cases, these acquired names may have trademark significance that is not readily apparent to us or is not identified by us in the bulk purchasing process. As a result we may face demands by third party trademark owners asserting infringement or dilution of their rights and seeking transfer of acquired Internet domain names under the UDRP administered by ICANN or actions under the ACPA. Additionally, we display paid listings on third party domain names and third party websites that are part of our distribution network, which also could subject us to a wide variety of civil claims including intellectual property infringement.

We intend to review each claim or demand which may arise from time to time on a case by case basis with the assistance of counsel and we intend to transfer any rights acquired by us to any party that has demonstrated a valid prior right or claim. We cannot, however, guarantee that we will be able to resolve these disputes without litigation. The potential violation of third party intellectual property rights and potential causes of action under consumer protection laws may subject us to unforeseen liabilities including injunctions and judgments for money damages.

***Our failure to register, maintain, secure, transfer or renew the domain names that we process on behalf of our customers or to provide our other services to our customers without interruption could subject us to additional expenses, claims of loss or negative publicity that have a material adverse effect on our business.***

Clerical errors and system and process failures made by us may result in inaccurate and incomplete information in our database of domain names and in our failure to properly register or to maintain, secure, transfer or renew the registration of domain names that we process on behalf of our customers. In addition, any errors of this type might result in the interruption of our other services. Our failure to properly register or to maintain, secure, transfer or renew the registration of our customers' domain names or to provide our other services without interruption, even if we are not at fault, might result in our incurring significant expenses and might subject us to claims of loss or to negative publicity, which could harm our business, revenue, financial condition and results of operations.

***Governmental and regulatory policies or claims concerning the domain name registration system, and industry reactions to those policies or claims, may cause instability in the industry, disrupt our domain name registration business and negatively impact our business.***

ICANN is a private sector, not for profit corporation formed in 1998 for the express purposes of overseeing a number of Internet related tasks previously performed directly on behalf of the U.S. government, including managing the domain name registration system. ICANN has been subject to strict scrutiny by the public and by the United States government. For example, in the United States, Congress has held hearings to evaluate ICANN's selection process for new top level domains. In addition, ICANN faces significant questions regarding its financial viability and efficacy as a private sector entity. ICANN may continue to evolve both its long term structure and mission to address perceived shortcomings such as a lack of accountability to the public and a failure to maintain a diverse representation of interests on its board of directors. We continue to face the risks that:

- the U.S. or any other government may reassess its decision to introduce competition into, or ICANN's role in overseeing, the domain name registration market;
- the Internet community or the U.S. Department of Commerce or U.S. Congress may refuse to recognize ICANN's authority or support its policies, which could create instability in the domain name registration system;
- some of ICANN's policies and practices, and the policies and practices adopted by registries and registrars, could be found to conflict with the laws of one or more jurisdictions;
- the terms of the Registrar Accreditation Agreement, under which we are accredited as a registrar, could change in ways that are disadvantageous to us or under certain circumstances could be terminated by ICANN preventing us from operating our Registrar service;
- ICANN and, under their registry agreements, VeriSign and other registries may impose increased fees received for each ICANN accredited registrar and/or domain name registration managed by those registries;

- international regulatory or governing bodies, such as the International Telecommunications Union or the European Union, may gain increased influence over the management and regulation of the domain name registration system, leading to increased regulation in areas such as taxation and privacy;
- ICANN or any registries may implement policy changes that would impact our ability to run our current business practices throughout the various stages of the lifecycle of a domain name; and
- foreign constituents may succeed in their efforts to have domain name registration removed from a U S based entity and placed in the hands of an international cooperative

If any of these events occur, they could create instability in the domain name registration system. These events could also disrupt or suspend portions of our domain name registration solution, which would result in reduced revenue.

***The relevant domain name registry and the ICANN regulatory body impose a charge upon each registrar for the administration of each domain name registration. If these fees increase, it would have a significant impact upon our operating results.***

Each registry typically imposes a fee in association with the registration of each domain name. For example, VeriSign, the registry for .com, presently charges a \$7.85 fee for each .com registration and ICANN currently charges a \$0.18 fee for each .com domain name registered in the generic top level domains, or gTLDs, that fall within its purview. We have no control over these agencies and cannot predict when they may increase their respective fees. In terms of the extended registry agreement between ICANN and VeriSign that was approved by the U.S. Department of Commerce on November 30, 2012, VeriSign will continue as the exclusive registry for the .com gTLD through November 30, 2018. The terms of the extension set a maximum price, with certain exceptions, for registry services for each calendar year beginning January 1, 2013 up to the smaller of the preceding year's maximum price or the highest price charged during the preceding year, multiplied by 1.07; provided, however, that such increases shall only be permitted in four years of any six year term of the agreement. The increase in these fees either must be included in the prices we charge to our service providers, imposed as a surcharge or absorbed by us. If we absorb such cost increases or if surcharges act as a deterrent to registration, we may find that our profits are adversely impacted by these third party fees.

***As the number of available domain names with commercial value diminishes over time, our domain name registration revenue and our overall business could be adversely impacted.***

As the number of domain registrations increases and the number of available domain names with commercial value diminishes over time, and if it is perceived that the more desirable domain names are generally unavailable, fewer Internet users might register domain names with us. If this occurs, it could have an adverse effect on our domain name registration revenue and our overall business.

#### **Risks Relating to our Company**

***We have a history of operating losses and may not be able to operate profitably or sustain positive cash flow in future periods.***

We were founded in 2006 and have a limited operating history. We had a net loss in every year from inception until the year ended December 31, 2012 when we generated net income. As of March 31, 2013 we had an accumulated deficit of approximately \$63.9 million and we may incur net operating losses in the future. Moreover, our cash flows from operating activities in the future may not be sufficient to fund our desired level of investments in the production of content and the purchase of property and equipment, domain names and other intangible assets. Our business strategy contemplates making continued investments and expenditures in our content creation and distribution platform as well as the development and launch of new products and services. In addition, as a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. Our ability to generate net income in the future will depend in large part on our ability to generate and sustain substantially increased revenue levels, while continuing to control our expenses. We may incur significant losses in the future for a number of reasons, including those discussed in other risk factors and factors that we cannot foresee. Our inability to generate net income and sufficient positive cash flows would materially and adversely affect our business, revenue, financial condition and results of operations.

***We expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.***



Our revenue and operating results could vary significantly from quarter to quarter and year to year and may fail to match our past performance because of a variety of factors, many of which are outside of our control. In particular, our operating expenses are fixed and variable and, to the extent variable, less flexible to manage period to period, especially in the short term. For example, our ability to manage our expenses in the near term period to period is affected by our sales and marketing expenses to refer traffic to or promote our owned and operated websites, generally a variable expense which can be managed based on operating performance in the near term. This expense has historically represented a relatively small percentage of our operating expenses. In addition, comparing our operating results on a period to period basis may not be meaningful. In addition to other risk factors discussed in this section, factors that may contribute to the variability of our quarterly and annual results include:

- lower than anticipated levels of traffic to our owned and operated websites and to our customers' websites;
- our ability to generate revenue from traffic to our owned and operated websites and to our network of customer websites;
- failure of our content to generate sufficient or expected revenue during its estimated useful life to recover its unamortized creation costs, which may result in increased amortization expenses associated with, among other things, a decrease in the estimated useful life of our content, an impairment charge associated with our existing content, or expensing future content acquisition costs as incurred;
- creation of content in the future that may have a shorter estimated useful life as compared to our current portfolio of content, or which we license exclusively to third parties for periods that are less than the estimated useful life of our existing content, which may result in, among other things, increased content amortization expenses or the expensing of future content acquisition costs as incurred;
- our ability to continue to create and develop content and content formats that attract users to our owned and operated websites and to our network of customer websites that distribute our content;
- our ability to expand our existing distribution network to include emerging and alternative channels, including complementary social media platforms such as Facebook, Google+ and Twitter, dedicated applications for mobile platforms such as the iPhone, Blackberry and Android operating systems, and new types of devices used to access the Internet such as tablet computers;
- changing consumption patterns of Internet content to mobile devices such as smart phones and tablets, which may generate lower advertising yields compared to historic advertising yields on desktop or laptop devices;
- changes in Internet advertising purchasing patterns by advertisers from direct advertising sales to more automated advertising solutions;
- our ability to identify acquisition targets and successfully integrate acquired businesses into our operations;
- our ability to attract and retain sufficient qualified and experienced freelance creative professionals to generate content formats on a scale sufficient to grow our business, as we continue to evolve the formats of content that we produce;
- our ability to effectively manage our freelance creative professionals, direct advertising sales force, in house personnel and operations;
- a reduction in the number of domain names under management or in the rate at which this number grows, due to slow growth or contraction in our markets, lower renewal rates or other factors;
- reductions in the percentage of our domain name registration customers who purchase additional services from us;
- timing of and revenue recognition for large sales transactions such as significant new contracts for branded advertising;
- the mix of services sold in a particular period between our Registrar and our Content & Media service offerings;

- changes in our pricing policies or those of our competitors, changes in domain name fees charged to us by Internet registries or the Internet Corporation for Assigned Names and Numbers, or ICANN, or other competitive pressures on our prices;
- our ability to identify, develop and successfully launch new products and services;
- the timing and success of new services and technology enhancements introduced by our competitors, which could impact both new customer growth and renewal rates;
- the entry of new competitors in our markets;
- our ability to keep our platform, domain name registration services and our owned and operated websites operational at a reasonable cost and without service interruptions;
- increased product development expenses relating to the development of new services;
- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our services, operations and infrastructure;
- changes in generally accepted accounting principles;
- our focus on long term goals over short term results;
- federal, state or foreign regulation affecting our business; and
- weakness or uncertainty in general economic or industry conditions

It is possible that in one or more future quarters, due to any of the factors listed above, a combination of those factors or other reasons, our operating results may be below our expectations and the expectations of public market analysts and investors. In that event, the price of our shares of common stock could decline substantially.

***Changes in our business model or external developments in our industry could negatively impact our operating margins.***

Our operating margins may experience downward pressure as a result of increasing competition and increased expenditures for many aspects of our business, including expenses related to content creation. For example, historically, we have focused on the creation of shorter form text articles or standard videos for our owned and operated websites, including “how to” articles for eHow. However, if we increase the number of longer form or “feature” articles or premium videos or choose to create other forms of content formats, and in turn reduce our investment in the shorter form types of content, our operating margins may suffer as these other forms of content may be more expensive to create and the corresponding return on investment, if any, could be reduced. In addition, we intend to enter into additional revenue sharing arrangements with our customers which could cause our operating margins to experience downward pressure if a greater percentage of our revenue comes from advertisements placed on our network of customer websites compared to advertisements placed on our owned and operated websites. Additionally, the percentage of advertising fees that we pay to our customers may increase, which would reduce the margin we earn on revenue generated from those customers.

***Our historic revenue growth rate may not be sustainable.***

Our revenue increased rapidly in each of the fiscal years ended December 31, 2008 through December 31, 2012. We may not be able to sustain our revenue growth rate in future periods and you should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. If our future growth fails to meet investor or analyst expectations, it could have a materially negative effect on our stock price. If our growth rate were to decline significantly or become negative, it would adversely affect our business, financial condition and results of operations.

***If we do not effectively manage our growth, our operating performance will suffer and we may lose consumers, advertisers, customers and freelance creative professionals.***

We have experienced rapid growth in our operations since our founding in 2006, and we may experience continued growth in our business, both through internal growth and potential acquisitions. For example, our employee headcount grew from approximately 500 to over 700 from December 31, 2009 to December 31, 2012. This overall growth has placed, and will

continue to place, significant demands on our management and our operational and financial infrastructure. In particular, continued growth may make it more difficult for us to accomplish the following:

- successfully scale our technology and infrastructure to support a larger business;
- continue to grow our platform at scale and distribute through our new and existing properties while successfully monetizing our content;
- maintain our standing with key advertisers as well as Internet search companies and our network of customer websites;
- maintain our customer service standards;
- develop and improve our operational, financial and management controls and maintain adequate reporting systems and procedures;
- acquire and integrate websites and other businesses;
- successfully expand our footprint in our existing areas of consumer interest and enter new areas of consumer interest; and
- respond effectively to competition and potential negative effects of competition on profit margins

In addition, our personnel, systems, procedures and controls may be inadequate to support our current and future operations. The improvements required to manage our growth will require us to make significant expenditures, expand, train and manage our employee base and allocate valuable management resources. If we fail to effectively manage our growth, our operating performance will suffer and we may lose our advertisers, customers and key personnel.

***If we do not continue to innovate and provide products and services that are useful to our customers, we may not remain competitive, and our revenue and operating results could suffer.***

Our success depends on our ability to innovate and provide products and services useful to our customers in both our Content & Media and Registrar service offerings. Our competitors are constantly developing innovations in content creation and distribution as well as in domain name registration and related services, such as web hosting, email and website creation solutions. As a result, we must continue to invest significant resources in product development in order to maintain and enhance our existing products and services and introduce new products and services that deliver a sufficient return on investment and that our customers can easily and effectively use. If we are unable to provide quality products and services, we may lose consumers, advertisers, customers and freelance creative professionals, and our revenue and operating results would suffer. Our operating results would also suffer if our innovations are not responsive to the needs of our customers and our advertisers, are not appropriately timed with market opportunities or are not effectively brought to market.

***Our industry is undergoing rapid change, and our business model is also evolving, which makes it difficult to evaluate our current business and future prospects.***

We derive a significant portion of our revenue from the sale of advertising on the Internet, which is an evolving industry that has undergone rapid and dramatic changes in industry standards, consumer and customer demands and advertising trends. In addition, our business model is also evolving and is distinct from many other companies in our industry, and it may not lead to long term growth or success. For example, the ways in which online advertisements are delivered are rapidly changing and an increasing percentage of advertisements are being delivered through social media websites and platforms as opposed to traditional portals or content websites. If advertisers determine that their yields on such social media sites significantly outstrip their return on other types of websites, such as our owned and operated websites, our business and operating results could be adversely impacted. We need to continually evolve our services and the way we deliver them in order to keep up with such changes to remain relevant to our customers, and we may not be able to do so quickly, cost effectively or at all.

***We have made and may make additional acquisitions that could entail significant execution, integration and operational risks.***

We have made numerous acquisitions in the past, including one in 2013, one in 2012 and four in 2011, and our future growth may depend, in part, on acquisitions of complementary websites, businesses, solutions or technologies rather than

internal development. We may continue to make acquisitions in the future to increase the scope of our business domestically and internationally. The identification of suitable acquisition candidates can be difficult, time consuming and costly, and we may not be able to successfully complete identified acquisitions. If we are unable to identify suitable future acquisition opportunities, reach agreement with such parties or obtain the financing necessary to make such acquisitions, we could lose market share to competitors who are able to make such acquisitions. This loss of market share could negatively impact our business, revenue and future growth.

Furthermore, even if we successfully complete an acquisition, we may not be able to successfully assimilate and integrate the websites, business, technologies, solutions, personnel or operations of the company that we acquired, particularly if key personnel of an acquired company decide not to work for us. In addition, we may incur indebtedness to complete an acquisition, which would increase our costs and impose operational limitations, or issue equity securities, which would dilute our stockholders' ownership and could adversely affect the price of our common stock. We may also unknowingly inherit liabilities from previous or future acquisitions that arise after the acquisition and are not adequately covered by indemnities.

***We may have difficulty scaling and adapting our existing technology and network infrastructure to accommodate increased traffic and technology advances or changing business requirements, which could lead to the loss of consumers, advertisers, customers and freelance creative professionals, and cause us to incur expenses to make architectural changes.***

To be successful, our network infrastructure has to perform well and be reliable. The greater the user traffic and the greater the complexity of our products and services, the more computing power we will need. In the future, we may spend substantial amounts to purchase or lease data centers and equipment, upgrade our technology and network infrastructure to handle increased traffic on our owned and operated websites and roll out new products and services. This expansion could be expensive and complex and could result in inefficiencies or operational failures. If we do not implement this expansion successfully, or if we experience inefficiencies and operational failures during its implementation, the quality of our products and services and our users' experience could decline. This could damage our reputation and lead us to lose current and potential consumers, advertisers, customers and freelance creative professionals. The costs associated with these adjustments to our architecture could harm our operating results. Cost increases, loss of traffic or failure to accommodate new technologies or changing business requirements could harm our business, revenue and financial condition.

***If the security measures for our systems are breached, or if our products or services are subject to attacks that degrade or deny the ability of administrators, developers, users and customers to maintain or access them, our systems, products and services may be perceived as not being secure. If any such events occur, users, customers, advertisers and publishers may curtail or stop using our products and services, and we may incur significant legal and financial exposure, all of which could have a negative impact on our business, financial condition and results of operations.***

Some of our systems, products and services involve the storage and transmission of information regarding our users, customers, and our advertising and publishing partners, and security breaches could expose us to a risk of loss of this information, litigation, and potential liability. Our security measures may be breached due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to this information. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information in order to gain access to our systems and the stored data therein. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and a loss of confidence in the security of our systems, products and services that could potentially have an adverse effect on our business, financial condition and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users, customers, advertisers or publishers.

***If we do not adequately protect our intellectual property rights, our competitive position and business may suffer.***

Our intellectual property, consisting of trade secrets, trademarks, copyrights and patents, is, in the aggregate, important to our business. We rely on a combination of trade secret, trademark, copyright and patent laws in the United States and other jurisdictions together with confidentiality agreements and technical measures to protect our proprietary rights. We rely more heavily on trade secret protection than patent protection. To protect our trade secrets, we control access to our proprietary systems and technology and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties. Effective trade secret, copyright, trademark and patent protection may not be available in all countries where we currently operate or in which we may operate in the future. In

addition, because of the relatively high cost we would experience in registering all of our copyrights with the United States Copyright Office, we generally do not register the copyrights associated with our content. We cannot guarantee that:

- our intellectual property rights will provide competitive advantages to us;
- our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties;
- our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak;
- any of the patents, trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged or abandoned;
- competitors will not design around our protected systems and technology; or
- we will not lose the ability to assert our intellectual property rights against others.

Policing unauthorized use of our proprietary rights can be difficult and costly. In addition, it may be necessary to enforce or protect our intellectual property rights through litigation or to defend litigation brought against us, which could result in substantial costs and diversion of resources and management attention and could adversely affect our business, even if we are successful on the merits.

***We rely on technology infrastructure and a failure to update or maintain this technology infrastructure could adversely affect our business.***

Significant portions of our content, products and services are dependent on technology infrastructure that was developed over multiple years. Updating and replacing our technology infrastructure may be challenging to implement and manage, may take time to test and deploy, may cause us to incur substantial costs and may cause us to suffer data loss or delays or interruptions in service. For example, we have suffered a number of server outages at our data center facilities, which resulted from certain failures that triggered data center wide outages and disrupted critical technology and infrastructure service capabilities. These events impacted service to some of our significant media properties, including eHow, as well our proprietary online content production studio, and eNom customers. As a result of these data center outages, we have recently developed initiatives to create automatic backup capacity at an alternate facility for our top revenue generating services to address similar scenarios in the future. However, there can be no assurance that our efforts to develop sufficient backup and redundant services will be successful or that we can prevent similar outages in the future. Delays or interruptions in our service may cause our consumers, advertisers, customers and freelance creative professionals to become dissatisfied with our offerings and could adversely affect our business. Failure to update our technology infrastructure as new technologies become available may also put us in a weaker position relative to a number of our key competitors. Competitors with newer technology infrastructure may have greater flexibility and be in a position to respond more quickly than us to new opportunities, which may impact our competitive position in certain markets and adversely affect our business.

***We are currently expanding and improving our information technology systems. If these implementations are not successful, our business and operations could be disrupted and our operating results could suffer.***

In 2010, we deployed the first phase of our enterprise reporting system, Oracle Applications ERP and Platform, to assist the management of our financial data and reporting, and to automate certain business wide processes and internal controls. Since then, we have started to implement additional build outs, customizations and/or applications associated with this system that require significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving and expanding information systems. We cannot be sure that the expansion of any of our systems, including our Oracle system, will be fully or effectively implemented on a timely basis, if at all. If we do not successfully implement informational systems on a timely basis or at all, our operations may be disrupted and our operating results could suffer. In addition, any new information system deployments may not operate as we expect them to, and we may be required to expend significant resources to correct problems or find alternative sources for performing these functions.

***The interruption or failure of our information technology and communications systems, or those of third parties that we rely upon, may adversely affect our business, operating results and financial condition.***

The availability of our products and services depends on the continuing operation of our information technology and communications systems. Any damage to or failure of our systems, or those of third parties that we rely upon (e.g., cloud location providers for data servers, storage devices, and network access) could result in interruptions in our service, which could reduce our revenue and profits, and damage our brand. Our systems are also vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses or other attempts to harm our systems. We, and in particular our Registrar service, have experienced an increasing number of computer distributed denial of service attacks which have forced us to shut down certain of our websites, including eNom.com. We have implemented certain defenses against these attacks, but we may continue to be subject to such attacks, and future denial of service attacks may cause all or portions of our websites to become unavailable. In addition, some of our data centers are located in areas with a high risk of major earthquakes. Our data centers are also subject to break-ins, sabotage and intentional acts of vandalism, and to potential disruptions if the operators of these facilities have financial difficulties. Some of our systems are not fully redundant, and our disaster recovery planning is currently underdeveloped and does not account for all eventualities. The occurrence of a natural disaster, a decision to close a facility we are using without adequate notice for financial reasons or other unanticipated problems at our data centers could result in lengthy interruptions in our service.

Furthermore, third-party service providers may experience an interruption in operations or cease operations for any reason. If we are unable to agree on satisfactory terms for continued data center hosting relationships, we would be forced to enter into a relationship with other service providers or assume hosting responsibilities ourselves. If we are forced to switch hosting facilities, we may not be successful in finding an alternative service provider on acceptable terms or in hosting the computer servers ourselves. We may also be limited in our remedies against these providers in the event of a failure of service. We also rely on third-party providers for components of our technology platform, such as hardware and software providers. A failure or limitation of service or available capacity by any of these third-party providers could adversely affect our business, revenue, financial condition and results of operations.

***Changes in regulations or user concerns regarding privacy and protection of user data, or any failure to comply with such laws, could diminish the value of our services and cause us to lose customers and revenue.***

When a user visits our websites or certain pages of our customers' websites, we use technologies, including "cookies," to collect information related to the user, such as the user's Internet Protocol, or IP, address, demographic information, and history of the user's interactions with content or advertisements previously delivered by us. The information that we collect about users helps us deliver appropriate content and targeted advertising to the user. A variety of federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we receive from and about our users. The existing privacy related laws and regulations are evolving and subject to potentially differing interpretations. We post privacy policies on all of our owned and operated websites which set forth our policies and practices related to the collection and use of consumer data. Any failure, or perceived failure, by us to comply with our posted privacy policies or with industry standards or laws or regulations could result in a loss of consumer confidence in us, or result in actions against us by governmental entities or others, all of which could potentially cause us to lose consumers and revenues.

In addition, various federal, state and foreign legislative and regulatory bodies may expand current or enact new laws regarding privacy matters. Recent developments related to "instant personalization" and similar technologies potentially allow us and other publishers access to even broader and more detailed information about users. These developments have led to greater scrutiny of industry data collection practices by regulators and privacy advocates. New laws may be enacted, new industry self-regulation may be promulgated, or existing laws may be amended or re-interpreted, in a manner which limits our ability to analyze user data. If our access to user data is limited through legislation or any industry development, we may be unable to provide effective technologies and services to customers and we may lose customers and revenue.

***We depend on key personnel to operate our business, and if we are unable to retain our current personnel or hire additional personnel, our ability to develop and successfully market our business could be harmed.***

We believe that our future success is highly dependent on the contributions of our executive officers, in particular the contributions of our Chairman and Chief Executive Officer, Richard M. Rosenblatt, as well as our ability to attract and retain highly skilled managerial, sales, technical, engineering and finance personnel. We do not maintain "key person" life insurance policies for our Chief Executive Officer or any of our executive officers. Qualified individuals, including engineers, are in high demand, and we may incur significant costs to attract and retain them. All of our officers and other employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. If we are unable to attract and retain our executive officers and key employees, our business, operating results and financial condition will be harmed.



Volatility or lack of performance in our stock price may also affect our ability to attract employees and retain our key employees. Our executive officers have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own have significantly appreciated in value relative to the original purchase prices of the shares or if the exercise prices of the stock options that they hold are significantly above the market price of our common stock. In addition, employees may be more inclined to leave us if the exercise prices on their stock options that they hold are significantly below the market price of our common stock, or if the perceived value of restricted stock awards decline.

***Impairment in the carrying value of goodwill or long-lived assets, including our media content, could negatively impact our consolidated results of operations and net worth.***

Goodwill represents the excess of cost of an acquired entity over the fair value of the acquired net assets. Goodwill is not amortized, but is reviewed for impairment at least annually or more frequently if impairment indicators are present. In general, long lived assets, including our media content, are only reviewed for impairment if impairment indicators are present. In assessing goodwill and long lived assets for impairment, we make significant estimates and assumptions, including estimates and assumptions about market penetration, anticipated growth rates and risk adjusted discount rates based on our budgets, business plans, economic projections, anticipated future cash flows and industry data. Some of the estimates and assumptions used by management have a high degree of subjectivity and require significant judgment on the part of management. Changes in estimates and assumptions in the context of our impairment testing may have a material impact on us, and any potential impairment charges could substantially affect our financial results in the periods of such charges.

***New tax treatment of companies engaged in Internet commerce may adversely affect the commercial use of our marketing services and our financial results.***

Due to the global nature of the Internet, it is possible that, although our services and the Internet transmissions related to them typically originate in California, Texas, Illinois, Virginia and the Netherlands, governments of other states or foreign countries might attempt to regulate our transmissions or levy sales, income or other taxes relating to our activities. Tax authorities at the international, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in Internet commerce. New or revised international, federal, state or local tax regulations may subject us or our customers to additional sales, income and other taxes. We cannot predict the effect of current attempts to impose sales, income or other taxes on commerce over the Internet. New or revised taxes and, in particular, sales taxes, would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling goods and services over the Internet. New taxes could also create significant increases in internal costs necessary to capture data, and collect and remit taxes. Any of these events could have an adverse effect on our business and results of operations.

***Third parties may sue us for intellectual property infringement or misappropriation which, if successful, could require us to pay significant damages or curtail our offerings.***

We cannot be certain that our internally developed or acquired systems and technologies do not and will not infringe the intellectual property rights of others. In addition, we license content, software and other intellectual property rights from third parties and may be subject to claims of infringement or misappropriation if such parties do not possess the necessary intellectual property rights to the products or services they license to us. We have in the past and may in the future be subject to legal proceedings and claims that we have infringed the patent or other intellectual property rights of a third party. These claims sometimes involve patent holding companies or other patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence. In addition, third parties may in the future assert intellectual property infringement claims against our customers, which we have agreed in certain circumstances to indemnify and defend against such claims. Any intellectual property related infringement or misappropriation claims, whether or not meritorious, could result in costly litigation and could divert management resources and attention. Moreover, should we be found liable for infringement or misappropriation, we may be required to enter into licensing agreements, if available on acceptable terms or at all, pay substantial damages or limit or curtail our systems and technologies. Also, any successful lawsuit against us could subject us to the invalidation of our proprietary rights. Moreover, we may need to redesign some of our systems and technologies to avoid future infringement liability. Any of the foregoing could prevent us from competing effectively and increase our costs.

***Certain U.S. and foreign laws could subject us to claims or otherwise harm our business.***

We are subject to a variety of laws in the U.S. and abroad that may subject us to claims or other remedies. Our failure to comply with applicable laws may subject us to additional liabilities, which could adversely affect our business, financial condition and results of operations. Laws and regulations that are particularly relevant to our business address:

- privacy;
- freedom of expression;
- information security;
- pricing, fees and taxes;
- content and the distribution of content, including liability for user reliance on such content;
- intellectual property rights, including secondary liability for infringement by others;
- taxation;
- domain name registration; and
- online advertising and marketing, including email marketing and unsolicited commercial email

Many applicable laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues of the Internet. Moreover, the applicability and scope of the laws that do address the Internet remain uncertain. For example, the laws relating to the liability of providers of online services are evolving. Claims have been either threatened or filed against us under both U.S. and foreign laws for defamation, copyright infringement, patent infringement, privacy violations, cybersquatting and trademark infringement. In the future, claims may also be alleged against us based on tort claims and other theories based on our content, products and services or content generated by our users.

We receive, process and store large amounts of personal data of users on our owned and operated websites and from our freelance creative professionals. Our privacy and data security policies govern the collection, use, sharing, disclosure and protection of this data. The storing, sharing, use, disclosure and protection of personal information and user data are subject to federal, state and international privacy laws, the purpose of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. If requirements regarding the manner in which certain personal information and other user data are processed and stored change significantly, our business may be adversely affected, impacting our financial condition and results of operations. In addition, we may be exposed to potential liabilities as a result of differing views on the level of privacy required for consumer and other user data we collect. We may also need to expend significant resources to protect against security breaches, including encrypting personal information, or remedy breaches after they occur, including notifying each person whose personal data may have been compromised. Our failure or the failure of various third-party vendors and service providers to comply with applicable privacy policies or applicable laws and regulations or any compromise of security that results in the unauthorized release of personal information or other user data could adversely affect our business, revenue, financial condition and results of operations.

Our business operations in countries outside the United States are subject to a number of United States federal laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act, or FCPA, as well as trade sanctions administered by the Office of Foreign Assets Control, or OFAC, and the Commerce Department. The FCPA is intended to prohibit bribery of foreign officials or parties and requires public companies in the United States to keep books and records that accurately and fairly reflect those companies' transactions. OFAC and the Commerce Department administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals.

If we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, incarceration of our employees or restrictions on our operations, which could increase our costs of operations, reduce our profits or cause us to forgo opportunities that would otherwise support our growth.

***A reclassification of our freelance creative professionals from independent contractors to employees by tax authorities could require us to pay retroactive taxes and penalties and significantly increase our cost of operations.***

We contract with freelance creative professionals as independent contractors to create the substantial majority of the content for our owned and operated websites and for our network of customer websites. Because we consider our freelance creative professionals with whom we contract to be independent contractors, as opposed to employees, we do not withhold federal or state income or other employment related taxes, make federal or state unemployment tax or Federal Insurance Contributions Act payments, or provide workers' compensation insurance with respect to such freelance creative professionals.



Our contracts with our independent contractor freelance creative professionals obligate these freelance creative professionals to pay these taxes. The classification of freelance creative professionals as independent contractors depends on the facts and circumstances of the relationship. In the event of a determination by federal or state taxing authorities that the freelance creative professionals engaged as independent contractors are employees, we may be adversely affected and subject to retroactive taxes and penalties. In addition, if it was determined that our content creators were employees, the costs associated with content creation would increase significantly and our financial results would be adversely affected.

***We are subject to risks related to credit card payments we accept. If we fail to be in compliance with applicable credit card rules and regulations, we may incur additional fees, fines and ultimately the revocation of the right to accept credit card payments, which would have a material adverse effect on our business, financial condition or results of operations.***

Many of the customers of our Content & Media and Registrar service offerings pay amounts owed to us using a credit card or debit card. For credit and debit card payments, we pay interchange and other fees, which may increase over time and raise our operating expenses and adversely affect our net income. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. We believe we are compliant in all material respects with the Payment Card Industry Data Security Standard, which incorporates Visa's Cardholder Information Security Program and MasterCard's Site Data Protection standard. However, there is no guarantee that we will maintain such compliance or that compliance will prevent illegal or improper use of our payment system. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers. A failure to adequately control fraudulent credit card transactions would result in significantly higher credit card related costs and could have a material adverse effect on our business, revenue, financial condition and results of operations.

***Our revolving credit facility with a syndicate of commercial banks contains financial and other restrictive covenants which, if breached, could result in the acceleration of any outstanding indebtedness we may have under the facility.***

Our revolving credit facility with a syndicate of commercial banks contains financial covenants that require, among other things, that we maintain a minimum fixed charge coverage ratio, a maximum net senior leverage ratio and a maximum net total leverage ratio. In addition, our revolving credit facility contains covenants restricting our ability to, among other things:

- incur additional debt or incur or permit to exist certain liens;
- pay dividends or make other distributions or payments on capital stock;
- make investments and acquisitions;
- enter into transactions with affiliates; and
- transfer or sell our assets.

These covenants could adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities, including acquisitions. A breach of any of these covenants could result in a default and acceleration of our indebtedness. Furthermore, if the syndicate of commercial banks is unwilling to waive certain covenants, we may be forced to amend our revolving or replace credit facility on terms less favorable than current terms or enter into new financing arrangements. As of March 31, 2013, we had no indebtedness outstanding under this facility, but had outstanding standby letters of credit of approximately \$9.4 million.

#### **Risks Relating to Owning Our Common Stock**

***An active, liquid and orderly market for our common stock may not be sustained, and the trading price of our common stock is likely to be volatile.***

An active trading market for our common stock may not be sustained, which could depress the market price of our common stock. The trading price of our common stock has been, and is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. For example, since shares of our common stock were sold in our initial public offering in January 2011 at a price of \$17.00 per share, our closing stock price has ranged from \$5.62 to \$24.57 through May 10, 2013. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this Annual Report on Form 10-K, these factors include:

- our operating performance and the operating performance of similar companies;
- the overall performance of the equity markets;
- the number of shares of our common stock publicly owned and available for trading;
- threatened or actual litigation;
- changes in laws or regulations relating to our solutions;
- changes in methodologies or algorithms used by search engines and their impact on search referral traffic;
- any major change in our board of directors or management;
- publication of research reports about us or our industry or changes in recommendations or withdrawal of research coverage by securities analysts;
- publication of third party reports that inaccurately assess the performance of our business or certain operating metrics such as search referral traffic, the ranking of our content in search engine results or page view trends;
- large volumes of sales of our shares of common stock by existing stockholders; and
- general political and economic conditions

In addition, the stock market in general, and the market for Internet related companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition. In addition, the recent distress in the financial markets has also resulted in extreme volatility in security prices.

***The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.***

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market, and the perception that these sales could occur may also depress the market price of our common stock. As of May 9, 2013, we had 86,951,044 shares of common stock outstanding.

Certain stockholders owning a majority of our outstanding shares are party to a stockholders agreement that entitles them to require us to register shares of our common stock owned by them for public sale in the United States, subject to the restrictions of Rule 144. In addition, certain stockholders, including investors in our preferred stock that converted into common stock as well as current and former employees, are eligible to resell shares of common stock under Rule 144 and Rule 701 without registering such stock with the SEC.

In addition, as of March 31, 2013 we have registered approximately 44 million shares reserved for future issuance under our equity compensation plans and agreements. Subject to the satisfaction of applicable exercise periods, vesting requirements and, in certain cases, performance conditions, the shares of common stock issued upon exercise of outstanding options, vesting of future awards or pursuant to purchases under our employee stock purchase plan will be available for immediate resale in the United States in the open market.

Sales of our common stock as restrictions end or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for shareholders to sell shares of our common stock.

We also have previously and may in the future issue shares of our common stock from time to time as consideration for acquisitions and investments. If any such acquisition or investment is significant, the number of shares that we may issue may in turn be significant. We currently have an effective shelf registration statement on file with the SEC which we may use to

issue debt or equity securities with an aggregate offering price not to exceed \$ 00 million and under which certain selling stockholders may offer and sell up to 14 million shares of our common stock.

***Our previously announced stock repurchase program may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.***

We previously announced a stock repurchase program approved by our board of directors whereby we are authorized to repurchase shares of our common stock. Such purchases may be limited, suspended, or terminated at any time without prior notice. There can be no assurance that we will buy additional shares of our common stock under our stock repurchase program or that any future repurchases will have a positive impact on the trading price of our common stock or earnings per share. Important factors that could cause us to limit, suspend or terminate our stock repurchase program include, among others, unfavorable market conditions, the trading price of our common stock, the nature of other investment or strategic opportunities presented to us from time to time, the rate of dilution of our equity compensation programs and the availability of adequate funds, our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to purchase shares under the stock repurchase program. If we limit, suspend or terminate our stock repurchase program, our stock price may be negatively affected

***As a public company, we are subject to compliance initiatives that will require substantial time from our management and result in significantly increased costs that may adversely affect our operating results and financial condition.***

The Sarbanes Oxley Act of 2002, the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, and other rules implemented by the SEC and the New York Stock Exchange, impose various requirements on public companies, including requiring changes in corporate governance practices. These and proposed corporate governance laws and regulations under consideration may further increase our compliance costs. If compliance with these various legal and regulatory requirements diverts our management's attention from other business concerns, it could have a material adverse effect on our business, financial condition and results of operations. We also expect that these laws and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage than used to be available. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors, on committees of our board of directors, or as executive officers.

We are required to make an assessment of the effectiveness of our internal controls over financial reporting in accordance with Section 404 of the Sarbanes Oxley Act of 2002. Further, our independent registered public accounting firm was engaged to express an opinion on the effectiveness of our internal controls over financial reporting for our financial year ending December 31, 2012, and we will be required to obtain such an opinion for each subsequent fiscal year thereafter. Section 404 requires us to perform system and process evaluation and testing of our internal controls over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal controls over financial reporting for each fiscal year. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. If we are unable to comply with the requirements of Section 404, management may not be able to assess whether our internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could result in a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, if we fail to maintain effective controls and procedures, we may be unable to provide the required financial information in a timely and reliable manner or otherwise comply with the standards applicable to us as a public company. Any failure by us to provide the required financial information in a timely reliable manner could materially and adversely impact our financial condition and the trading price of our securities. In addition, we may incur additional expenses and commitment of management's time in connection with further assessments of our compliance with the requirements of Section 404, which could materially increase our operating expenses and adversely impact our operating results.

***If securities or industry analysts publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

***We do not anticipate paying cash dividends, and accordingly, stockholders must rely on stock appreciation for any return on their investment.***

The terms of our credit agreement currently prohibit us from paying cash dividends on our common stock. In addition, we do not anticipate paying cash dividends in the future. As a result, only appreciation of the price of our common stock, which may never occur, will provide a return to stockholders. Investors seeking cash dividends should not invest in our common stock.

***Certain provisions in our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors, including, among other things:

- a classified board of directors with three year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, the Chief Executive Officer, the president (in absence of a Chief Executive Officer) or our board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws, which may inhibit the ability of an acquiror from amending our certificate of incorporation or bylaws to facilitate a hostile acquisition;
- the ability of our board of directors, by majority vote, to amend the bylaws, which may allow our board of directors to take additional actions to prevent a hostile acquisition and inhibit the ability of an acquiror from amending the bylaws to facilitate a hostile acquisition; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us

We are also subject to certain anti takeover provisions under Delaware law. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, our board of directors has approved the transaction.

### **Risks Relating to the Proposed Business Separation**

***The proposed separation of our business into two distinct publicly traded companies may not be completed on the terms or timeline currently contemplated, if at all.***

In February 2013, we announced our intention to pursue the separation of our business into two distinct publicly traded companies (the “Proposed Business Separation”). The Proposed Business Separation could be delayed or negatively impacted by unanticipated developments, including, without limitation, the incurrence of additional expenses related to completing the Proposed Business Separation, delays in filing and effectiveness of appropriate filings with the SEC, obtaining favorable tax rulings and/or opinions regarding the tax free nature of the transaction, receipt of regulatory approvals, completing further due diligence as appropriate and changes in market conditions. In addition, consummation of the Proposed Business Separation will require final approval from our board of directors. Therefore, we cannot assure that we will be able to complete the Proposed Business Separation on the terms or on the timeline that we announced, if at all.

***The Proposed Business Separation may require significant time and attention of our management, may not achieve the intended results, and may present difficulties that could have an adverse effect on us.***

In order to position ourselves for the Proposed Business Separation, we are actively considering and pursuing strategic, structural and process actions and initiatives for both businesses. These actions could lead to disruption of our ongoing operations, loss of, or our inability to recruit, key personnel needed to operate and grow our businesses and complete the Proposed Business Separation, weakening of our internal standards, controls or procedures, and impairment of our relationship with key customers and suppliers, among other things. We believe the execution of the Proposed Business Separation will likely entail significant operating expenses consisting primarily of legal, accounting and advisory fees. Execution of the Proposed Business Separation will require significant time and attention from management, which may distract management from the operation of our business and the execution of our other initiatives. Our employees may also be distracted due to uncertainty about their future roles with us pending the completion of the Proposed Business Separation. Although the Proposed Business Separation is intended to be a tax free pro rata distribution to our stockholders, these types of transactions are complex and there are no assurances that there will not be adverse tax liabilities in connection therewith. Further, if the Proposed Business Separation is completed, the transaction may not achieve the intended results. Any such difficulties could have a material adverse effect on our business, financial condition and results of operations.

If completed, the Proposed Business Separation will leave two smaller, less diversified companies. Once separated, these distinct companies may be more vulnerable to changing market conditions, which could materially and adversely affect their respective business, financial condition and results of operations. In addition, the diversification of revenues, costs, and cash flows will diminish. As a result, it is possible that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility.

***The value of our common stock following completion of the Proposed Business Separation may not equal or exceed the value of our common stock prior to the completion of the Proposed Business Separation.***

There can be no assurance that the aggregate trading price of the common stock of the two public companies that would result from the Proposed Business Separation, as may be adjusted for any changes in our capitalization structure, will be equal to or greater than the trading price of our common stock prior to the Proposed Business Separation. Until the market has fully evaluated the two companies separately, the price at which the common stock of the two companies trades may fluctuate significantly. Further, shares of our common stock today will represent an investment in two smaller separate public companies once the Proposed Business Separation is completed. These changes may not meet some stockholders' investment strategies, which could cause investors to sell their shares of our common stock. Excessive selling could cause the relative market price of our common stock to decrease in advance of or following completion of the Proposed Business Separation.

## **Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

### **Use of Proceeds from Registered Securities**

On January 25, 2011, registration statements on Form S-1 (File No. 333-168612 and File No. 333-171868) relating to our initial public offering of our common stock were declared effective by the SEC. An aggregate of 0,235,000 shares of our common stock were registered under the registration statements, of which 4,500,000 shares were sold by us, 4,400,000 shares were sold by the selling stockholders identified in the registration statements and 1,335,000 shares were sold by the selling stockholders and us in connection with the underwriters' exercise of their option to purchase additional shares, at an initial public offering price of \$17.00 per share. The aggregate offering price for the shares registered and sold by us was approximately \$88.0 million and the aggregate offering price for the shares registered and sold by the selling stockholders was approximately \$86.0 million. The initial public offering closed on January 31, 2011 and, as a result, we received net proceeds

of approximately \$81.8 million, after deducting the underwriting discount but before deducting offering expenses and the selling stockholders received net proceeds of approximately \$80.0 million, after deducting the underwriting discount of approximately \$6.0 million. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

The net offering proceeds have been invested in cash and cash equivalents. We have used the net offering proceeds for investments in media content, applications for new gTLDs, international expansion efforts, working capital, product development, sales and marketing activities, general and administrative matters, capital expenditures and to fund acquisitions.

### Repurchases of our Common Stock

The following provides information regarding our repurchase of our common stock during the quarter ended March 31, 2013:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2013	272,478	\$ 8.88	272,478	\$ [ ]
February 1 - February 28, 2013	286,360	8.44	286,360	[ ]
March 1 - March 31, 2013	- <sup>(1)</sup>	-	-	[ ]
<b>Total</b>	<b>558,838</b>	<b>\$ 8.65</b>	<b>558,838</b>	<b>\$ [ ]</b>

- (1) Excludes 18,769 shares of common stock surrendered by participants under our Amended and Restated 2006 Equity Incentive Plan as payment of applicable withholding taxes due upon the vesting of restricted stock awards and unsettled as of March 31, 2013. Shares so surrendered by the participants are surrendered pursuant to the terms of the plan and the applicable award agreements and are not pursuant to publicly announced share repurchase authorizations.

As previously disclosed in a current report on Form 8-K filed on August 22, 2011, our Board of Directors approved a stock repurchase program effective as of August 19, 2011 to repurchase up to \$25.0 million of our outstanding common stock as share price, market conditions and other factors warrant. In addition, as previously disclosed in a current report on Form 8-K filed on February 16, 2012, our Board of Directors approved a \$25.0 million increase to this previously approved stock repurchase program, for an aggregate amount of \$50.0 million of repurchases under the program. Under the stock repurchase program, we have cumulatively repurchased a total of approximately 4.0 million shares at a total cost of approximately \$30.8 million through March 31, 2013. The stock repurchase program does not require us to purchase a specific number of shares and may be modified, suspended or terminated at any time. See "Liquidity and Capital Resources" in Part I, Item 2 of this report for further discussion of our share repurchases.

Our revolving credit facility limits our ability to make cash distributions with respect to our equity interests, such as redemptions, cash dividends and share repurchases, based on a defined leverage ratio. See "Liquidity and Capital Resources" in Part I, Item 2 of this report for further discussion of our long term debt.

### Item 3. DEFAULTS UPON SENIOR SECURITIES

None

### Item 4. MINE SAFETY DISCLOSURES

Not applicable

### Item 5. OTHER INFORMATION

None

**Item 6. EXHIBITS**

<b>Exh b No</b>	<b>Description of Exhibi</b>
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a 14(a) and 15d 14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a 14(a) and 15d 14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
0 PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

† Indicates management contract or compensatory plan, contract or arrangement

\* Pursuant to Rule 406T of Regulation S T, the Interactive Data Files on Exhibit 0 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

### DEMAND MEDIA, INC.

By: /s/ Richard M Rosenblatt

Name: Richard M Rosenblatt

Title: *Chairman and  
Chief Executive Officer*

By: /s/ Mel Tang

Name: Mel Tang

Title: *Chief Financial Officer*

Date: May 10, 2013



## Exhibit Index

Exh b No	Description of Exhibi
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\* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 0 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES OXLEY ACT OF 2002**

I, Richard M. Rosenblatt, certify that:

1. I have reviewed this Quarterly Report on Form 10 Q of Demand Media, Inc ;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a 15(e) and 15d 15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a 15(f) and 15d 15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
-

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

/s/ Richard M Rosenblatt

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Richard M Rosenblatt

Chief Executive Officer and Chairman of the Board

(Principal Executive Officer)

Date: May 10, 2013

---

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES OXLEY ACT OF 2002**

I, Mel Tang, certify that:

1. I have reviewed this Quarterly Report on Form 10 Q of Demand Media, Inc ;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a 15(e) and 15d 15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a 15(f) and 15d 15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
-

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

/s/ Mel Tang

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Mel Tang

Chief Financial Officer

(Principal Financial Officer)

Date: May 10, 2013

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2013 of Demand Media, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard M. Rosenblatt, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

/s/ Richard M. Rosenblatt

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Richard M. Rosenblatt

Chief Executive Officer and Chairman of the Board

(Principal Executive Officer)

Date: May 10, 2013

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Demand Media, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10 Q for the fiscal quarter ended March 31, 2013 of Demand Media, Inc (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mel Tang, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

/s/ Mel Tang

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Mel Tang

Chief Financial Officer

(Principal Financial Officer)

Date: May 10, 2013

This certification accompanies the Form 10 Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Demand Media, Inc under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10 Q), irrespective of any general incorporation language contained in such filing

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# **EXHIBIT AC-51**

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM 10-K**

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(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-35048

**DEMAND MEDIA, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-4731239**  
(I.R.S. Employer  
Identification Number)

**1655 26<sup>th</sup> Street**  
**Santa Monica, CA**  
(Address of principal executive offices)

**90404**  
(Zip Code)

**(310) 394-6400**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$0.0001 par value

The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Non-accelerated filer

(Do not check if a

Large accelerated filer

Accelerated filer

smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 30, 2014, the aggregate market value of the registrant's common stock, \$0.0001 par value, held by non-affiliates of the registrant was approximately \$213.5 million (based upon the closing sale price of the common stock on that date on the New York Stock Exchange).

As of March 5, 2015, there were 19,802,470 shares of the common stock, \$0.0001 par value, outstanding.

**Documents Incorporated by Reference**

Part III of this Annual Report on Form 10-K incorporates by reference portions of the registrant's Proxy Statement for its 2015 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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**DEMAND MEDIA, INC.**

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## **PART I**

### **SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this Annual Report on Form 10-K, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “predict,” “plan” and similar expressions are intended to identify forward-looking statements. You should not rely upon forward-looking statements as guarantees of future performance. We have based these forward-looking statements largely on our estimates of our financial results and our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Item 1A. under the heading entitled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason after the date of this Annual Report on Form 10-K, except as required by law.

You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed with the Securities and Exchange Commission (the “SEC”) with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

## Item 1. Business

*As used herein, "Demand Media," the "Company," "our," "we," "us" and similar terms include Demand Media, Inc. and its subsidiaries, unless the context indicates otherwise.*

*"Demand Media" and other trademarks of ours appearing in this report are our property. This report contains additional trade names and trademarks of other companies. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us or our business by such companies, or any relationship with any of these companies.*

### Overview

Demand Media is a diversified Internet company with leading online media properties and marketplace platforms that enable communities of creators to reach passionate audiences in large and growing lifestyle categories. We operate an online studio platform for the professional creation and distribution of high-quality content, as well as two online artist marketplaces. In addition, our Content Solutions and programmatic offerings help advertisers find innovative ways to engage with their customers.

Our business is comprised of two service offerings: Content & Media and Marketplaces.

- *Content & Media:* Our Content & Media service offering includes a leading online content creation platform that publishes content to our owned and operated online properties as well as to online properties operated by our customers. Through our innovative content creation platform, DemandStudios.com, a large community of qualified freelance professionals utilizes proprietary technology and automated workflow processes to identify valuable topics and then create high-quality content in text, video, photography and designed visual formats. This content is published to our leading owned and operated online properties across several key categories, including eHow.com, a how-to reference destination, and Livestrong.com, a health and healthy living destination. We also own and operate Cracked.com, a humor site offering original and engaging comedy-driven text articles, video series and blogs created by our in-house editorial staff, comedians and website enthusiasts. Our content studio also creates and publishes content for third-party brands, publishers and advertisers as part of our Content Solutions service.
- *Marketplaces:* Through our Marketplaces service offering, we operate two leading artist marketplaces where large communities of artists can market and sell original artwork or original designs printed on a wide variety of products. Society6.com ("Society6") provides artists with an online commerce platform to feature and sell their original designs on art prints, phone and tablet cases, t-shirts and other consumer products. SaatchiArt.com ("Saatchi Art") is an online art gallery featuring a wide selection of paintings, drawings, sculpture and photography that provides a global community of artists a curated environment in which to exhibit and sell their work directly to consumers around the world.

Our Content & Media service offering derives the majority of its revenue from the sale of advertising on our owned and operated online properties. We also generate revenue from the sale or license of content that we create for our customers. Our Marketplaces service offering generates revenue from the sale of products and services through our online artist marketplaces. Information about our revenue by service offering is set forth in Note 16 of our Notes to Consolidated Financial Statements included in Part III, Item 15, "Exhibits, Financial Statement Schedules" of this Annual Report on Form 10-K.

On August 1, 2014, we completed the separation of Rightside Group, Ltd. ("Rightside") from Demand Media, resulting in two independent, publicly traded companies (hereinafter referred to as the "Separation"). Following the Separation, Rightside operates our former domain name services business, while we continue to own and operate our Content & Media and Marketplaces businesses. The Separation was structured as a pro rata tax-free dividend involving the distribution of all outstanding shares of Rightside common stock to holders of Demand Media common stock as of the August 1, 2014 record date (the "Distribution"). Immediately following the Distribution, we completed a 1-for-5 reverse stock split of our outstanding and treasury shares of common stock. The financial results of Rightside are presented as discontinued operations in our consolidated statements of operations for all periods presented in this Annual Report on Form 10-K. Unless it is disclosed, all financial results represent continuing operations.

Demand Media was incorporated in Delaware in March 2006. Our headquarters are located in Santa Monica, California. We completed our initial public offering in January 2011 and our common stock is listed on the New York Stock Exchange under the symbol "DMD."

## Content & Media

We create media content, including text articles, videos, photographs and designed visual formats, and publish such content to our owned and operated online properties and to our customers' online properties. We also leverage our content creation and distribution platform to provide custom content and other content marketing solutions to brands, publishers and advertisers.

Key elements of our Content & Media service offering include:

*Content Creation.* We are focused on creating high-quality, informative and engaging online content through our innovative content creation platform, DemandStudios.com. We produce content in a wide variety of formats including text articles and blogs, videos, original photography, slideshows, infographics and animated GIFs. We strive to create valuable long-lived content with positive revenue and traffic growth characteristics. Our content creation process employs a series of proprietary technologies, as well as algorithms and processes to identify topics and titles for which to create content. Our editorial staff then curates the topics that are most appropriate for our distribution channels. These topics are made available to our community of freelance professionals to create relevant content within categories for which they have demonstrated subject matter expertise. After the work product is submitted to us, it undergoes a series of human editorial reviews, including copy editing, fact checking and reference checking, as well as an automated plagiarism check.

Our original content is created by our community of freelance professionals, including writers, filmmakers, producers, photographers and copy editors. In order to ensure that we engage highly qualified content creators, our freelance professionals undergo a thorough qualification process, which may include the submission of writing samples or examples of previously published work, demonstration of relevant subject matter expertise and minimum experience thresholds, before they are allowed to generate content for our content studio. We enable our freelance professionals to reach an audience of millions and believe that we provide competitive compensation for their services and offer them the ability to pursue titles and topics in the categories that most align with their area of expertise.

*Owned and Operated Online Properties.* We publish a majority of our content on our owned and operated online properties, which, according to comScore, collectively ranked as the 38<sup>th</sup> largest digital media property and reached more than 61 million unique visitors across desktop and mobile platforms in the United States in January 2015. Users visit our online properties through search engine referrals, direct navigation, social media referrals, web-based mobile applications and online marketing activities. Our properties are designed to be easily discoverable by users due to the combination of relevant content, search engine optimization and the ability of users to recommend and share our content via social media websites and applications such as Facebook, Twitter and Pinterest.

Our portfolio of owned and operated online properties includes:

- eHow. eHow, our largest property, has an extensive library of text articles and videos that provide people with easily understandable instruction, advice and insight on a broad range of subjects that they may encounter throughout their day. eHow was the 57<sup>th</sup> largest digital media property in the United States in January 2015 with nearly 40 million unique visitors across desktop and mobile platforms, as measured by comScore.
- Livestrong.com. Livestrong.com, an online destination for health and healthy living, has an extensive library of health, fitness, lifestyle and nutrition text articles and videos. This content, combined with interactive tools, user-contributed nutritional information and social media community features, helps users create customized goals and monitor their health, fitness and life achievements, while serving as a platform for community members to connect with each other. In January 2015, Livestrong.com/eHow Health ranked as the #3 Health property in the United States across desktop and mobile platforms, with more than 30 million unique visitors, according to comScore. In the fourth quarter of 2014, Livestrong.com saw user registrations nearly double year-over-year.
- Cracked. Cracked.com is a leading humor website offering original and engaging comedy-driven text articles, videos and blogs created by our in-house editorial staff, comedians and website enthusiasts. Cracked has a passionate community of readers who awarded it the People's Voice Webby for "Best Humor Site" for 2012 and 2013, and the Cracked video series "After Hours" won the 2014 Webby and People's Voice Webby for Best Writing in Online Film & Video. In January 2015, CollegeHumor/Cracked Network ranked as the #1 Humor property in the United States across desktop and mobile platforms, with nearly 16 million unique users, and Cracked.com itself had more than 7 million unique visitors in the United States across desktop and mobile platforms, according to comScore.

- Demand Vertical Network. Our network of niche properties is comprised of websites focused on specific topics or interests, such as golf, hiking, gardening, automotive and games, where people can learn more about their interests and share them with like-minded people.

*Monetization.* We have developed a multi-faceted, proprietary monetization platform incorporating advertising networks, including Google AdSense. We use a series of sophisticated algorithms and proprietary methods to present visitors with relevant links and advertisements that can be dynamically optimized to improve monetization performance. Our system of monetization tools also includes yield optimization systems that continuously evaluate the performance of advertisements on desktop and mobile-optimized websites in order to maximize revenue, while also utilizing ad management infrastructures that manage multiple ad formats and control ad inventory.

For monetization of our display ad inventory, our programmatic media buying platform, Demand360, automates the buying and selling of ad inventory utilizing third-party technology. Demand360 matches advertisers looking for specific ads in connection with their campaign goals with the inventory available on our owned and operated properties in real time. We also create operational efficiencies by selling our premium display ad inventory directly to advertisers and decreasing overhead, while streamlining ad planning and buying and managing media campaigns through the use of technology.

We deploy our monetization platform to our owned and operated online properties and online properties operated by our customers. Consistent with other performance-based advertising programs, we enter into revenue-sharing arrangements with customers that utilize our system of monetization tools.

*Content Solutions.* Our Content Solutions service helps publishers, brands and advertisers develop a comprehensive and integrated online content strategy. We provide our customers with topically relevant custom content, advise on distribution and publishing strategies, and track and measure client objectives to optimize content across formats and devices. The content we provide spans across text articles and blogs, videos, photography and designed visuals such as slideshows, infographics and animated GIFs. The content can either be acquired outright or licensed, usually via revenue share agreements. We have increased our investment in our Content Solutions service over the past two years and intend to continue to expand this service offering in the future.

## **Marketplaces**

Our marketplace offerings include Society6, which we acquired in June 2013, and Saatchi Art, which we acquired in August 2014. During fiscal 2014, we expanded our marketplace offerings in several ways, including our acquisition of Saatchi Art, the introduction of new products on Society6 and increasing the mobile presence of our platforms with the launch of a mobile application for Saatchi Art and by optimizing the mobile experience on Society6. Our online marketplace platforms provide consumers with both web and mobile tools to discover a large selection of original artworks and designs created by a leading global artist community of over 175,000 artists across both sites. Our marketplaces also empower artists to reach a global audience of art lovers and earn a living pursuing their passion, while we handle various logistics such as coordination of print-on-demand production, global shipping and payment processes. We believe that our marketplaces are distinguished by the high quality products and superior customer service we provide to both artists and buyers.

*Society6.* Society6 provides artists with an online commerce platform where they can feature and sell their original designs on a wide variety of lifestyle products, including art prints, phone and tablet cases, t-shirts and home décor products. Artists post their designs, set the price for art prints, and select other products within the Society6 product portfolio on which the design can be sold. After a product is purchased, we utilize third-party vendors to produce, package and ship the product directly to the buyer. As of December 31, 2014, there were approximately 130,000 active artists on Society6, an increase of more than 50% from a year earlier. There are now more than two million unique designs available across the Society6 product portfolio, a 60% increase year-over-year. During 2014, Society6 customers came from over 100 countries and approximately 30% of Society6's users accessed its services via mobile devices.

*Saatchi Art.* Saatchi Art is an online art gallery that provides a global community of artists a curated environment in which to exhibit and sell their artworks, including paintings, drawings, sculptures and photographs, directly to customers around the world. There are currently more than 500,000 original, unique artworks created by over 50,000 artists available on the Saatchi Art platform. In addition, artists can choose to sell prints of the artworks they post on Saatchi Art and we contract with third-party vendors to produce and ship the prints directly to the purchaser. Saatchi Art customers are located in over 80 countries and approximately 20% of Saatchi Art's customers have made repeat purchases, evidencing the high quality of the artwork and their purchasing experience.



## Technology

Our technologies include software applications built to run on independent clusters of standard and commercially available servers located at co-location facilities located in North America. We make substantial use of off-the-shelf available open-source technologies such as Linux, PHP, MySQL, Redis, mongoDB, Memcache, and Lucene in addition to commercial platforms such as Microsoft, including Windows Operating Systems, SQL Server, and .NET. These systems are connected to the Internet via load balancers, firewalls, and routers installed in multiple redundant pairs. We also utilize third-party services to geographically deliver data using major content distribution network (“CDN”) providers. Virtualization is heavily deployed throughout our technology architecture, which affords scaling numerous properties in an efficient and cost effective manner. Enterprise class storage systems provide redundancy in order to maintain continued and seamless system availability in the event of most component failures.

Our data centers host most of our public-facing websites and applications, as well as many of our back-end business intelligence and financial systems. Some of our websites are hosted with a third-party cloud hosting provider. Each of our significant websites is designed to be fault-tolerant, with collections of application servers, typically configured in a load balanced state, in order to provide additional resiliency. Our environment is staffed and equipped with a full scale monitoring solution, which includes a Network Operations Center that is continuously staffed.

## International Operations

We provide our products and services to consumers around the world. Our Content & Media service offering includes eHow en Español, Livestrong.com en Español and eHow Brasil (Spanish and Portuguese language sites that target both the U.S. and the worldwide Spanish/Portuguese-speaking market), as well as eHow UK and eHow Deutschland (eHow sites that we have launched in the United Kingdom and Germany). Our online artist marketplaces are available to artists and buyers globally. Information regarding financial data by geographic areas is set forth in Note 16 of our Notes to Consolidated Financial Statements included in Part III, Item 15, “Exhibits, Financial Statement Schedules” of this Annual Report on Form 10-K, and additional information regarding certain risks associated with our international operations is provided under the heading “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K.

## Customers

Our Content & Media customers currently include advertisers and advertising providers that purchase advertising space on our owned and operated online properties; third parties that publish content created by our content creation studio on their online properties; and third-party brands, publishers and advertisers that we provide and publish content for as part of our Content Solutions service. Additionally, products and artworks are sold directly to individual consumers through our online artist marketplaces.

## Competition

We operate in highly competitive and developing industries that are characterized by rapid technological change, various business models and frequent disruption of incumbents by innovative entrants.

*Content & Media.* The online content and media markets we participate in are rapidly evolving, fragmented and intensely competitive. Competition is expected to intensify in the future as more companies enter the space. We compete for advertisers and customers on the basis of a number of factors including return on marketing expenditures, price of our offerings, and the ability to deliver large amounts, or precise types, of segmented customer traffic. Our principal competitors in this space currently include traditional online Internet marketing and media companies such as AOL and IAC; leading online media companies such as Yahoo!; social media outlets such as Facebook, Twitter and Pinterest, where brands and advertisers are focusing a significant portion of their online advertising spend in order to connect with their customers; and specialized and enthusiast online properties that focus on particular areas of consumer interest. Many of these competitors are making significant investments, particularly in online video, in order to compete with various aspects of our business. Our primary competitors for our Content Solutions service are other companies that employ a content creation model similar to our platform, such as NewsCred and Contently.

*Marketplaces.* Our online artist marketplaces compete with a wide variety of online and brick-and-mortar companies selling original artwork and customized design-focused products. Society6 competes with companies, such as RedBubble, Zazzle and Minted, that offer specialty products that are produced and shipped based on a print-on-demand model, whereby user or artist generated art designs are printed on t-shirts, art prints, mobile accessories and other products, as well as small online providers of niche customization services and product offerings. Saatchi Art competes with traditional offline art galleries, art consultants and other online properties selling original artwork, such as Artfinder, Artspace and Ugallery. Our artist marketplaces must successfully attract, retain and engage both buyers and sellers to use our platforms. We believe that the principal competitive factors for our marketplaces include the quality, price and uniqueness of the products being offered; the selection of goods and artists we feature on our online properties; the ability to source numerous products efficiently and cost-effectively with respect to our print-on-demand products;



customer service; the convenience and ease of the shopping experience we provide; and our reputation and brand strength. We expect competition to continue to intensify as online and offline businesses increasingly compete with each other and the barriers to enter online channels are reduced, including as a result of businesses being able to launch online sites or mobile platforms for a nominal cost by using commercially-available software or partnering with successful e-commerce companies.

Many of our current Content & Media and Marketplaces competitors have, and potential competitors may have, significantly greater financial, marketing and other resources than we have; greater technical capabilities; greater brand recognition; longer operating histories; differentiated products and services; and larger customer bases. These resources may help some of our competitors react more quickly as the industry evolves, focus more on product innovation, adopt more aggressive pricing policies and devote substantially more resources to website and system development than we do. Additional information regarding competition is included under the heading “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K.

### **Intellectual Property**

Our intellectual property consists of trade secrets, trademarks, service marks, patents and copyrights and is, in the aggregate, important to our business. To protect our proprietary rights, we rely on a combination of trade secret, trademark, patent and copyright laws in the United States and other jurisdictions, together with contractual provisions and technical measures. As of March 5, 2015, we held 41 U.S. trademark registrations (some of which are registered in multiple classes), including “Demand Media,” “eHow,” “Society6” and “Cracked.” We have also registered certain trademarks in various countries outside of the U.S. As of March 5, 2015, we have been granted 12 patents by the United States Patent and Trademark Office and five patents by other jurisdictions, and we have 19 patent applications pending in the United States and other jurisdictions. We rely more heavily on trade secret protection than patent protection. To protect our trade secrets, we control access to our proprietary systems and technology, including our platforms, and we enter into confidentiality and invention assignment agreements with our employees and consultants, as well as confidentiality and non-disclosure agreements with other third parties. We generally do not register the copyrights associated with our content with the United States Copyright Office due to the relatively high cost we would incur to register all of our copyrights. In addition to the intellectual property we own, we also have licenses to use the “Saatchi” and “Livestrong.com” names as permitted by the terms of intellectual property or licensing agreements with third parties. Additional information regarding certain risks related to our intellectual property is included under the heading “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K.

### **Regulation**

We are subject to numerous laws and regulations in the U.S. and abroad, including laws and regulations relating to freedom of expression; information security and privacy; pricing and fees; taxation, including value-added taxes (“VAT”); online content and the distribution of content; intellectual property rights; liability for third-party activities; and online advertising and marketing, including email marketing and unsolicited commercial email.

In the United States, Congress has adopted legislation that regulates certain aspects of the Internet, including the Communications Decency Act, the Digital Millennium Copyright Act, the Lanham Act and the Anticybersquatting Consumer Protection Act. Advertising and promotional information presented to visitors on our owned and operated online properties and our other marketing activities are subject to federal and state consumer protection laws that regulate unfair and deceptive practices. Because we operate large consumer-facing websites, we are also subject to state, federal and foreign laws and regulations governing privacy of users’ search habits and other information and data protection of consumers’ non-public personal information and preferences.

We must also comply with certain foreign and U.S. laws and regulations that apply to our international operations. For example, our business operations in countries outside the United States are subject to restrictions imposed by the Foreign Corrupt Practices Act (“FCPA”), as well as the economic and trade sanctions administered by the Office of Foreign Assets Control (“OFAC”) and the U.S. Commerce Department based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. The FCPA is intended to prohibit bribery of foreign officials or parties and requires public companies in the United States to keep books and records that accurately and fairly reflect those companies’ transactions. OFAC regulations prohibit U.S.-based entities from entering into or facilitating transactions with, for the benefit of, or involving the property of, persons, governments or countries designated by the U.S. government under one or more sanctions regimes, which could include transactions that provide a benefit that is received in an OFAC designated country. Additionally, some of the products and services we provide to customers globally may require approval under applicable U.S. export law.

Federal, state, local and foreign governments are also considering other legislative and regulatory proposals that would regulate the Internet in more and different ways than exist today, including with respect to taxes. New laws and regulations, or new interpretations of existing laws and regulations, may significantly impact our business. The costs of compliance with the various laws and regulations applicable to us are high and may increase in the future and any failure to comply with applicable laws and regulations

may subject us to additional liabilities and penalties. See “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K for additional information.

### **Employees**

As of December 31, 2014, we had approximately 400 employees. None of our employees is represented by a labor union or is subject to a collective bargaining agreement. We believe that relations with our employees are good.

### **Seasonality**

Our Content & Media service offering is affected by seasonal fluctuations in internet usage and our Marketplaces service offering is affected by traditional retail seasonality as well as seasonal fluctuations in internet usage. Internet usage generally slows during the summer months while our online marketplaces generally experience increased sales activity during the fourth quarter holiday season. These seasonal trends have caused, and will likely continue to cause, fluctuations in our quarterly results.

### **Available Information**

We file reports with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any other filings required by the SEC. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are made available free of charge in the investor relations section of our corporate website (<http://ir.demandmedia.com>) as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The public may also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on the investor relations section of our corporate website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, and press and earnings releases, on the investor relations section of our corporate website. Investors and others can receive notifications of press releases and SEC filings by signing up for email alerts. Investors and others should note that we also use social media to communicate with the public about our company, our services and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on the social media channels listed on the investor relations section of our corporate website. Further corporate governance information, including our corporate governance guidelines, board committee charters and code of business conduct and ethics, is also available on the investor relations section of our corporate website under the heading “Corporate Governance.”

Any references to our corporate website address in this Annual Report on Form 10-K are intended to be inactive textual references only. None of the information contained on our website is part of this Annual Report on Form 10-K or incorporated by reference into this report or any other report or document we file with the SEC.

### **Item 1A. Risk Factors**

In addition to the other information set forth in this Annual Report on Form 10-K, you should consider carefully the risks and uncertainties described below, which could materially adversely affect our business, financial condition and results of operations.

#### **Risks Relating to the Separation of Rightside**

***Our operational and financial profile changed in connection with the Separation and we are now a smaller, less diversified company.***

On August 1, 2014, we completed the Separation of Rightside from Demand Media. The Separation was structured as a pro rata tax-free dividend involving the distribution of all of the outstanding shares of Rightside common stock to holders of Demand Media common stock as of the record date (the “Distribution”). Following the Separation, we are a smaller, less diversified company focused on our Content & Media and Marketplaces businesses. This narrower business focus may leave us more vulnerable to changing market conditions, which could materially and adversely affect our business, financial condition and results of operation. The diminished diversification of revenue, costs, and cash flows could also cause our results of operation, cash flows, working capital and financing requirements to be subject to increased volatility. In addition, we may be unable to achieve some or all of the strategic and financial benefits that we expected would result from the Separation of the Company and Rightside, or such benefits may be delayed, which could materially and adversely affect our business, financial condition and results of operations.

***Following the Separation, we and Rightside will continue to be dependent on each other for certain support services for each respective business and may have indemnification obligations to each other with respect to such arrangements.***

We entered into various agreements with Rightside in connection with the Separation, including a transition services agreement (the “Transition Services Agreement”), a separation and distribution agreement, a tax matters agreement (the “Tax Matters Agreement”), an intellectual property assignment and license agreement, and an employee matters agreement. These agreements govern our relationship with Rightside subsequent to the Separation. If we are required to indemnify Rightside for certain liabilities and related losses arising in connection with any of these agreements or if Rightside is required to indemnify us for certain liabilities and related losses arising in connection with any of these agreements and does not fulfill its obligations to us, we may be subject to substantial liabilities, which could have a material adverse effect on our financial position.

Additionally, although Rightside will be contractually obligated to provide us with certain services during the term of the Transition Services Agreement, we cannot assure you that these services will be performed as efficiently or proficiently as they were performed prior to the Separation. When Rightside ceases to provide services pursuant to the Transition Services Agreement, our costs of procuring those services from third parties may increase. In addition, we may not be able to replace these services in a timely manner or enter into appropriate third-party agreements on terms and conditions comparable to those under the Transition Services Agreement. To the extent that we require additional support from Rightside not addressed in the Transition Services Agreement, we would need to negotiate the terms of receiving such support in future agreements.

***If there is a determination that the Separation is taxable for U.S. federal income tax purposes, then we and our stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.***

We received a private letter ruling from the Internal Revenue Service (“IRS”), together with an opinion of Latham & Watkins LLP, tax counsel to us (the “Tax Opinion”), substantially to the effect that, among other things, the Separation qualifies as a tax-free transaction for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”). The private letter ruling and Tax Opinion relied on certain facts, assumptions, representations and undertakings from us and Rightside regarding the past and future conduct of the companies’ respective businesses and other matters. The private letter ruling did not address all the requirements for determining whether the Separation would qualify for tax-free treatment, and the Tax Opinion, which addressed all such requirements but relied on the private letter ruling as to matters covered by the ruling, is not binding on the IRS or the courts. Notwithstanding the private letter ruling and the Tax Opinion, the IRS could determine on audit that the Separation should be treated as taxable if it determines that any of these facts, assumptions, representations or undertakings is not correct or have been violated or if it disagrees with the conclusions in the Tax Opinion that are not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the stock ownership of us or Rightside after the Separation.

If the Separation ultimately is determined to be taxable, we would be subject to tax as if we had sold the Rightside common stock in a taxable sale for its fair market value, and our stockholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of Rightside’s common stock that was distributed to them. Under the Tax Matters Agreement, we may be required to indemnify Rightside against all or a portion of the taxes incurred by Rightside in the event the Separation were to fail to qualify for tax-free treatment under the Code. If we are required to pay any tax liabilities in connection with the Separation pursuant to the Tax Matters Agreement or pursuant to applicable tax law, the amounts may be significant.

***We have agreed to various restrictions to preserve the non-recognition treatment of the Separation, which may reduce our strategic and operating flexibility.***

To preserve the tax-free treatment to us of the Separation, under the Tax Matters Agreement that we entered into with Rightside, we may not take any action that would jeopardize the favorable tax treatment of the Separation. The restrictions under the Tax Matters Agreement may limit our ability to pursue certain strategic transactions or engage in other transactions that might increase the value of our business for the two-year period following the Separation. For example, we might determine to continue to operate certain of our business operations for the foreseeable future even if a sale or discontinuance of such business might have otherwise been advantageous. Moreover, in light of the requirements of Section 355(e) of the Code, we might determine to forgo certain transactions, including share repurchases, stock issuances, certain asset dispositions or other strategic transactions for some period of time following the Separation. In addition, our indemnity obligation under the Tax Matters Agreement might discourage, delay or prevent a change of control transaction for some period of time following the Separation.

## Risks Relating to our Business

***If Internet search engines continue to modify their methodologies, traffic to our owned and operated online properties and to our customers' online properties could decline significantly.***

We depend on various Internet search engines, such as Google, Bing and Yahoo!, to direct a significant amount of traffic to our owned and operated online properties and our customers' online properties. For the year ended December 31, 2014, based on our internal data, a majority of the traffic directed to eHow.com and Livestrong.com came directly from these Internet search engines and more than half of the traffic from search engines came from Google. Changes in the methodologies or algorithms used by search engines to display results could cause our owned and operated online properties or our customers' online properties to receive less favorable placements or be removed from the search results. Internet search engines could decide that content on our owned and operated online properties or our customers' online properties, or the size and placement of ad units displayed on webpages hosting our content, is unacceptable or violates their corporate policies. Internet search engines could also view changes made to our owned and operated online properties or our customers' online properties unfavorably, leading to lower search result rankings and a decrease in search referral traffic.

Google, Bing and Yahoo! regularly deploy changes to their search engine algorithms. Since 2011, we have experienced fluctuations in the total number of Google search referrals to our owned and operated online properties, including eHow.com and Livestrong.com, and to our customers' online properties. During 2013, we experienced several negative changes in Google referrals to our owned and operated online properties that, in the aggregate, were larger in magnitude than those that we previously experienced, and we have and may continue to experience negative changes in Google referrals to our owned and operated online properties. Beginning in 2014, Bing and Yahoo! began to implement similar changes to their search engine algorithms. These changes have resulted, and may continue to result, in substantial declines in traffic directed to our owned and operated online properties. Any future or ongoing changes that impact search referral traffic to our owned and operated online properties or our customers' online properties may result in material fluctuations in our financial performance.

The recent changes to search engine algorithms by Google, Bing and Yahoo!, and any future changes that may be made by search engines that negatively impact the volume of referral traffic, could further negatively impact our business. Any reduction in the number of users directed to our owned and operated online properties or our customers' online properties would likely negatively affect our ability to earn revenue. If traffic to our owned and operated online properties or our customers' online properties declines, we may be unable to cost-effectively replace lost traffic, which would adversely affect our business, financial condition and results of operations.

***We are dependent upon certain arrangements with Google for a significant portion of our revenue. A termination of, or a loss of revenue generated from, our agreements with Google would have a material adverse effect on our business, financial condition and results of operations.***

We have an extensive relationship with Google and a significant portion of our revenue is derived from advertising provided by Google. For the years ended December 31, 2014, 2013 and 2012, after giving effect to the Separation, we derived approximately 50%, 56% and 60%, respectively, of our total revenue from our arrangements with Google. Google provides cost-per-click advertisements and cost-per-impression advertisements to our owned and operated online properties and we receive a portion of the revenue generated by such advertisements. We also utilize Google's DoubleClick Ad Exchange, an auction marketplace that allows us to sell display advertising space on our owned and operated online properties and our customers' online properties. Our services agreement with Google, which governs our various advertising relationships with them, currently expires in October 2016. In addition, we use Google's DoubleClick ad serving technology to deliver advertisements to our and our customers' online properties. Google has the right to terminate these agreements prior to their expiration upon the occurrence of certain events, including if Google reasonably believes that our use of its services violates the rights of third parties, and other breaches of contractual provisions, a number of which are broadly defined. If our agreements with Google are terminated, or we are unable to enter into new agreements with Google on terms and conditions favorable to us prior to the expiration of the current agreements, we may not be able to enter into agreements with alternative third-party advertisement providers or for alternative ad serving platforms on acceptable terms or on a timely basis or both.

Furthermore, our advertising agreement with Google may not continue to generate the same level of revenue that we have received from such arrangements during past periods for a variety of reasons, including a reduction in the amounts Google is able to charge advertisers and the possibility that our online properties do not generate sufficient traffic to realize our maximum revenue share percentage with Google. Our ability to generate online advertising revenue from Google also depends, in part, on Google's assessment of the quality and performance characteristics of Internet traffic resulting from online advertisements placed on our owned and operated online properties and on our customers' online properties. In addition, Google may at any time change the nature of, or suspend, the services that it provides to online advertisers and the catalog of advertisers from which online advertisements are sourced, or modify its policies with respect to how advertisements may be displayed on a webpage. These types of changes or suspensions would adversely impact our ability to generate revenue from our advertising agreement with Google. Any termination of or change in



the services that Google provides to us, or a loss of revenue generated by our advertising agreement with Google, would have a material adverse effect on our business, financial condition and results of operations.

***We generate the majority of our revenue from advertising. A reduction in ad unit rates, online advertising spend, a loss of advertisers or lower advertising yields could seriously harm our business, financial condition and results of operations.***

We rely on third-party advertising providers, such as Google, to provide advertisements to our owned and operated online properties and our customers' online properties. For the years ended December 31, 2014, 2013 and 2012, after giving effect to the Separation, we generated 70%, 83% and 83%, respectively, of our revenue from advertising, and we expect to continue to derive the majority of our revenue from advertising. We have experienced declines in ad unit rates for both desktop and mobile during 2014, resulting in lower advertising revenue, and any further reductions in ad unit rates would negatively impact our financial results. We also believe that advertising spend on the Internet, as in traditional media, fluctuates significantly as a result of a variety of factors, many of which are outside of our control. These factors include variations in expenditures by advertisers due to budgetary constraints; the cyclical and discretionary nature of advertising spending; general economic conditions, as well as economic conditions specific to the Internet and media industry; and the occurrence of extraordinary events, such as natural disasters, international or domestic terrorist attacks or armed conflict. Additionally, brands and advertisers are increasingly focusing a portion of their online advertising budgets on social media outlets such as Facebook, Twitter and Pinterest. If this trend continues and we are unable to offer competitive or similarly valued advertising opportunities, our revenue from advertising could be adversely impacted. An inability to maintain or increase our advertising revenue would have a material adverse effect on our business, financial condition and results of operations.

In 2014, we shifted our advertising strategy with respect to our display ad inventory to focus on programmatic offerings that utilize advertising network exchanges rather than a direct sales force. This shift requires us to actively manage the sale of our owned and operated inventory on an advertising exchange. An inability to successfully manage this process could have a material adverse effect on our business, financial condition and results of operations.

In addition, one component of our platform that we use to generate advertiser interest is our system of monetization tools, which is designed to match content with advertisements in a manner that optimizes revenue yield and end-user experience. Advertising providers and advertisers will stop placing advertisements on our owned and operated online properties or our customers' online properties if their investments do not generate sales leads, and ultimately customers, or if we do not deliver their advertisements in an appropriate and effective manner. The failure of our yield-optimized monetization technology to effectively match advertisements with our content in a manner that results in increased revenue for advertisers would have an adverse impact on our ability to maintain or increase our revenue from advertising. If any of our advertisers or advertising providers, and in particular Google, decides not to continue advertising on, or providing advertisements to, our owned and operated online properties or our customers' online properties, or modifies its advertising policies in a manner that could negatively impact yield, we could experience a rapid decline in our revenue over a relatively short period of time.

***Changes in our Content & Media business model and increased expenditures for certain aspects of this business, including planned improvements to certain of our online properties, will negatively impact our operating margins in the near-term and may not lead to increased visits and revenue in the long-term.***

We have incurred and intend to continue to incur significant expenses to improve the user experience and engagement on certain of our owned and operated online properties by redesigning our websites; refining and consolidating our existing content library; reducing the number of advertisements per page; and developing a greater variety of content formats, particularly formats better suited for mobile devices. Such expenses do not directly generate related revenue and could lead to reduced revenue, and these changes will negatively impact our operating margins in the near-term. These changes also may not result in increased visits to, or increased revenue generated by, our owned and operated online properties in the long-term. In addition, we recorded approximately \$7.2 million of accelerated amortization expense during the year ended December 31, 2014 and are likely to record a significant amount of accelerated amortization expense during fiscal 2015 in connection with removing additional content from our library. As a result of previous evaluations of our content library, we elected to remove certain articles, videos and slideshows, resulting in related accelerated amortization expense of \$2.4 million, \$2.1 million and \$5.9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

In addition, we plan to continue to expand our investment in our Content Solutions offering, which helps publishers and brands broaden their reach online by providing them with topically relevant custom content, spanning across text, video, photography and designed visuals, to publish on their online properties or for use in other distribution outlets. If our existing and prospective Content Solutions customers do not perceive our content to be driving performance for their business, we may not be able to expand our relationship with our current customers or identify and attract new customers, and we may not generate sufficient revenue through this service offering to justify our current investment in this business.

***If we are unable to successfully implement our new online marketplace initiatives, or if the revenue generated from these initiatives is less than the costs of such initiatives, our business, financial condition and results of operations could be adversely affected.***

We operate two leading artist marketplaces where large communities of artists can market and sell their original artwork and their designs on art prints and other products. Society6, which we acquired in June 2013, provides artists with an online commerce platform to feature and sell their original designs on art prints, phone and tablet cases, t-shirts and other consumer products. Saatchi Art, which we acquired in August 2014, is an online art gallery featuring a wide selection of paintings, drawings, sculpture and photography that provides a global community of artists a curated environment in which to exhibit and sell their work directly to consumers around the world. We have limited experience in implementing, marketing, managing and growing these revenue streams.

The success of our marketplace initiatives is dependent upon a number of factors, including:

- demand for these products, market acceptance of our products and our ability to attract new customers;
- increased brand awareness and the reputation of our online marketplaces;
- our ability to maintain the artist communities on Society6 and Saatchi Art so that artists continue to contribute and maintain their original artwork and designs on these marketplaces;
- our ability to cost-effectively develop, introduce and market new products on a timely basis to address changing consumption trends, consumer preferences and new technologies;
- the success and competitiveness of new entrants into this highly competitive industry;
- competitive pricing pressures, including potential discounts offered to attract customers and reduced or free shipping;
- maintaining significant strategic relationships with our print-on-demand suppliers and ensuring the quality of their products and the timeliness of our production cycle;
- disruptions in the supply-chain, production and fulfillment operations associated with the print-on-demand products sold through our online marketplaces;
- shipping disruptions or delays with the products sold through our online marketplaces;
- the return rate for products sold through our online marketplaces;
- the overall growth rate of e-commerce and online marketplaces;
- overall changes in consumer spending on discretionary purchases; and
- legal claims, including copyright and trademark infringement claims, associated with content that is included in the products sold through our online marketplaces, as well as product liability claims, both of which may expose us to greater litigation cost in the future as compared to historical levels.

If we are unable to successfully implement our new online marketplace initiatives, or if the revenue generated from these initiatives is less than the costs of such initiatives, our business, financial condition and results of operations could be adversely affected.

***If we are unable to attract and retain visitors to our online properties or customers for our artist marketplaces, our business, financial condition and results of operations would be adversely affected.***

In order for our business to grow, we must attract new visitors to our online properties and new customers for our artist marketplaces, and we must retain our existing visitors and customers. Our success in attracting traffic to our owned and operated online properties and to our customers' online properties and converting these visitors into repeat users depends, in part, upon our continued ability to identify, create and distribute high-quality content and connect consumers with the formats and types of content that meets their specific interests and enables them to interact with supporting communities. We may not be able to identify and create the desired variety, quality and types of content in a cost-effective manner or meet rapidly changing consumer demand in a timely manner, if at all.

Additionally, while we use proprietary technology and algorithms designed to predict consumer demand and return on investment to create and distribute our content cost-effectively, the ultimate returns on our investment in content creation are difficult to predict and may not be sustained in future periods at the same level as in past periods. Furthermore, our proprietary technology and algorithms are dependent on analyzing existing Internet search traffic data, and our analysis may be impaired by changes in Internet traffic or search engines' methodologies, which we do not control. Another method we employ to attract and acquire new, and retain existing, visitors is search engine optimization ("SEO"), which involves developing content to rank well in search engine results. Our ability to successfully manage SEO efforts across our owned and operated online properties and our customers' online properties is dependent on our timely and effective modification of SEO practices implemented in response to periodic changes in search engine algorithms and methodologies and changes in search query trends. Historically, we have been unable to generate a significant amount of traffic to our online properties outside of our SEO efforts. If we do not successfully manage and modify our SEO efforts, we could experience substantial declines in traffic to the online properties that publish our content, which would result in lower conversion rates and less repeat business. Even if we succeed in driving traffic to our and our customers' online properties, we may not be able to effectively monetize this traffic or otherwise retain visitors, which could result in lower advertising revenue from our owned and operated online properties and decreases in the number of customers publishing our content to their online properties. Any failure to identify, create and distribute high-quality content or to effectively monetize traffic to our online properties would adversely affect our business, financial condition and results of operations.

In order to grow our online marketplaces, we must expand our customer base, which will require us to appeal to customers who have historically used other means of commerce to purchase similar products or who may already use our competitors' offerings. We may incur significant expenses related to customer acquisition and the net sales from new customers may not ultimately exceed the cost of acquiring these customers. Our ability to attract new customers to our marketplaces also depends, in part, on our ability to establish and maintain relationships with the various channels used by our current and prospective customers, including social media sites, search engines, and other online services, in order to drive traffic to our online properties. If we are unable to develop or maintain these relationships, our ability to attract new customers would suffer. Additionally, we believe that many of the new customers for our marketplaces originate from word-of-mouth and other non-paid referrals from existing customers. If we fail to deliver an enjoyable shopping experience or if our customers do not perceive the products sold through our marketplaces to be of high value and quality, we may experience difficulties retaining our existing customers and attracting new customers through referrals, which would require us to incur significantly higher marketing expenses to attract new customers. If the number of transactions generated by our current customer base declines, or we are unable to attract new customers to our marketplaces, we may experience lower customer growth than expected and our business, financial condition and results of operations could be materially and adversely affected.

***We face significant competition, which we expect will continue to intensify, and we may not be able to maintain or improve our competitive position or market share.***

We operate in highly competitive and still developing markets. The industries in which we compete are characterized by rapid technological change, various business models and frequent disruption of incumbents by innovative entrants. There can be no assurance that we will be able to compete successfully against current or future competitors and a failure to increase, or the loss of, market share, would likely seriously harm our business, financial condition and results of operations.

#### *Content & Media*

We face intense competition for our Content & Media service offering from a wide range of competitors. We compete for advertisers and customers on the basis of a number of factors including return on marketing expenditures, price of our offerings and the ability to deliver large amounts, or precise types, of segmented customer traffic. Our current principal competitors include:

- *Online Marketing and Media Companies.* We compete with other Internet marketing and media companies, such as AOL, IAC and various startup companies as well as leading online media companies such as Yahoo!, for online marketing budgets. Most of these competitors compete with us across several areas of consumer interest, such as do-it-yourself, health and healthy living, home and garden, arts and crafts, beauty and fashion, golf, outdoors and humor.
- *Social Media Outlets.* We compete with social media outlets such as Facebook, Twitter and Pinterest, where brands and advertisers are focusing a significant portion of their online advertising spend in order to connect with their customers.
- *Specialized and Enthusiast Online Properties.* We compete with companies that provide specialized consumer information online, particularly in the do-it-yourself, health and healthy living, home and garden, arts and crafts, beauty and fashion, golf, outdoors and humor categories, as well as enthusiast online properties in specific categories, including message boards, blogs and other enthusiast websites maintained by individuals and other Internet companies.

- *Distributed Content Creation Platforms.* We compete with companies that employ a content creation model with aspects similar to our platform, such as NewsCred and Contently, including for the creation of content for third-parties.

We may be subject to increased competition in the future if any of these competitors devote increased resources to more directly address the online market for the professional creation of content. For example, if Google chose to compete more directly with us, we may face the prospect of the loss of business or other adverse financial consequences given that Google possesses a significantly greater consumer base, financial resources, distribution channels and patent portfolio. In addition, should Google decide to directly compete with us in areas such as content creation, it may decide for competitive reasons to terminate or not renew our commercial agreements and, in such an event, we may experience a rapid decline in our revenue from the loss of our source for advertising on our owned and operated online properties and on our customers' online properties. In addition, Google's access to more comprehensive data regarding user search queries through its search algorithms would give it a significant competitive advantage over everyone in the industry, including us. If this data is used competitively by Google, sold to online publishers or given away for free, our business may face increased competition from companies, including Google, with substantially greater resources, brand recognition and established market presence.

In addition to Google, many of our current and other potential competitors for our Content & Media service offering enjoy substantial competitive advantages, such as greater name recognition, longer operating histories, substantially greater financial, technical and other resources and, in some cases, the ability to combine their online marketing products with traditional offline media such as newspapers or magazines. These companies may use these advantages to offer products and services similar to ours at a lower price, develop different products to compete with our current offerings and respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. For example, both AOL and Yahoo! may have access to proprietary search data which could be utilized to assist them in their content creation processes. In addition, many of our current and potential competitors have established marketing relationships with and access to larger customer bases. Due to this intense competition, we may be unable to maintain or improve our competitive position or market share in the content and media business.

#### *Marketplaces*

Our Marketplaces service offering competes with a wide variety of online and brick-and-mortar companies selling original artwork and customized design-focused products. Society6 competes with companies, such as RedBubble, Zazzle and Minted, that offer specialty products that are produced and shipped based on a print-on-demand model, whereby user or artist generated art designs are printed on t-shirts, art prints, mobile accessories and other products, as well as small online providers of niche customization services and product offerings. Saatchi Art competes with traditional offline art galleries, art consultants and other online properties selling original artwork, such as Artfinder, Artspace and Ugallery. We expect competition to continue to intensify as online and offline businesses increasingly are competing with each other, and because the barriers to entry into online channels can be low. Businesses can launch online sites or mobile platforms and applications for a nominal cost by using commercially-available software or partnering with successful e-commerce companies.

Both of our artist marketplaces must successfully attract, retain and engage both buyers and sellers to use our platforms. We believe that the principal competitive factors for our marketplaces include the quality, price and uniqueness of the products being offered; the selection of goods and artists featured on our online properties; the ability to source numerous products efficiently and cost-effectively with respect to our print-on-demand products; customer service; the convenience and ease of the shopping experience we provide; and our reputation and brand strength.

Many of our current competitors for our artist marketplaces have, and potential competitors may have, longer operating histories, larger customer bases, greater technical capabilities, and significantly greater financial, marketing and other resources than we have. Some of our competitors may offer or continue to offer faster and/or free shipping, favorable return policies or other transaction-related services which improve their user experience, but which could be impractical or inefficient for our sellers to match. Some of our competitors may be able to use the advantages of brick-and-mortar stores or other sorts of physical presence to build their customer bases and drive sales. These factors may allow our competitors to derive greater net sales and profits from their existing customer base, acquire customers at lower costs, use incentive programs to acquire our customers, or respond more quickly than we can to new or emerging technologies and changes in consumer habits. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate net sales from their customer bases more effectively than we do. For all of these reasons, we may not be able to compete successfully against the current and potential competitors to our artist marketplaces.



***Mobile devices, such as smartphones and tablets, are increasingly being used to access the Internet and our online media offerings may not be as effective when accessed through these devices. Additionally, mobile advertising yields are lower on average than those for desktop and laptop computers, which could negatively impact our business, financial condition and results of operation.***

Historically, most online media consumption has occurred on a desktop or laptop computer. However, the number of people who access the Internet through mobile devices such as smartphones and tablets has increased substantially in recent years. If we cannot effectively distribute our content, products and services on these devices, we could experience a decline in visits and traffic and a corresponding decline in revenue. It is also more difficult to display advertisements on mobile devices without disrupting the consumer experience. We may make changes to the layouts and formats of our mobile web optimized sites in order to improve the user experience or comply with the requirements of our advertising partners, which could negatively impact our monetization efforts on mobile devices. In addition, mobile advertising yields on average are currently lower than those for desktop and laptop computers, in part due to the limitations involved in using cookies on mobile devices to track and optimize mobile advertising and the reduced screen space available to render ads to consumers. The continued increase in mobile consumption of our content, which is now contributing significantly higher visit growth as compared to visit growth from desktop or laptop computers, has resulted in a reduction in our Content & Media revenue per one thousand visits, or RPVs. As a result of these factors, the increasing use of mobile devices to access our content could negatively impact our business, financial condition and results of operations.

***If the mobile solutions available to buyers and sellers using our online marketplaces are not effective, the growth prospects of our marketplace platforms could decline and our business could be adversely affected.***

Consumers are increasingly conducting online shopping on mobile devices and tablets instead of desktop computers. Although we are currently focused on improving the mobile experience for both buyers and sellers using our online marketplaces, the smaller screen size and reduced functionality associated with some mobile device interfaces may make the use of our marketplace platforms more difficult or less appealing to our members, and visits to our marketplaces on mobile devices may not convert into purchases as often as visits made through desktop computers. Society6 and Saatchi Art sellers are also increasingly using mobile devices to operate and monitor their businesses on our platforms and if we are not able to deliver a rewarding experience to sellers using mobile devices, our marketplace businesses may suffer. Additionally, developing and supporting apps for our online marketplaces may require substantial time and resources, particularly as new mobile devices and mobile platforms are released, and we may encounter problems with our apps or mobile sites after development and launch. If our members encounter difficulty accessing or using our marketplace platforms on their mobile devices, or if our members choose not to use our marketplace platforms on their mobile devices, our growth prospects and our business may be adversely affected.

***If we do not continue to innovate and provide products and services that are useful to our customers, we may not remain competitive, and our revenue and operating results could suffer.***

Our success depends on our ability to innovate and provide products and services useful to or sought out by our customers. We must continue to invest significant resources in product development in order to maintain and enhance our existing products and services and introduce new products and services that deliver a sufficient return on investment and that our customers can easily and effectively use. If we are unable to provide quality products and services, we may lose visitors, advertisers and customers, and our revenue and operating results would suffer. Our operating results would also suffer if our innovations are not responsive to the needs of our customers and our advertisers, are not appropriately timed with market opportunities or are not effectively brought to market.

***Historically, the success of our Content & Media service offering has been closely tied to the success of eHow. If eHow's performance falters, it could have a material adverse effect on our business, financial condition and results of operations.***

For the years ended December 31, 2014, 2013 and 2012, after giving effect to the Separation, we generated approximately 43%, 56% and 57%, respectively, of our revenue from eHow. eHow depends primarily on various Internet search engines to direct traffic to the site and we have historically had difficulty driving increased amounts of traffic to eHow outside of our SEO efforts. For the year ended December 31, 2014, we estimate that approximately 81% of eHow's traffic came from search engines, with nearly all of eHow's search engine traffic coming from Google, Yahoo! and Bing. The success of eHow could be adversely impacted by a number of factors, including further changes in search engine algorithms or other methodologies similar to those previously implemented by Google, Bing and Yahoo! that negatively impact the volume of referral traffic, some of which negatively impacted search referral traffic to eHow and caused a reduction in visits to eHow; overall declines in cost-per-click rates seen throughout the industry; our failure to properly manage SEO efforts for eHow; our failure to prevent internal technical issues that disrupt traffic to eHow; or reduced reliance by Internet users on search engines to locate relevant content. Additionally, as we continue to evaluate and improve the user experience on eHow, we may make changes, such as refining the content library, reducing the number of advertising units and changing the format of advertising units, that are designed to improve the consumer experience on eHow, but which could negatively impact revenue. We have also already produced a significant amount of content that is housed on eHow and it has become difficult for us to continue to identify topics and produce content with the same level of broad consumer appeal as the content we have produced

up to this point. A decline in eHow's performance could result in a material adverse effect to our business, financial condition and results of operations.

***Poor perception of our brands or business could harm our reputation and adversely affect our business, financial condition and results of operations.***

Our Content & Media business is dependent on attracting a large number of visitors to our owned and operated online properties and our customers' online properties and providing leads and clicks to our advertisers, which depends in part on our reputation within the industry and with our users. Perception that the quality of our content may not be the same or better than that of other published Internet content, even if baseless, can damage our reputation. Any damage to our reputation could harm our ability to attract and retain advertisers, visitors, customers, freelance professionals and artists, which would materially adversely affect our business, financial condition and results of operations. Furthermore, certain of our owned and operated online properties, such as Livestrong.com and eHow.com, as well as some of the content we produce for our customers' online properties, are associated with high-profile experts to enhance brand recognition and credibility. Any adverse news reports, negative publicity or other alienation of all or a segment of our consumer base relating to these high-profile experts would reflect poorly on our brands and could have a material adverse effect on our business. For example, Livestrong.com is a licensed trademark from the Livestrong Foundation, which is the charitable foundation created by Lance Armstrong to promote cancer awareness and healthy lifestyles.

***We rely primarily on freelance professionals and artists for a majority of our online content. We may not be able to attract or retain sufficient freelance professionals and artists to generate content on a scale or of a quality sufficient to grow or maintain our business.***

We rely primarily on freelance professionals for the content that we distribute through our owned and operated online properties and our customers' online properties, and on artists to sell their original artwork on Saatchi Art or upload their unique art designs to Society6. We may not be able to attract or retain sufficient qualified and experienced freelance professionals and artists to generate content on a scale or of a quality sufficient to grow or maintain our business. For example, our content solutions offering may require the engagement of producers, contributors, talent, editors and filmmakers with a specialized skill set, and there is no assurance that we will be able to engage such specialists in a cost-effective manner or at all. In addition, our online artist marketplaces rely on artists to join our communities and contribute original artwork and designs that they seek to sell or monetize through the sale of art prints and other print-on-demand products.

Furthermore, as our business evolves, we may not offer the volume of traditional content assignments that we previously offered, and some of our freelance professionals may seek assignments elsewhere or otherwise stop producing content for us. In addition, our competitors may attempt to attract members of our freelance professional and artist communities by offering compensation and revenue-sharing arrangements that we are unable to match. In the vast majority of cases we have no written agreements with freelance professionals which obligate them to create content beyond the specific content that they elect to create at any particular time, and no agreements with artists to obligate them to continue to contribute or maintain original designs and artwork on Society6 or Saatchi Art. In the event that we are unable to attract or retain qualified freelance professionals, we could incur substantial costs in procuring suitable replacement content, and if we are unable to attract artists to our online marketplaces, our revenues from sales of artwork and print-on-demand products will decrease, either of which could have a negative impact on our business, financial condition and results of operations.

***We may not be successful in developing new content offerings, including our content solutions services, or acquiring, investing in or developing new lines of business, which may limit our future growth and have a negative effect on our business, financial condition and results of operations.***

Important potential areas of growth for us are the development of new content offerings, including our content solutions services, and the acquisition, investment or internal development of new lines of business such as our marketplace initiatives. We have limited experience developing our content solutions services and developing, launching or growing online marketplaces, and we may not be successful in implementing these new lines of business. New lines of business may also be subject to significant business, economic and competitive uncertainties and contingencies frequently encountered by new businesses in competitive environments, many of which are beyond our control, including the lack of market acceptance. If we develop, acquire or invest in new lines of business or new content offerings, we will need to effectively integrate and manage these new businesses and implement appropriate operational, financial and management systems and controls. We may not be able to achieve the expected benefits from these new lines of business or content offerings, and we may not recover the funds and resources we have expended on them. If we are unable to successfully acquire, invest in or develop new lines of business or expand our content offerings, our future growth would be limited which could have a negative effect on our business, financial condition and results of operations.

***The loss of third-party data providers, or the inability to use data in the way we currently do, could significantly diminish the value of our algorithms, which could limit the effectiveness of our content creation process and have a material adverse effect on our business, financial condition and results of operation.***

We collect data regarding consumer search queries from a variety of sources. When a user accesses one of our owned and operated online properties, we may have access to certain data associated with the source and specific nature of the visit. We also license consumer search query data from third parties. We have created algorithms that utilize this data to help us determine what content consumers are seeking, if that content is valuable to advertisers and whether we can cost-effectively produce this content. Some of these third-party consumer search data agreements are for perpetual licenses of a discrete amount of data and do not provide for updates of the data licensed. We may not be able to enter into agreements with these third parties to license additional data on the same or similar terms, if at all. If we are not able to enter into agreements with these providers, we may not be able to enter into agreements with alternative third-party consumer search data providers on acceptable terms or on a timely basis or both. Any termination of our relationships with these consumer search data providers, or any entry into new agreements on terms and conditions less favorable to us, could limit the effectiveness of our content creation process, which would have a material adverse effect on our business, financial condition and results of operations. In addition, new laws or changes to existing laws in this area may prevent or restrict our use of this data. In such event, the value of our algorithms and our ability to determine what consumers are seeking could be significantly diminished.

***We depend upon the quality of traffic to our owned and operated online properties and our customers' online properties to provide value to online advertisers, and any failure in our quality control could have a material adverse effect on the value of such online properties to our third-party advertisement distribution providers and online advertisers and thereby adversely affect our revenue.***

We depend upon the quality of traffic to our owned and operated online properties and our customers' online properties to provide value to online advertisers. Low quality traffic can include clicks associated with non-human processes, including robots, spiders or other software; the mechanical automation of clicking; and other types of invalid clicks or click fraud. There is a risk that a certain amount of low-quality traffic, or traffic that is deemed to be invalid by online advertisers, will be delivered to online advertisers on our online properties or our customers' online properties. As a result, we may be required to credit future amounts owed to us by our advertising partners or repay them for amounts previously received if such future amounts are insufficient. Furthermore, low-quality or invalid traffic may be detrimental to our relationships with third-party advertisement distribution providers and online advertisers, and could adversely affect our revenue.

***As a creator and a distributor of Internet content, we face potential liability and expenses for legal claims based on the nature and content of the materials that we create or distribute, or that are accessible via our owned and operated online properties and our customers' online properties. If we are required to pay damages or expenses in connection with these legal claims, our business, financial condition and results of operations may be harmed.***

As a creator and distributor of original content and third-party provided content, we face potential liability in the United States and abroad based on a variety of theories, including copyright or trademark infringement, defamation, negligence, unlawful practice of a licensed profession and other legal theories based on the nature, creation or distribution of this information, and under various laws, including the Lanham Act and the Copyright Act. We may also be exposed to similar liability in connection with content that we do not create but that is posted to our owned and operated online properties and to our customers' online properties by users and other third parties through forums, comments, personas and other social media features. In addition, it is also possible that visitors to our owned and operated online properties or our customers' online properties could bring claims against us for losses incurred in reliance upon information provided on such online properties. These claims, regardless of their merit, could divert management time and attention away from our business and result in significant costs to investigate and defend. If we become subject to these or similar types of claims and are not successful in our defense, we may be forced to pay substantial damages. If the content we distribute through our owned and operated online properties or our customers' online properties violates the intellectual property rights of others or gives rise to other legal claims against us, we could be subject to substantial liability, which could have a negative impact on our business, financial condition and results of operations.

### **Risks Relating to our Company**

***We have a history of operating losses and may not be able to operate profitably or sustain positive cash flow in future periods.***

We were founded in 2006 and, except for the year ended December 31, 2012, when we generated net income, we have had a net loss in every year from inception, including generating a net loss of \$267.4 million for the year ended December 31, 2014. As of December 31, 2014 we had an accumulated deficit of approximately \$352.1 million and we may incur net operating losses in the future. Moreover, our cash flows from operating activities in the future may not be sufficient to fund our desired level of investment and expenditures in our content creation and distribution platform and online marketplaces, as well as the development and launch of new products and services. Our ability to generate net income in the future will depend in large part on our ability to generate and

sustain substantially increased revenue levels, while continuing to control our expenses. We may incur significant operating losses in the future for a number of reasons, including those discussed in other risk factors and factors that we cannot foresee, and we may be unable to generate net income or sufficient positive cash flows.

***We may not be able to obtain capital when desired on favorable terms, if at all, or without substantial dilution to our stockholders, which may impact our ability to execute on our current or future business strategies.***

We anticipate that our current cash, cash equivalents and cash provided by operating activities will be sufficient to fund our operations for the next 12 months. It is possible, however, that we may not generate sufficient cash flow from operations or otherwise have the capital resources to meet our future capital needs, including to invest in areas for growth, and we do not currently have a line of credit in place if we need to borrow funds. If we do not generate sufficient cash flow from operations or otherwise have sufficient capital resources available, we may need to enter into a new financing arrangement to execute on our current or future business strategies, including developing new or investing in existing service offerings, maintaining our operating infrastructure, acquiring complementary businesses, hiring additional personnel or otherwise responding to competitive pressures. We cannot assure you that a new financing arrangement will be available to us on favorable terms, or at all. Furthermore, if we raise additional funds through the issuance of convertible debt or equity securities, the percentage ownership of our stockholders could be significantly diluted, and these newly issued securities may have rights, preferences or privileges senior to those of existing stockholders. If adequate funds are not available or are not available on acceptable terms, if and when needed, our ability to fund our operations, meet obligations in the normal course of business, take advantage of strategic opportunities, or otherwise respond to competitive pressures would be significantly limited.

***The intangible assets on our balance sheet may be subject to impairment. If our intangible assets or goodwill become impaired we may be required to record a significant non-cash charge to earnings which would have a material adverse effect on our results of operations.***

We carry a substantial amount of intangible assets on our balance sheet, primarily from the creation of our long-lived media content. We also carry goodwill on our balance sheet from certain acquisitions we have made over the past several years. We assess potential impairments to our intangible assets and goodwill when there is evidence that events or changes in circumstances indicate that the carrying value of such intangible assets or goodwill may not be recoverable. In the third quarter of 2014, we experienced unexpected revenue declines attributable to lower traffic and monetization yield on certain of our Content & Media websites that caused us to lower our future cash flow expectations. Additionally, our market capitalization remained at a level below the book value of our net assets for an extended period of time, including as of September 30, 2014. As a result of these factors, we performed an interim assessment of impairment of the goodwill in our Content & Media reporting unit in the third quarter of 2014. In performing the impairment assessment, we determined that the implied fair value of goodwill in the reporting unit was substantially lower than its carrying value and recorded a \$232.3 million pretax impairment charge in the third quarter of 2014. We performed our annual impairment analysis in the fourth quarter of the year ended December 31, 2014, and based on the results of the annual impairment test there were no additional goodwill impairment charges for the year ended December 31, 2014. Additional significant and sustained declines in our stock price and market capitalization relative to our book value or our inability to generate sufficient revenue or cash flows from our long-lived media content or the businesses that we have acquired may result in us having to take additional impairment charges against certain of our intangible assets or goodwill. If we are required to record additional impairment charges in future periods, it could have a material adverse effect on our results of operations and financial condition, particularly in the period such charge is taken.

***Our operating results may fluctuate on a quarterly and annual basis due to a number of factors, which may make it difficult to predict our future performance.***

Our revenue and operating results could fluctuate significantly from quarter-to-quarter and year-to-year due to a variety of factors, many of which are outside of our control. Our revenue and operating results in the near term will also fluctuate as a result of the Separation, including in connection with the public company costs to be borne by a smaller public company and the impact of cost allocations between the two companies. Therefore, comparing our operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed in this section, factors that may contribute to the variability of our quarterly and annual results include:

- lower than anticipated levels of traffic to our owned and operated online properties and to our customers' online properties;
- seasonality of the revenue associated with our online marketplaces, including increased sales activity during the holiday season;



- spikes in sales of our print-on-demand products due to major social or political events resulting in a short-term demand for products with related content;
- competitive pricing pressures, including shipping costs and potential discounts offered, associated with the products sold through our online marketplaces;
- disruptions in the supply-chain, production and fulfillment operations associated with the products sold through our online marketplaces;
- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our services, operations and infrastructure, especially one-time costs related to the development or acquisition of new products and services;
- failure of our content to generate sufficient or expected revenue during its estimated useful life to recover its unamortized creation costs, which may result in increased amortization expenses associated with, among other things, a decrease in the estimated useful life of our content, an impairment charge associated with our existing content, or expensing future content acquisition costs as incurred;
- creation of content in the future that may have a shorter estimated useful life as compared to our current portfolio of content, or which we license exclusively to third parties for periods that are less than the estimated useful life of our existing content, which may result in, among other things, increased content amortization expenses or the expensing of future content acquisition costs as incurred;
- changes in Internet advertising purchasing patterns by advertisers, and changes in how we sell advertisements from direct advertising sales to more automated advertising solutions;
- timing of and revenue recognition for certain transactions;
- changes in generally accepted accounting principles;
- our focus on long-term goals over short-term results; and
- weakness or uncertainty in general economic or industry conditions.

It is possible that our operating results may fluctuate and our operating results may be below the expectations of public market analysts and investors in one or more future quarters due to any of the factors listed above, a combination of those factors or other reasons, which could have a material adverse impact on the price of shares of our common stock.

***We have made and may make additional acquisitions that involve significant execution, integration and operational risks and we may not realize the anticipated benefits of any such acquisitions.***

We evaluate acquisition and expansion opportunities on an ongoing basis and may pursue select acquisitions, such as our acquisitions of Society6 in June 2013 and Saatchi Art in August 2014. We may continue to make acquisitions of complementary websites, businesses, solutions, technologies or talent in the future to increase the scope of our business. The identification of suitable acquisition candidates can be difficult, time-consuming and costly. Potential acquisitions require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business and results of operations. In addition, the expected benefits of acquisitions may not materialize as planned, including achieving certain financial and revenue objectives. Certain acquired businesses or the transactions entered into as part of business combinations may also carry contingent liabilities that could materially impact our future results of operations and financial condition. Furthermore, we may not be able to successfully complete identified acquisitions. If we are unable to identify suitable future acquisition opportunities, reach agreement with such parties or obtain the financing necessary to make such acquisitions, we could lose market share to competitors who are able to make such acquisitions. This loss of market share could negatively impact our business, revenue and future growth.

Even if we successfully complete an acquisition, we may not be able to successfully assimilate and integrate the acquired websites, business, assets, technologies, solutions, personnel or operations, particularly if key personnel of an acquired company decide not to work for us, and we therefore may not achieve the anticipated benefits of such acquisition. Acquisitions also could harm our reputation or brands generally, as well as our relationships with existing customers. In addition, financing an acquisition may require us to (i) use substantial portions of our available cash on hand, (ii) incur additional indebtedness, which would increase our

costs and impose operational limitations, and/or (iii) issue equity securities, which would dilute our stockholders' ownership and could adversely affect the price of our common stock. We may also unknowingly inherit liabilities from previous or future acquisitions that arise after the acquisition and are not adequately covered by indemnities, and certain stockholders of an acquired company may dissent from or object to an acquisition or otherwise seek to assert claims related to the transaction. For example, certain former common stockholders of Saatchi Art have filed a complaint alleging that (i) the former directors of Saatchi Art, certain former officers of Saatchi Art and certain preferred stockholders of Saatchi Art breached their fiduciary duties to the common stockholders in connection with the sale of Saatchi Art to us, (ii) certain preferred stockholders of Saatchi Art aided and abetted the former directors' and officers' breach of fiduciary duties, and (iii) certain preferred stockholders and the Saatchi Art entity violated a Saatchi Art voting agreement by breaching the implied covenant of good faith and fair dealing. We may be required to expend significant resources in connection with this matter and, if any amounts are awarded to the claimants, we may not be able to recover all such amounts from the escrowed portion of the purchase price set aside to cover post-closing indemnification claims.

***We depend on key personnel to operate our business, and if we are unable to retain our current personnel or hire additional personnel, our ability to develop and successfully market our business could be harmed.***

We believe that our future success is highly dependent on the contributions of our executive officers, as well as our ability to attract and retain highly skilled personnel, including engineers and developers. Since August 2012, several of our executive officers have resigned, including our Chairman and Chief Executive Officer in October 2013 and our Chief Financial Officer in December 2014. We appointed Sean Moriarty as our new Chief Executive Officer in August 2014 and Rachel Glaser is expected to begin serving as our new Chief Financial Officer in April 2015. It is important that we retain other key personnel following these changes. In addition, qualified individuals that are critical to the success of our current and future business, including engineers and developers, are in high demand, and we may incur significant costs to attract and retain them. All of our officers and other employees are at-will employees, which means they can terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. Volatility or under-performance in our stock price may also affect our ability to attract new employees and retain our existing key employees. Our executive officers and employees may be more inclined to leave us if the perceived value of equity awards, including restricted stock units and stock options, decline. If we lose the services of key personnel, especially during this period of leadership transition, or do not hire or retain other personnel for key positions, our business and results of operation could be adversely affected. In addition, we do not maintain "key person" life insurance policies for any of our executive officers.

***Our business is subject to online security risks, including security breaches, and any actual or perceived security breach could have a material adverse effect on our business, financial condition and results of operations.***

Some of our systems, products and services involve the storage and transmission of information regarding our users, customers, and advertising and publishing partners, and our information technology and infrastructure may be vulnerable to cyberattacks, malware or security incidents that result in third parties gaining access to such proprietary information. An increasing number of websites have recently disclosed online security breaches, some of which have involved sophisticated and highly targeted attacks on portions of their websites or infrastructure. Our security measures may be breached and unauthorized parties may attempt to gain access to our systems and information through various means, including hacking into our systems or facilities, fraud, employee error, malfeasance, or inserting malicious code or malware into our code base. For example, in 2014 we determined that an unauthorized individual may have gained access to the user names, email addresses and passwords of certain of our eHowNow customers. Additionally, outside parties may attempt to fraudulently induce employees, users, or customers to disclose sensitive information by using fraudulent "spoof" and "phishing" emails and they may introduce viruses or other malware through "trojan horse" programs to our users' computers in order to gain access to our systems and the data stored therein. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, often are not recognized until launched against a target and may be difficult to detect for a long time, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any security breach or unauthorized access could result in a misappropriation of our proprietary information or the proprietary information of our users, customers or partners, which could result in significant legal and financial exposure, an interruption in our operations and damage to our reputation. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose users, customers, advertisers or publishers, all of which could have a material adverse effect on our business, financial condition and results of operations. Any security breach at a company providing services to us or our users could have similar effects. In addition, we may need to expend significant resources to protect against security breaches or to address problems caused by a breach, and the coverage limits on our insurance policies may not be adequate to reimburse us for any losses caused by security breaches.

***We are subject to risks related to the third party credit card payment processing solution integrated with our websites. If our third party payment processors fail to be in compliance with applicable credit card rules and regulations, we may be required to migrate to an alternate payment processor, experience transaction downtime during the migration and lose customers.***

Many of our online marketplace customers pay amounts owed to us using a credit card or debit card. For credit and debit card payments, we pay payment processing fees in addition to interchange and other fees, which may increase over time and raise our operating expenses and adversely affect our net income. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. We believe we and our payment processing service providers are compliant in all material respects with the Payment Card Industry Data Security Standard, which incorporates Visa's Cardholder Information Security Program and MasterCard's Site Data Protection standard. However, there is no guarantee that such compliance will be maintained or that compliance will prevent illegal or improper use of our systems that are integrated with our payment processing providers. If either of our third party payment processors fails to be in compliance with applicable credit card rules and regulations, we may be required to migrate to an alternate payment processor which could result in transaction downtime during the migration and a loss of customers, either of which could have a material adverse effect on our business, financial condition and results of operations.

***If we do not adequately protect our intellectual property rights, our competitive position and business may suffer.***

Our intellectual property, consisting of trade secrets, trademarks, service marks, patents and copyrights, is, in the aggregate, important to our business. We rely on a combination of trade secret, trademark, copyright and patent laws in the United States and other jurisdictions together with contractual provisions and technical measures to protect our proprietary rights. We rely more heavily on trade secret protection than patent protection. To protect our trade secrets, we control access to our proprietary systems and technology, including our platforms, and we enter into confidentiality and invention assignment agreements with our employees and consultants, as well as confidentiality and non-disclosure agreements with other third parties. We face risks related to our intellectual property including that:

- our intellectual property rights will not provide competitive advantages to us;
- because of the relatively high cost we would experience in registering all of our copyrights with the United States Copyright Office, we generally do not register the copyrights associated with our content;
- our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes may be limited by our agreements with third parties;
- our intellectual property rights may not be enforced in jurisdictions where competition is intense or where legal protection is weak;
- any of the patents, trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business could lapse or be invalidated, circumvented, challenged or abandoned;
- competitors will design around our protected systems and technology; or
- we may lose the ability to assert our intellectual property rights against others.

Effective protection of our trade secrets, trademarks, service marks, copyrights and patents may not be available in all countries where we currently operate or in which we may operate in the future. Policing unauthorized use of our proprietary rights can be difficult and costly. In addition, it may be necessary to enforce or protect our intellectual property rights through litigation or to defend litigation brought against us, which could result in substantial costs and diversion of resources and management attention and could adversely affect our business, even if we are successful on the merits.

***Some of our software and systems contain open source software, which may pose risks to our proprietary software and solutions.***

We use open source software in our software and systems and will use open source software in the future. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. From time to time, we may face claims from third parties demanding the release or license of the open source software or derivative works that we developed using such software (which could include our proprietary source code), claiming infringement of their intellectual property rights, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, be limited in the licensing of

our technologies or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement or change the use of the implicated open source software. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, non-infringement or functionality). Our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our sites and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, financial condition and results of operation.

***The interruption or failure of our information technology and communications systems, or those of third parties that we rely upon, could adversely affect our business, financial condition and results of operations.***

The availability of our products and services depends on the continuing operation of our information technology and communications systems. Any damage to or failure of our systems, or those of third parties that we rely upon (e.g., co-location providers for data servers, storage devices, and network access) could result in interruptions in our service, which could reduce our revenue and profits, and damage our brand. We have previously experienced certain server outages and computer distributed denial of service attacks, and any future server outages at our data center facilities or distributed denial of service attacks may cause all or portions of our online properties to become unavailable or impact service to our content creation studio. Our systems are also vulnerable to damage or interruption from natural disasters, terrorist attacks, power loss, telecommunications failures, computer viruses or other attempts to harm our systems, and one of our data centers is located in an area with a high risk of major earthquakes. Our data centers are also subject to break-ins, sabotage and intentional acts of vandalism, and to potential disruptions if the operators of these facilities have financial difficulties. Some of our systems are not fully redundant, and our disaster recovery planning is currently underdeveloped and does not account for all eventualities. The occurrence of a natural disaster, a decision to close a facility we are using without adequate notice for financial reasons or other unanticipated problems at our data centers could result in lengthy interruptions in our service. Delays or interruptions in our service may cause our users, advertisers, customers, artists and freelance professionals to become dissatisfied with our offerings and could adversely affect our business.

Furthermore, third-party service providers may experience an interruption in operations or cease operations for any reason. If we are unable to agree on satisfactory terms for continued data center hosting relationships, we would be forced to enter into a relationship with other service providers or assume hosting responsibilities ourselves. If we are forced to switch hosting facilities, we may not be successful in finding an alternative service provider on acceptable terms or in hosting the computer servers ourselves. We may also be limited in our remedies against these providers in the event of a failure of service. We also rely on third-parties to provide certain components of our technology platform, such as hardware and software providers, and to serve as operators for our content delivery networks, or CDNs. A failure or limitation of service or available capacity by any of these third-party providers could adversely affect our business, financial condition and results of operations.

***We rely on technology infrastructure and a failure to update or maintain this technology infrastructure, or difficulty scaling and adapting our existing technology and network infrastructure to accommodate increased traffic, could adversely affect our business.***

Significant portions of our content, products and services are dependent on technology infrastructure that was developed over multiple years. To be successful, our network infrastructure has to perform well and be reliable. The greater the user traffic and the greater the complexity of our products and services, the more computing power we will need. In the future, we may spend substantial amounts to purchase or lease data centers and equipment, upgrade our technology and network infrastructure to handle increased traffic on our owned and operated online properties and roll out new products and services. Updating and replacing our technology infrastructure could be challenging to implement and manage, take time to test and deploy, cause us to incur substantial costs, cause us to suffer data loss, delays or interruptions in service or result in inefficiencies or operational failures. If we do not successfully update our technology and network infrastructure as needed, or if we experience inefficiencies and operational failures during such updates, the quality of our products and services and our users' experience could decline. This could damage our reputation and lead us to lose current and potential users, advertisers, customers, artists and freelance professionals. Failure to update our technology infrastructure as new technologies become available may also put us in a weaker position relative to a number of our key competitors. Competitors with newer technology infrastructure may have greater flexibility and be in a position to respond more quickly than us to new opportunities, which may impact our competitive position in certain markets and adversely affect our business. The costs associated with any adjustments to our technology and network infrastructure could also harm our operating results. Cost increases, loss of traffic or failure to accommodate new technologies could harm our business, revenue and financial condition.



***Changes in regulations or user concerns regarding privacy and protection of user data could diminish the value of our services and cause us to lose customers and revenue.***

When a user visits one of our websites or certain pages of our customers' websites, we use technologies, including "cookies," to collect information related to the user, such as the user's Internet Protocol, or IP, address, demographic information, and history of the user's interactions with content or advertisements previously delivered by us. The information that we collect about our users helps us deliver appropriate content and targeted advertising to these users. A variety of federal, state and international laws and regulations govern the collection, use, retention, sharing and security of data that we receive from and about our users. In addition, various federal, state and foreign legislative and regulatory bodies may expand current or enact new laws regarding privacy matters. Recent developments related to "instant personalization" and similar technologies potentially provide publishers with broader access to, and more detailed information about, users. These developments have led to greater scrutiny of industry data collection practices by regulators and privacy advocates. New laws may be enacted, new industry self-regulation may be promulgated, or existing laws may be amended or re-interpreted, in a manner that limits our ability to analyze user data. If our access to user data is limited through legislation or any industry development, we may be unable to provide effective technologies and services to customers and we may lose customers and revenue.

***Certain U.S. and foreign laws and regulations could subject us to claims or otherwise harm our business.***

We are subject to a variety of laws and regulations in the U.S. and abroad that may subject us to claims or other remedies. Our failure to comply with applicable laws and regulations may subject us to additional liabilities, which could adversely affect our business, financial condition and results of operations. Laws and regulations that are particularly relevant to our business address:

- freedom of expression;
- information security and privacy;
- pricing and fees;
- content and the distribution of content, including liability for user reliance on such content;
- intellectual property rights, including secondary liability for infringement by others;
- taxation, including VAT; and
- online advertising and marketing, including email marketing and unsolicited commercial email.

In the United States, Congress has adopted legislation that regulates certain aspects of the Internet, including the Communications Decency Act, the Digital Millennium Copyright Act, the Lanham Act and the Anticybersquatting Consumer Protection Act. Advertising and promotional information presented to visitors on our owned and operated online properties and our other marketing activities are subject to federal and state consumer protection laws that regulate unfair and deceptive practices. Many applicable laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues of the Internet. Moreover, the applicability and scope of the laws that do address the Internet remain uncertain. For example, the laws relating to the liability of providers of online services are evolving. Claims have been either threatened or filed against us under both U.S. and foreign laws for defamation, copyright infringement, patent infringement, privacy violations, cybersquatting and trademark infringement. In the future, claims may also be brought against us based on tort law liability and other theories based on our content, products and services or content generated by our users.

We receive, process and store large amounts of personal data from users of our owned and operated online properties and from our freelance professionals and artists. We post privacy policies on all of our owned and operated websites that set forth our policies and practices related to the collection, use, sharing, disclosure and protection of personal data. The storing, sharing, use, disclosure and protection of personal information and user data are subject to federal, state and international privacy laws, the purpose of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. The existing privacy-related laws and regulations are evolving and subject to potentially differing interpretations. If requirements regarding the manner in which certain personal information and other user data are processed and stored change significantly, our business may be adversely affected, impacting our financial condition and results of operations. In addition, we may be exposed to potential liabilities as a result of differing views on the level of privacy required for consumer and other user data we collect. We may also need to expend significant resources to protect against security breaches, including encrypting personal information, or remedy breaches after they occur, including notifying each person whose personal data may have been compromised. Any failure, or perceived failure, by us or various third-party vendors and service providers to comply with applicable privacy policies or with industry standards or

laws or regulations could result in a loss of consumer confidence in us, or result in actions against us by governmental entities or others, all of which could potentially cause us to lose consumers and revenue.

We must also comply with certain foreign and U.S. laws and regulations that apply to our international operations. Our business operations in countries outside the United States are subject to a number of U.S. federal laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act (“FCPA”) and economic and trade sanctions administered by the Office of Foreign Assets Control (“OFAC”) and the U.S. Commerce Department based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. The FCPA is intended to prohibit bribery of foreign officials or parties and requires public companies in the United States to keep books and records that accurately and fairly reflect those companies’ transactions. OFAC regulations prohibit U.S.-based entities from entering into or facilitating transactions with, for the benefit of, or involving the property of, persons, governments or countries designated by the U.S. government under one or more sanctions regimes, which could include transactions that provide a benefit that is received in an OFAC designated country. Additionally, some of the products and services we provide to customers globally may require approval under applicable U.S. export law.

VAT, sales and use, and similar tax laws and rates vary greatly by jurisdiction. We do not collect such taxes in every jurisdiction in which we have sales based on our belief that such taxes are not applicable. Certain jurisdictions in which we do not collect VAT, sales and use, or similar taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest for prior periods, and a requirement to collect such taxes in the future. Such tax assessments, penalties and interest, or future requirements may materially and adversely affect our business, financial condition and operating results.

If we fail to comply with applicable laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, incarceration of our employees or restrictions on our operations, which could increase our costs of operations, reduce our profits or cause us to forgo opportunities that would otherwise support our growth.

***Changes in state, federal or international taxation laws and regulations may adversely affect our business.***

Due to the global nature of the Internet, it is possible that, although our services and the Internet transmissions related to them typically originate in Nevada and California, governments of other states or foreign countries might attempt to regulate our transmissions or levy sales, income or other taxes relating to our activities. Tax authorities at the international, federal, state and local levels are also currently reviewing the appropriate treatment of companies engaged in Internet commerce. New or revised international, federal, state or local tax regulations may subject us or our customers to additional sales, income, VAT and other taxes. We cannot predict the effect of current attempts to impose sales, income, VAT or other taxes on commerce over the Internet. New or revised taxes and, in particular, additional sales taxes or VAT, would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling goods and services over the Internet. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Any of these events could have an adverse effect on our business and results of operations.

***Third parties may sue us for intellectual property infringement or misappropriation or make similar claims which, if successful, could require us to pay significant damages, incur expenses or curtail our offerings.***

We cannot be certain that our internally developed or acquired systems and technologies do not and will not infringe the intellectual property rights of others. In addition, we license content, software and other intellectual property rights from third parties and may be subject to claims of infringement or misappropriation if such parties do not possess the necessary intellectual property rights to the products or services they license to us. We have in the past and may in the future be subject to legal proceedings and claims that we have infringed the patent or other intellectual property rights of a third party. These claims sometimes involve patent holding companies or other patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence. In addition, third parties may in the future assert intellectual property infringement claims against our customers, which we have agreed in certain circumstances to indemnify and defend against such claims. Any intellectual property-related infringement or misappropriation claims, whether or not meritorious, could result in costly litigation and could divert management resources and attention. If we are found liable for infringement or misappropriation, we may be required to enter into licensing agreements, if available on acceptable terms or at all, pay substantial damages or limit or curtail our systems and technologies. Also, any successful lawsuit against us could subject us to the invalidation of our proprietary rights. Moreover, we may need to redesign some of our systems and technologies to avoid future infringement liability. Any of the foregoing could prevent us from competing effectively and increase our costs.

Additionally, our Society6 and Saatchi Art digital artist marketplaces allow artists to sell original designs on various types of consumer products. On occasion, the designs posted to Society6 or Saatchi Art may infringe certain copyrights or trademarks or misappropriate the right of publicity of well-known figures. As a result, we may be the subject of letters, lawsuits and takedown notices from rights holders, and the Digital Millennium Copyright Act may not provide safe-harbors for all types of infringing content

hosted on these properties. Addressing these types of claims could require us to expend time and resources, which could have an adverse impact on our business and results of operations.

In addition, we license the names “Saatchi” and “Livestrong.com” pursuant to the terms of intellectual property or licensing agreements with third parties, which may be terminated by such third parties if we do not comply with certain requirements in the agreements. Charles Saatchi has alleged that we are in breach of our intellectual property agreement with him with respect to our use of the “Saatchi” name, although we believe that his claim is without merit. If either of the agreements relating to the licenses for the “Saatchi” or “Livestrong.com” names were terminated, we would experience business disruption and would have to incur significant resources to rebrand the relevant business, which could have an adverse impact on our business, financial condition and results of operations.

***We may not succeed in expanding our businesses internationally, which may limit our future growth, and operating internationally exposes us to certain additional risks and operating costs.***

One potential area of growth for our business is in the international markets. We have launched eHow sites in the United Kingdom and Germany, as well as eHow en Español, Livestrong.com en Español and eHow Brasil (Spanish and Portuguese language sites that target both the U.S. and the worldwide Spanish/Portuguese-speaking markets). In addition, the artwork sold through Saatchi Art is created by a global community of artists and sold to customers around the world. We are also exploring launching our content and media properties in certain additional countries, as well as translating our Society6 site into certain foreign languages. We cannot be certain that we will be successful in introducing or marketing our products and services internationally or that our products and services will gain market acceptance. If we are unable to expand and market our products and services internationally, it could have a negative effect on our future growth prospects. There are also risks inherent in conducting business in international markets, including the need to localize our products and services to foreign customers’ preferences and customs, difficulties in managing operations due to language barriers, distance, staffing and cultural differences, application of foreign laws and regulations to us, tariffs and other trade barriers, fluctuations in currency exchange rates, establishing management systems and infrastructures, reduced protection for intellectual property rights in some countries, changes in foreign political and economic conditions, and potentially adverse tax consequences. Operating internationally, where we have limited experience, exposes us to additional risks and operating costs.

***A reclassification of our freelance professionals from independent contractors to employees by tax authorities could require us to pay retroactive taxes and penalties and significantly increase our cost of operations.***

We contract with freelance professionals as independent contractors to create the substantial majority of the content for our owned and operated online properties and for our customers’ online properties. Because we consider our freelance professionals with whom we contract to be independent contractors, as opposed to employees, we do not withhold federal or state income or other employment related taxes, make federal or state unemployment tax or Federal Insurance Contributions Act payments, or provide workers’ compensation insurance with respect to such freelance professionals. Our contracts with our independent contractor freelance professionals obligate these freelance professionals to pay these taxes. The classification of freelance professionals as independent contractors depends on the facts and circumstances of the relationship. In the event of a determination by federal or state taxing authorities that the freelance professionals engaged as independent contractors are employees, we may be adversely affected and subject to retroactive taxes and penalties. In addition, if it was determined that our content creators were employees, the costs associated with content creation would increase significantly and our financial results would be adversely affected.

### **Risks Relating to Owning Our Common Stock**

***The trading price of our common stock is likely to be volatile and an active, liquid and orderly market for our common stock may not be sustained.***

The trading price of our common stock has been, and is likely to be, highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. For example, from the date of our initial public offering in January 2011 through March 5, 2015, our closing stock price, as adjusted for the Distribution and the 1-for-5 reverse stock split, has ranged from \$4.05 to \$48.75. In addition, an active trading market for our common stock may not be sustained, which could depress the market price of our common stock.

Following the Separation, the price at which our common stock trades may fluctuate significantly while the market continues to evaluate the two companies with different growth profiles and operating margins separately. Further, shares of our common stock will represent an investment in a smaller public company and this change may not meet some stockholders' investment strategies or requirements, which could cause investors to sell their shares of our common stock. Excessive selling could cause the market price of our common stock to decrease. Additionally, as a result of the reverse stock split reducing the number of shares of our common stock that are outstanding, we may have a lower average daily trading volume, which could lead to greater volatility in the trading price of our common stock.

In addition to the factors discussed in this "Risk Factors" section and elsewhere in this report, factors that may cause the trading price of our common stock to be volatile include:

- our operating performance and the operating performance of similar companies;
- the overall performance of the equity markets;
- the number of shares of our common stock publicly owned and available for trading;
- any major change in our board of directors or management;
- publication of research reports about us or our industries or changes in recommendations or withdrawal of research coverage by securities analysts;
- publication of third-party reports relating to the performance of our business or certain key operating metrics;
- large volumes of sales of our shares of common stock by existing stockholders; and
- general political and economic conditions.

In addition, the stock market in general, and the market for Internet-related companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in very substantial costs, divert our management's attention and resources and harm our business, financial condition and results of operation.

***The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.***

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market, and the perception that these sales could occur may also depress the market price of our common stock. As of March 5, 2015, we had 19,802,470 shares of common stock outstanding (excluding shares held in treasury).

Certain stockholders owning a majority of our outstanding shares of common stock are party to a stockholders agreement that entitles them to require us to register shares of our common stock owned by them for public sale in the United States, subject to the restrictions of Rule 144. In addition, certain stockholders, including investors in our preferred stock that converted into common stock as well as current and former employees, are eligible to resell shares of common stock under Rule 144 and Rule 701 without registering such shares with the SEC. Sales of our common stock as restrictions end or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for shareholders to sell shares of our common stock.

In addition, as of March 5, 2015 we have over nine million shares of common stock reserved for future issuance under our equity compensation plans, of which approximately five million shares are registered under our registration statement on Form S-8 on file with the SEC. Subject to the satisfaction of applicable exercise periods, vesting requirements and, in certain cases, performance conditions, the shares of registered common stock issued upon exercise of outstanding options, vesting of future awards or pursuant to purchases under our employee stock purchase plan (the "ESPP") will be available for immediate resale in the United States in the open market.

We also have previously and may from time to time in the future issue shares of our common stock as consideration for acquisitions and investments. If any such acquisition or investment is significant, the number of shares that we may issue may in turn be significant. We currently have an effective shelf registration statement on file with the SEC which we may use to issue debt or

equity securities with an aggregate offering price not to exceed \$100 million and under which certain selling stockholders may offer and sell up to 2.8 million shares of our common stock.

***Our stock repurchase program may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.***

Our board of directors previously approved a stock repurchase program under which we are authorized to repurchase up to \$50.0 million of our common stock, of which approximately \$19.2 million remains available as of December 31, 2014. Such stock repurchases may be limited, suspended, or terminated at any time without prior notice, and we have not repurchased any shares of our common stock since April 2013. There can be no assurance that we will repurchase additional shares of our common stock under our stock repurchase program or that any future repurchases will have a positive impact on the trading price of our common stock or earnings per share. Important factors that could cause us to limit, suspend or terminate our stock repurchase program include, among others, unfavorable market conditions, the trading price of our common stock, the nature of other investment or strategic opportunities presented to us from time to time, the rate of dilution of our equity compensation programs, the availability of adequate funds, and our ability to make appropriate, timely, and beneficial decisions as to when, how, and whether to purchase shares under the stock repurchase program. If we limit, suspend or terminate our stock repurchase program, our stock price may be negatively affected.

***As a public company, we are subject to compliance initiatives that require substantial time from our management and result in significantly increased costs.***

The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, and other rules implemented by the SEC and the NYSE, impose various requirements on public companies, including requirements related to certain corporate governance practices. Compliance with these rules and regulations has resulted in significantly increased costs for us as a public company than we incurred as a private company, including substantially higher costs to obtain comparable levels of director and officer liability insurance. Proposed corporate governance laws and regulations under consideration may further increase our compliance costs. If compliance with these various legal and regulatory requirements diverts our management's attention from other business concerns, it could have a material adverse effect on our business, financial condition and results of operations. Additionally, these laws and regulations may make it more difficult for us to attract and retain qualified individuals to serve on our board of directors, on committees of our board of directors, or as executive officers.

We are required to make an assessment of the effectiveness of our internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. We are also required to obtain an opinion on the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm. Section 404 requires us to perform system and process evaluation and testing of our internal controls over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal controls over financial reporting for each fiscal year. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. If we are unable to comply with the requirements of Section 404, management may not be able to assess whether our internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could result in a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, if we fail to maintain effective controls and procedures, we may be unable to provide the required financial information in a timely and reliable manner or otherwise comply with the standards applicable to us as a public company. Any failure by us to provide the required financial information in a timely and reliable manner could materially and adversely impact our financial condition and the trading price of our securities. In addition, we may incur additional expenses and commitment of management's time in connection with further assessments of our compliance with the requirements of Section 404, which could materially increase our operating expenses and adversely impact our results of operations.

***If securities or industry analysts publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases to cover us or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.



***We do not anticipate paying cash dividends and, accordingly, stockholders must rely on stock appreciation for any return on their investment.***

We have never declared or paid cash dividends on our common stock and we do not anticipate paying cash dividends in the future. As a result, only appreciation of the price of our common stock, which may never occur, will provide a return to stockholders. Investors seeking cash dividends should not invest in our common stock.

***Certain provisions in our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors, including, among other things:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, the Chief Executive Officer, the president (in absence of a Chief Executive Officer) or our board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws, which may inhibit the ability of an acquiror from amending our certificate of incorporation or bylaws to facilitate a hostile acquisition;
- the ability of our board of directors, by majority vote, to amend the bylaws, which may allow our board of directors to take additional actions to prevent a hostile acquisition and inhibit the ability of an acquiror from amending the bylaws to facilitate a hostile acquisition; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

We are also subject to certain anti-takeover provisions under Delaware law. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, our board of directors has approved the transaction.

#### **Item 1B. Unresolved Staff Comments**

None.

## **Item 2. Properties**

We do not own any real estate. We currently occupy approximately 52,000 square feet in a Santa Monica, California facility that serves as our corporate headquarters and houses nearly all of our personnel for both our Content & Media and Marketplaces service offerings. The lease for our Santa Monica facility expires in July 2024, provided that we have a one-time early termination right allowing us to terminate the lease effective as of August 2019. We also lease offices related to our Content & Media service offering in Austin, Texas; New York, New York; and Burlington, Washington. Our primary data center is located in Las Vegas, Nevada. We believe our current and planned data centers and offices will be adequate for the foreseeable future.

## **Item 3. Legal Proceedings**

On November 5, 2014, Charles Saatchi filed a lawsuit against our wholly owned subsidiary, Saatchi Online, Inc. (“Saatchi Art”), in the High Court of Justice, Chancery Division (United Kingdom) relating to an intellectual property licensing agreement (the “IP Agreement”) between Charles Saatchi and Saatchi Art, dated February 18, 2010. Mr. Saatchi alleges that Saatchi Art committed a repudiatory breach of the IP Agreement, effectively terminating it, and that Saatchi Art must cease using the “Saatchi” name. Mr. Saatchi is seeking a permanent injunction restricting Saatchi Art from continuing to use the “Saatchi” name, a declaration that the IP Agreement has been validly terminated, a disgorgement of any profits derived from Saatchi Art’s use of the name since the alleged termination date and unspecified monetary damages. We do not believe that the conduct alleged by Mr. Saatchi constitutes a repudiatory breach of the IP Agreement and intend to vigorously defend the lawsuit. The litigation is in its early stages.

On December 30, 2014, Charles Saatchi and Robert Norton, common stockholders of Saatchi Art prior to Demand Media’s acquisition of it, filed a lawsuit in the Delaware Chancery Court against the former directors, certain former officers and certain former preferred stockholders of Saatchi Art, and Saatchi Art itself. Messrs. Saatchi and Norton allege that, in connection with Demand Media’s acquisition of Saatchi Art, (i) the former directors of Saatchi Art and the former officers named in the lawsuit breached their fiduciary duties to the common stockholders; (ii) certain preferred stockholders of Saatchi Art breached their fiduciary duties to the common stockholders, aided and abetted the former officers’ and directors’ breach of their fiduciary duties and violated a Saatchi Art voting agreement by breaching the implied covenant of good faith and fair dealing; and (iii) Saatchi Art violated the voting agreement by breaching the implied covenant of good faith and fair dealing. The complaint seeks rescissory damages, a constructive trust over the acquisition proceeds, disgorgement of all profits related thereto, and unspecified compensatory damages, costs and fees. The litigation is in its early stages and we believe that we are entitled to indemnification with respect to any losses incurred by us related to these claims under the terms of the merger agreement, although there can be no assurance that we will be successful in recovering such losses, if any.

In addition, from time to time we are a party to various legal matters incidental to the conduct of our business. Certain of our outstanding legal matters include speculative claims for indeterminate amounts of damages. We record a liability when we believe that it is probable that a loss has been incurred and the amount can be reasonably estimated. Based on our current knowledge, we do not believe that there is a reasonable possibility that the final outcome of the pending or threatened legal proceedings to which we are a party, either individually or in the aggregate, will have a material adverse effect on our future financial results. However, the outcome of such legal matters is subject to significant uncertainties.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information

Our common stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol "DMD". The following table sets forth, for the periods indicated and on a per-share basis, the high and low daily closing sales prices of our common stock as reported by the NYSE, as adjusted for the 1-for-5 reverse stock split that we effected on August 1, 2014.

	<u>High</u>		<u>Low</u>
Fiscal Year end December 31, 2014			
First Quarter .....	\$ 11.88	\$	8.99
Second Quarter .....	\$ 10.40	\$	7.36
Third Quarter .....	\$ 11.10	\$	8.77
Fourth Quarter .....	\$ 8.86	\$	5.28
	<u>High</u>		<u>Low</u>
Fiscal Year end December 31, 2013			
First Quarter .....	\$ 19.29	\$	15.34
Second Quarter .....	\$ 18.89	\$	11.90
Third Quarter .....	\$ 13.89	\$	12.22
Fourth Quarter .....	\$ 12.68	\$	9.48

#### Holder of Record

As of March 5, 2015, our common stock was held by 48 stockholders of record. A substantially greater number of holders of our common stock are "street name" holders, or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

#### Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future. Instead, we anticipate that all of our earnings will be used to provide working capital, to support our operations and to finance the growth and development of our business. Any future determination to declare cash dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

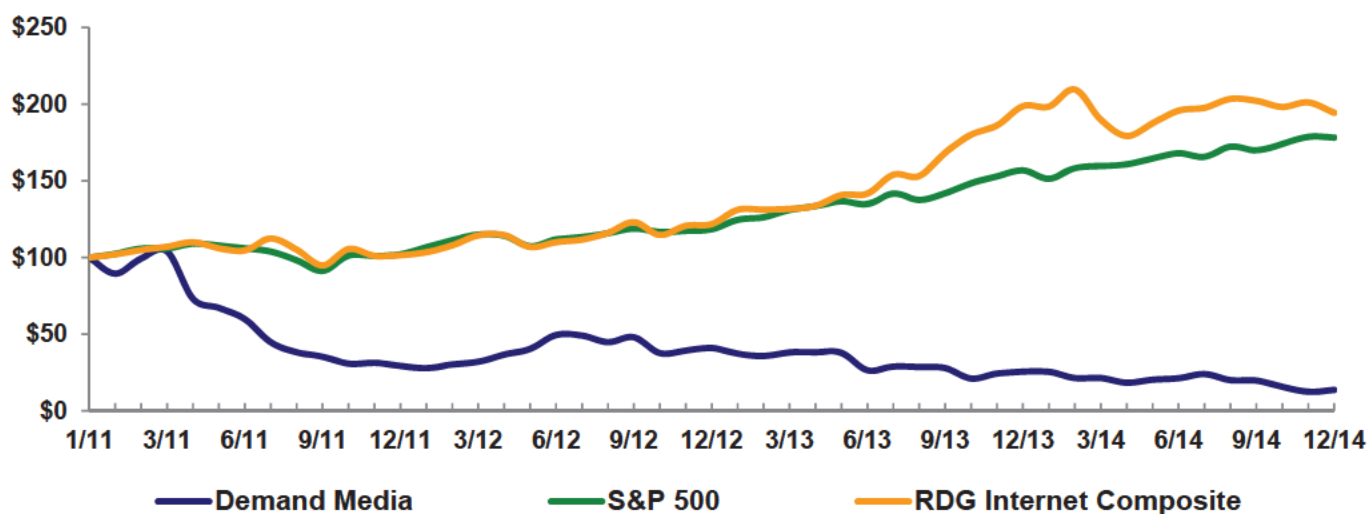


## Performance Graph

The following performance graph shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or incorporated by reference into any filing of Demand Media under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The graph compares the cumulative total return of our common stock for the period starting on January 26, 2011, the date of our initial public offering, and ending on December 31, 2014, with that of the S&P 500 Index and RDG Internet Composite Index over the same period. The graph assumes that the value of the investment was \$100 on January 26, 2011, and that all dividends and other distributions were reinvested. Such returns are based on historical results and are not intended to suggest future performance.

### COMPARISON OF 47 MONTH CUMULATIVE TOTAL RETURN\* Among Demand Media, the S&P 500 Index, and the RDG Internet Composite Index



\*\$100 invested on 12/31/10 in stock or 1/26/11 in index, including reinvestment of dividends.  
Fiscal year ending December 31.

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## Unregistered Sales of Equity Securities and Use of Proceeds

We did not issue or sell any equity securities that were not registered under the Securities Act of 1933 during the three months ended December 31, 2014.

## Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Under the stock repurchase plan announced on August 19, 2011 and further increased on February 8, 2012, we are authorized to repurchase up to \$50 million of our common stock from time to time in open market purchases or in negotiated transactions. We did not repurchase any of our common stock during the three months ended December 31, 2014.

## Item 6. Selected Financial Data

The consolidated statement of operations data for the years ended December 31, 2014, 2013 and 2012, as well as the consolidated balance sheet data as of December 31, 2014 and 2013, are derived from our audited consolidated financial statements that are included elsewhere in this Annual Report on Form 10-K. The consolidated statement of operations data for the years ended December 31, 2011 and 2010, as well as the consolidated balance sheet data as of December 31, 2012, 2011 and 2010, are derived from audited consolidated financial statements not included in this Annual Report on Form 10-K. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

The following selected consolidated financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K.

	Year ended December 31,				
	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>	2011 <sup>(1)</sup>	2010
(In thousands, except per share data)					
<b>Consolidated Statements of Operations:</b>					
Total revenue .....	\$ 172,429	\$ 209,411	\$ 207,640	\$ 164,307	\$ 113,700
Operating expenses:					
Service costs (exclusive of amortization of intangible assets) .....	43,325	51,274	54,304	45,360	32,589
Product costs .....	26,058	9,882	-	-	-
Sales and marketing.....	20,046	36,275	38,948	31,978	18,993
Product development.....	29,387	32,185	31,190	29,024	19,760
General and administrative.....	50,179	53,014	54,082	52,491	31,696
Goodwill impairment charge <sup>(2)</sup> .....	232,270	-	-	-	-
Amortization of intangible assets .....	38,316	36,519	32,402	37,665	22,566
Total operating expenses .....	<u>439,581</u>	<u>219,149</u>	<u>210,926</u>	<u>196,518</u>	<u>125,604</u>
Loss from operations.....	(267,152)	(9,738)	(3,286)	(32,211)	(11,904)
Interest income .....	328	5	31	48	22
Interest expense .....	(4,692)	(1,642)	(622)	(861)	(688)
Other income (expense), net.....	654	13	(36)	(385)	(319)
Loss from continuing operations before income taxes.....	(270,862)	(11,362)	(3,913)	(33,409)	(12,889)
Income tax benefit (expense) <sup>(2)</sup> .....	14,713	(2,856)	(951)	(2,181)	(2,449)
Net loss from continuing operations.....	(256,149)	(14,218)	(4,864)	(35,590)	(15,338)
Net income (loss) from discontinued operations <sup>(3)</sup> .....	(11,208)	(5,956)	11,040	17,066	10,013
Net income (loss) .....	(267,357)	(20,174)	6,176	(18,524)	(5,325)
Cumulative preferred stock dividends <sup>(4)</sup> .....	-	-	-	(2,477)	(33,251)
Net income (loss) attributable to common shareholders.....	<u>\$ (267,357)</u>	<u>\$ (20,174)</u>	<u>\$ 6,176</u>	<u>\$ (21,001)</u>	<u>\$ (38,576)</u>
<b>Earnings per share - basic and diluted</b>					
Net loss from continuing operations.....	\$ (13.66)	\$ (0.80)	\$ (0.28)	\$ (2.26)	\$ (5.68)
Net income (loss) from discontinued operations .....	(0.60)	(0.34)	0.65	1.09	3.71
Net income (loss) per share - basic and diluted	<u>\$ (14.26)</u>	<u>\$ (1.14)</u>	<u>\$ 0.37</u>	<u>\$ (1.18)</u>	<u>\$ (1.97)</u>
Weighted average number of shares - basic <sup>(5)(6)(7)</sup>	18,745	17,707	16,910	15,729	2,702

<sup>(1)</sup> We completed one business acquisition during the year ended December 31, 2014, two business acquisitions during the year ended December 31, 2013, one business acquisition during the year ended December 31, 2012, and four business acquisitions during the year ended December 31, 2011.

<sup>(2)</sup> During the year ended December 31, 2014, we recorded a pretax impairment charge of \$232.3 million on the carrying value of our goodwill based on the results of an interim assessment of impairment of the goodwill in our content and media reporting unit. We performed our annual impairment analysis in the fourth quarter of the year ended December 31, 2014, and based on the results of the annual impairment test there were no additional goodwill impairment charges for the year ended December 31, 2014. This resulted in a reduction of tax amortization of goodwill from the impairment of goodwill and the corresponding valuation allowance.

<sup>(3)</sup> Discontinued operations for the periods presented relate to the reclassification of the Rightside operations to discontinued operations during 2014.

<sup>(4)</sup> In connection with our initial public offering, all shares of our convertible preferred stock converted into shares of common stock and warrants.

<sup>(5)</sup> In October 2010, our stockholders approved a 1-for-2 reverse stock split of our outstanding common stock, and a proportional adjustment to the existing conversion ratios for each series of preferred stock, which was effected in January 2011. Accordingly, all share and per share amounts for all periods presented prior to the reverse stock split have been adjusted retrospectively, where applicable, to reflect this reverse stock split and adjustment of the preferred stock conversion ratio.

<sup>(6)</sup> In June 2014, our stockholders approved a 1-for-5 reverse stock split of our outstanding common stock, which was effected in August 2014. Accordingly, all share and per share amounts for all periods presented prior to the reverse stock split have been adjusted retrospectively, where applicable, to reflect this reverse stock split.

<sup>(7)</sup> Basic income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. For the years ended December 31, 2011 and 2010, net loss attributable to common stockholders is increased for cumulative preferred stock dividends earned during these periods. For the periods where we presented losses, all potentially dilutive common shares comprised of stock options, restricted stock units, warrants and convertible preferred stock are antidilutive. Restricted stock units are considered outstanding common shares and included in the computation of basic earnings per share as of the date that all necessary conditions of vesting are satisfied. Restricted stock units are excluded from the diluted earnings per share calculation when their impact is antidilutive. Prior to satisfaction of all conditions of vesting, unvested restricted stock units are considered contingently issuable shares and are excluded from weighted average common shares outstanding.

	December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents and marketable securities .....					
	\$ 47,820	\$ 153,511	\$ 102,933	\$ 86,035	\$ 32,338
Working capital.....					
	\$ 37,215	\$ 91,048	\$ 67,215	\$ 44,617	\$ (4,226)
Total assets.....					
	\$ 149,555	\$ 777,088	\$ 637,997	\$ 590,103	\$ 488,467
Long-term debt.....					
	\$ -	\$ 96,250	\$ -	\$ -	\$ -
Capital lease obligations, long term.....					
	\$ -	\$ 61	\$ 793	\$ -	\$ -
Convertible preferred stock.....					
	\$ -	\$ -	\$ -	\$ -	\$ 373,754
Total stockholders' equity (deficit).....					
	\$ 114,842	\$ 496,005	\$ 472,191	\$ 440,266	\$ (15,416)

### Non-GAAP Financial Measures

To provide investors and others with additional information regarding our financial results, we have disclosed in the table below adjusted earnings before interest, taxes, depreciation and amortization expense, or Adjusted EBITDA. We have provided a reconciliation of this non-GAAP financial measure to net income, the most directly comparable GAAP financial measure. Our Adjusted EBITDA financial measure differs from GAAP net income in that it excludes net income (loss) from discontinued operations, as well as certain expenses such as income tax expense (benefit), interest and other income (expense), net, depreciation and amortization, stock-based compensation, goodwill impairment charges, and any acquisition and realignment costs. Acquisition and realignment costs include such items, when applicable, as (1) non-cash GAAP purchase accounting adjustments for certain deferred revenue costs, (2) legal, accounting and other professional fees directly attributable to acquisition or corporate realignment activities, and (3) employee severance and other payments attributable to acquisition or corporate realignment activities. Adjusted EBITDA is frequently used by securities analysts, investors and others as a common financial measure of our operating performance.

Adjusted EBITDA is one of the primary measures used by our management and board of directors to understand and evaluate our financial performance and operating trends, including period-to-period comparisons, to prepare and approve our annual budget and to develop short and long term operational plans. We also frequently use Adjusted EBITDA in our discussions with investors, commercial bankers and other users of our financial statements.

Management believes that Adjusted EBITDA reflects our ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our business' underlying recurring revenue and operating costs which is focused more closely on the current costs necessary to utilize previously acquired long-lived assets. In addition, we believe that it can be useful to exclude certain non-cash charges because the amount of such expenses is the result of long-term investment decisions in previous periods rather than day-to-day operating decisions. For example, due to the long-lived nature of our media content, revenue generated from our content assets in a given period bears little relationship to the amount of our investment in media content in that same period. Accordingly, we believe that content acquisition costs represent a discretionary long-term capital investment decision undertaken by management at a point in time. This investment decision is clearly distinguishable from other ongoing business activities, and its discretionary nature and long-term impact differentiate it from specific period transactions, decisions regarding day-to-day operations, and activities that would have an immediate impact on operating or financial performance if materially changed, deferred or terminated.

Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our consolidated revenue and operating results in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies. However, the use of non-GAAP financial measures has certain limitations because they do not reflect all items of income and expense that affect our operations. We compensate for these limitations by reconciling non-GAAP financial measures to the most comparable GAAP financial measures. Non-GAAP financial measures should be considered in addition to, not as a substitute for, measures prepared in accordance with GAAP. Further, our non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore

comparability may be limited. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The following table presents a reconciliation of Adjusted EBITDA for each of the periods presented (in thousands):

	Year ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
<b>Non-GAAP Financial Measures:</b>					
Net income (loss) .....	\$ (267,357)	\$ (20,174)	\$ 6,176	\$ (18,524)	\$ (5,325)
Less: Net income (loss) from discontinued operations, net of taxes.....	11,208	5,956	(11,040)	(17,066)	(10,013)
Net loss from continuing operations .....	<u>(256,149)</u>	<u>(14,218)</u>	<u>(4,864)</u>	<u>(35,590)</u>	<u>(15,338)</u>
Add (deduct):					
Income tax expense (benefit) .....	(14,713)	2,856	951	2,181	2,449
Interest and other (income) expense, net.....	3,710	1,624	627	1,198	985
Depreciation and amortization <sup>(1)</sup> .....	50,567	50,976	47,420	53,349	35,173
Stock-based compensation <sup>(2)</sup> .....	18,866	22,603	27,189	25,951	8,648
Goodwill impairment charge.....	232,270	-	-	-	-
Acquisition and realignment costs <sup>(3)</sup> .....	2,905	529	110	2,048	659
Adjusted EBITDA.....	<u>\$ 37,456</u>	<u>\$ 64,370</u>	<u>\$ 71,433</u>	<u>\$ 49,137</u>	<u>\$ 32,576</u>

<sup>(1)</sup> Represents depreciation expense of our long-lived tangible assets and amortization expense of our finite-lived intangible assets, including amortization expense related to our investment in media content assets, included in our GAAP results of operations. Amortization expense for the years ended December 31, 2014, 2013, 2012 and 2011 includes \$7.7 million, \$3.1 million, \$2.1 million and \$5.9 million, respectively, of accelerated non-cash amortization expense associated with the removal of certain media content intangible assets from service during those years.

<sup>(2)</sup> Represents the fair value of stock-based awards and certain warrants to purchase our stock included in our GAAP results of operations.

<sup>(3)</sup> Acquisition and realignment costs include such items, when applicable, as (a) non-cash GAAP purchase accounting adjustments for certain deferred revenue costs, (b) legal, accounting and other professional service fees directly attributable to acquisition or corporate realignment activities, and (c) employee severance payments attributable to corporate realignment activities. Management does not consider these costs to be indicative of our core operating results.



## **Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Part II, Item 6, “Selected Financial Data” and our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those discussed in “Special Note Regarding Forward-Looking Statements” and Item I, Part 1A, “Risk Factors” included elsewhere in this Annual Report on Form 10-K.*

### **Overview**

We are a diversified Internet company with leading online media properties and marketplace platforms that enable communities of creators to reach passionate audiences in large and growing lifestyle categories. Our business is comprised of two service offerings: Content & Media and Marketplaces.

#### *Content & Media*

Our Content & Media service offering includes a leading online content creation platform that publishes content to our owned and operated online properties as well as to online properties operated by our customers. Through our innovative content creation platform, DemandStudios.com, a large community of qualified freelance professionals utilizes propriety technology and automated workflow processes to identify valuable topics and then create high-quality content in text, video, photography and designed visual formats. This content is published to our leading owned and operated online properties across several key categories, including eHow.com, a how-to reference destination, and Livestrong.com, a health and healthy living destination. We also own and operate Cracked.com, a humor site offering original and engaging comedy-driven text articles, video series and blogs created by our in-house editorial staff, comedians and website enthusiasts. Our content creation studio also provides and publishes content for third-party brands, publishers and advertisers as part of our Content Solutions service.

Our Content & Media service offering derives the majority of its revenue from the sale of advertising on our owned and operated online properties. Our advertising revenue is principally dependent on the number of visits to our properties and the corresponding ad unit rates. Since 2011, the number of visits to our properties, particularly eHow.com, has substantially declined due to lower search engine referrals resulting from ongoing changes to search engine algorithms by Google, Yahoo! and Bing. We believe that there are opportunities to increase the number of visits, both from search engine referrals and direct visits by users, by improving the user experience and engagement on our online properties. Such improvements include redesigning our websites; refining our content library through select removals, rewrites and additions; reducing the number of advertisements per page; and developing a greater variety of content formats, particularly formats better suited for mobile devices. These changes will likely negatively impact revenue and significantly increase our operating expenses in the near term, but we believe that by providing consumers with an improved user and content experience we will be able to increase the number of visits and revenue in a sustained fashion over the long-term. However, visits across our owned and operated online properties continue to shift from desktop to mobile, and ad unit rates for mobile remain lower than for desktop. In addition, we have experienced declines in ad unit rates for both desktop and mobile during 2014, resulting in lower advertising revenue. If ad unit rates continue to decline, we could experience lower advertising revenue even if the number of visits to our properties increases.

The majority of our advertising revenue currently is and historically has been generated by our relationship with Google. Google also serves as one of the principal technology platform partners in connection with our programmatic ad sales offering. Any change in the type of services that Google provides to us, or to the terms of our agreements with Google, could adversely impact our results of operations.

#### *Marketplaces*

Through our Marketplaces service offering, we operate two leading artist marketplaces where large communities of artists can market and sell original artwork or original designs printed on a wide variety of products. Society6.com, which we acquired in June 2013, provides artists with an online commerce platform to feature and sell their original designs on art prints, phone and tablet cases, t-shirts and other consumer products. SaatchiArt.com, which we acquired in August 2014, is an online art gallery featuring a wide selection of original paintings, drawings, sculpture and photography that provides a global community of artists a curated environment in which to exhibit and sell their work directly to consumers around the world.

Our Marketplaces service offering generates revenue from the sale of products and services through our online artist marketplaces. On Society6.com, revenue is generated from the sale of print-on-demand products. SaatchiArt.com primarily generates revenue through commissions on the final sale price of original works of art. Our Marketplaces service offering is principally

dependent on the number of transactions and average revenue per transaction generated by the sale of products and services through our online marketplaces. We believe there are opportunities to increase the number of transactions as well as average revenue per transaction by attracting new visitors to our marketplaces via diverse online and offline marketing, improving conversion of visitors to purchasing customers, introducing new products, and offering product bundling and other promotions.

Our Marketplaces service offering includes outsourced product manufacturing costs, artist royalties, shipping and personnel costs and generates lower margins as compared to our Content & Media service offering. If our revenue sources shift from our Content & Media service offering to our Marketplaces service offering, our overall margin will be negatively impacted by the lower margins generated by our Marketplaces service offering.

On August 1, 2014, we completed the separation of Rightside Group, Ltd. (“Rightside”) from Demand Media, Inc., resulting in two independent, publicly traded companies (hereinafter referred to as the “Separation”). Following the Separation, Rightside operates our former domain name services business, while we continue to own and operate our Content & Media and Marketplaces businesses. The Separation was structured as a pro rata tax-free dividend involving the distribution of all outstanding shares of Rightside common stock to holders of Demand Media common stock as of the August 1, 2014 record date (the “Distribution”). Immediately following the Distribution, we completed a 1-for-5 reverse stock split of our outstanding and treasury shares of common stock. The financial results of Rightside are presented as discontinued operations in our consolidated statements of operations for all periods presented in this Annual Report on Form 10-K. Unless it is disclosed, all financial results represent continuing operations.

Our financial results for the year ended December 31, 2014 include a \$232.3 million non-cash, pretax impairment charge on the carrying value of our goodwill that we recorded during the third quarter of 2014 as a result of a combination of factors described below under “—Critical Accounting Policies and Estimates—Goodwill.” We may be required to incur additional impairment charges on our intangible assets and goodwill in the future, which would negatively impact our results, particularly in the period any such charge is taken.

For the years ended December 31, 2014, 2013 and 2012, we reported revenue of \$172.4 million, \$209.4 million and \$207.6 million, respectively. For the years ended December 31, 2014, 2013 and 2012, our Content & Media revenue accounted for 79%, 93% and 100% of our total revenue, respectively, and our Marketplaces revenue accounted for 21%, 7% and 0% of our total revenue, respectively.

### **Key Business Metrics**

We regularly review a number of business metrics, including the following key metrics, to evaluate our business, measure the performance of our business model, identify trends impacting our business, determine resource allocations, formulate financial projections and make strategic business decisions. Measures which we believe are the primary indicators of our performance are as follows:

#### **Content & Media Metrics**

- visits: We define visits as the total number of times users access our content across (a) one of our owned and operated online properties and/or (b) one of our customers’ online properties, to the extent that the visited customer web pages are hosted by our content services, in each case with breaks of access of at least 30 minutes constituting a unique visit.
- RPV: We define RPV as Content & Media revenue per one thousand visits.

#### **Marketplaces Metrics**

- number of transactions: We define transactions as the total number of successfully completed transactions during the applicable period.
- average revenue per transaction: We calculate average revenue per transaction by dividing Marketplaces revenue for a period by the number of transactions in that period.

The following table sets forth additional performance highlights of key business metrics for the periods presented:

	Year ended December 31,			% Change	
	2014	2013	2012	2014 to 2013	2013 to 2012
<b>Content &amp; Media Metrics<sup>(1)</sup>:</b>					
Visits (in thousands) .....	4,004,287	4,031,514	3,861,223	-1%	4%
RPV .....	\$ 34.22	\$ 48.39	\$ 53.78	-29%	-10%
<b>Marketplaces Metrics<sup>(1)</sup>:</b>					
Number of Transactions .....	715,343	277,442	-	158%	N/A
Average Revenue per Transaction .....	\$ 49.47	\$ 51.65	\$ -	-4%	N/A

<sup>(1)</sup> For a discussion of these period-to-period changes in the number of visits, RPV, number of transactions and average revenue per transaction and how they impacted our financial results, see “Results of Operations” below.

### Basis of Presentation

#### Revenue

Our revenue is derived from sales of advertising and from products and services sold through our online marketplaces and other offerings.

#### Service Revenue

##### *Content & Media*

We generate Content & Media service revenue primarily from advertisements displayed alongside our content on our online properties and certain of our customers’ online properties. Articles, videos and other forms of content generate advertising revenue from a diverse mix of advertising methods including performance-based cost-per-click advertising, in which an advertiser pays only when a visitor clicks on an advertisement; display advertisements, where revenue is dependent upon the number of advertising impressions delivered; and sponsored content or advertising links. Where we enter into revenue-sharing arrangements with our customers, such as those relating to our advertiser network, and when we are considered the primary obligor, we report the underlying revenue on a gross basis in our consolidated statements of operations, and record these revenue-sharing payments to our customers in service costs.

We also generate Content & Media service revenue from the sale or license of media content, including the creation and distribution of content for third-party brands and publishers through our Content Solutions service. In circumstances where we distribute our content on third-party properties and the customer acts as the primary obligor we recognize revenue on a net basis. In addition, we have previously generated Content & Media service revenue through social media services from recurring management support fees, overage fees in excess of standard usage terms, outside consulting fees and initial set-up fees. As of February 2015, we no longer provide social media services.

##### *Marketplaces*

We generate service revenue from commissions we receive from facilitating the sale of original art by artists to customers through Saatchi Art. We recognize service revenue arising from the sale of original art net of amounts paid to the artist because we are not the primary obligor in the transaction, we do not have inventory risk, and we do not establish the prices for the art sold. We also recognize this service revenue net of any sales allowances. Revenue is recognized after the original art has been delivered and the return period has expired. Payments received in advance of delivery and completion of the return period are included in deferred revenue in the accompanying consolidated balance sheets. We periodically provide incentive offers to customers to encourage purchases, including percentage discounts off current purchases, free shipping and other offers. Value-added taxes (“VAT”), sales and other taxes are not included in Marketplaces service revenue because we are a pass-through conduit for collecting and remitting any such taxes.

## **Product Revenue**

### ***Marketplaces***

We recognize product revenue from sales of Society6 products upon delivery, net of estimated returns based on historical experience. We recognize product revenue from the sale of prints through Saatchi Art when the prints are delivered and the return period has expired. Payments received in advance of delivery and, with respect to the Saatchi Art prints, prior to completion of the return period are included in deferred revenue in the accompanying consolidated balance sheets. Product revenue is recorded at the gross amount due to the following factors: we are the primary obligor in a transaction, we have inventory and credit risk, and we have latitude in establishing prices and selecting suppliers. Product revenue is recognized net of sales allowances and return allowances. We periodically provide incentive offers to customers to encourage purchases, including percentage discounts off current purchases, free shipping and other offers. VAT, sales and other taxes are not included in product revenue because we are a pass-through conduit for collecting and remitting any such taxes. Substantially all of our product revenue is currently generated through Society6.

### **Service Costs**

Service costs consist of payments relating to our revenue-sharing arrangements, such as Internet connection and co-location charges and other platform operating expenses, including depreciation of the systems and hardware used to build and operate our content creation and distribution platform; expenses related to creating, rewriting, or auditing certain content units; and personnel costs related to in-house editorial, customer service and information technology. In the near term, we expect increases in costs associated with our investment in new business initiatives that we believe will support future growth, including refining, auditing and consolidating our content library.

### **Product Costs**

Product costs consist of outsourced product manufacturing costs, artist royalties, and personnel costs. In the near term, we expect our product costs to increase as our product revenue continues to grow.

### **Shipping and Handling**

Shipping and handling charged to customers are recorded in service revenue or product revenue, as applicable. Associated costs are recorded in service costs or product costs.

### **Sales and Marketing**

Sales and marketing expenses consist primarily of sales and marketing personnel costs, sales support, public relations, advertising, marketing and general promotional expenditures. Fluctuations in our sales and marketing expenses are generally the result of our efforts to drive growth in our product and service offerings. We currently anticipate that our sales and marketing expenses will slightly increase in the near term as a percentage of revenue as we grow our marketing activities to support our Content Solutions and Marketplaces offerings.

### **Product Development**

Product development expenses consist primarily of expenses incurred in our software engineering, product development and web design activities and related personnel costs. Fluctuations in our product development expenses are generally the result of hiring personnel to support and develop our platform, including the costs to further develop our content algorithms, improve our online properties including our owned and operated websites and related applications, and future product and service offerings. We currently anticipate that our product development expenses will slightly increase in the near term as a percentage of revenue as we continue to invest in product development personnel to support the growth of our business.

### **General and Administrative**

General and administrative expenses consist primarily of personnel costs from our executive, legal, finance, human resources and information technology organizations and facilities related expenditures, as well as third-party professional fees and insurance. Professional fees are largely comprised of outside legal, audit and information technology consulting. We currently anticipate that general and administrative expenses will remain relatively flat in the near term.



## **Amortization of Intangible Assets**

We capitalize certain costs allocated to the purchase price of certain identifiable intangible assets acquired in connection with business combinations and to develop content that our algorithms indicate have a probable economic benefit. We amortize these costs on a straight-line basis over the related expected useful lives of these assets. We determine the appropriate useful life of intangible assets by performing an analysis of expected cash flows based on our historical experience of intangible assets of similar quality and value. We expect amortization expense related to business combinations to decrease due to a lower level of acquisitions in the near term as compared to prior years, as well as a decrease in intangible assets as a result of recent dispositions including Creativebug and CoveritLive. In response to changes that Google, Yahoo! and Bing have made to their search engine algorithms, we have elected to remove certain content units from our content library, resulting in \$7.7 million, \$2.4 million, \$2.1 million and \$5.9 million of related accelerated amortization expense in 2014, 2013, 2012 and 2011, respectively. Further remediation of our content in future periods may result in significant additional accelerated amortization expense related to capitalized media content in the periods such actions occur. Amortization as a percentage of revenue will depend upon a variety of factors, such as the amounts and mix of our investments in content and identifiable intangible assets acquired in business combinations.

## **Goodwill**

We test goodwill for impairment in the fourth quarter of each year unless there are interim indicators that suggest that it is more likely than not that goodwill may be impaired. For the reasons described below under “—Critical Accounting Policies and Estimates—Goodwill,” we performed an interim assessment of impairment of the goodwill in our content and media reporting unit in the third quarter of 2014. Based on our analyses, the implied fair value of goodwill was substantially lower than the carrying value of goodwill for the content and media reporting unit and, as a result, we determined that the implied fair value of the goodwill in the content and media reporting unit was zero. Accordingly, we recorded a \$232.3 million goodwill impairment charge during the third quarter of 2014. We performed our annual impairment analysis in the fourth quarter of the year ended December 31, 2014, and based on the results of the annual impairment test there were no additional goodwill impairment charges for the year ended December 31, 2014. We may be required to record additional goodwill impairment charges in future periods.

## **Stock-based Compensation**

Included in operating expenses are expenses associated with stock-based compensation, which are allocated and included in service costs, sales and marketing, product development and general and administrative expenses. Stock-based compensation expense is largely comprised of costs associated with stock options, restricted stock units and restricted stock granted to employees, directors and non-employees, and expenses relating to our Employee Stock Purchase Plan. We record the fair value of these equity-based awards and expenses at their cost ratably over related vesting periods.

## **Interest Income (Expense), Net**

Interest expense principally consists of interest on outstanding debt and amortization of debt issuance costs associated with our credit facility, which was fully repaid in November 2014. Interest expense was higher in 2014 than in prior years due to higher borrowings outstanding for most of the year, as well as the \$1.7 million write off of the debt issuance costs associated with our credit facility. We expect interest expense to decrease in 2015 because we currently have no debt outstanding. Interest income consists of interest earned on cash balances and short-term investments. We typically invest our available cash balances in money market funds and short-term United States Treasury obligations.

## **Other Income (Expense), Net**

Other income (expense), net consists primarily of transaction gains and losses on foreign currency-denominated assets and liabilities and changes in the value of certain long term investments. We expect our transaction gains and losses will vary depending upon movements in underlying currency exchange rates.

## **Provision for Income Taxes**

Since our inception, we have been subject to income taxes principally in the United States, and certain other countries where we have a legal presence, including the United Kingdom, the Netherlands, Canada, Australia and Argentina. We may in the future become subject to taxation in additional countries based on the foreign statutory rates and our effective tax rate could fluctuate accordingly.

Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the

year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

As of December 31, 2014, we had approximately \$110.7 million of federal and \$8.3 million of state operating loss carry-forwards available to offset future taxable income which expire in varying amounts beginning in 2020 for federal and 2014 for state purposes if unused. Federal and state laws impose substantial restrictions on the utilization of net operating loss and tax credit carry-forwards in the event of an “ownership change,” as defined in Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. Currently, we do not expect the utilization of our net operating loss and tax credit carry-forwards in the near term to be materially affected as no significant limitations are expected to be placed on these carry-forwards as a result of our previous ownership changes. If an ownership change is deemed to have occurred as a result of our initial public offering, potential near term utilization of these assets could be reduced.

### **Critical Accounting Policies and Estimates**

Management’s discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the estimates and assumptions associated with our revenue recognition, accounts receivable and allowance for doubtful accounts, goodwill, capitalization and useful lives associated with our intangible assets, income taxes, stock-based compensation, discontinued operations and the recoverability of our long-lived assets including our media content portfolio, have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

#### **Revenue Recognition**

We recognize revenue when four basic criteria are met: persuasive evidence of a sales arrangement exists; performance of services has occurred; the sales price is fixed or determinable; and collectability is reasonably assured. We consider persuasive evidence of a sales arrangement to be the receipt of a signed contract. Collectability is assessed based on a number of factors, including transaction history and the credit worthiness of a customer. If it is determined that collection is not reasonably assured, revenue is not recognized until collection becomes reasonably assured, which is generally upon receipt of cash. We record cash received in advance of revenue recognition as deferred revenue.

For arrangements with multiple deliverables, we allocate revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in our control. The fair value of the selling price for a deliverable is determined using a hierarchy of (1) Company specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. We allocate any arrangement fee to each of the elements based on their relative selling prices.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

We maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables from our customers based on our best estimate of the amount of probable losses from existing accounts receivable. We determine the allowance based on an analysis of historical bad debts, advertiser concentrations, advertiser credit-worthiness and current economic trends. In addition, past due balances over 60 days and specific other balances are reviewed individually for collectability on at least a quarterly basis. During the years ended December 31, 2014 and 2013, our allowance for doubtful accounts and bad debt expense were not significant and we expect that this trend will continue in the near term.

#### **Goodwill**

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets. Goodwill is tested for impairment annually during the fourth quarter of our fiscal year or when events or circumstances change in a manner that indicates goodwill might be impaired. Events or circumstances that could trigger an impairment review include, but are not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, a decline in our stock price leading to an extended period when our market

capitalization is less than the book value of our net assets or significant underperformance relative to expected historical or projected future results of operations.

Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. As of December 31, 2014, we determined that we have two reporting units. When testing goodwill for impairment, we first perform a qualitative assessment to determine whether it is necessary to perform step one of a two-step goodwill impairment test for each reporting unit. We are required to perform step one only if we conclude that it is more likely than not that a reporting unit's fair value is less than the carrying value of its assets. Should this be the case, the first step of the two-step process is to identify whether a potential impairment exists by comparing the estimated fair values of our reporting units with their respective carrying values, including goodwill. If the estimated fair value of a reporting unit exceeds the carrying value, goodwill is not considered to be impaired and no additional steps are necessary. If, however, the fair value of a reporting unit is less than its carrying value, then a second step is performed to measure the amount of the impairment loss, if any. The amount of the impairment loss is the excess of the carrying amount of the goodwill over its implied fair value. The estimate of implied fair value of goodwill is primarily based on an estimate of the discounted cash flows expected to result from that reporting unit, but may require valuations of certain internally generated and unrecognized intangible assets such as our software, technology, patents and trademarks.

We test goodwill for impairment in the fourth quarter of each year unless there are interim indicators that suggest that it is more likely than not that goodwill may be impaired. Due to unexpected revenue declines in the third quarter of 2014 attributable to lower traffic and monetization yield on certain of our content and media websites, we lowered our future cash flow expectations. As a result of the decline in our cash flow forecast as well as a sustained decline in our market capitalization which remained at a level below the book value of our net assets for an extended period of time, including as of September 30, 2014, we performed an interim assessment of impairment of the goodwill in our content and media reporting unit in the third quarter of 2014. Based on our analyses, the implied fair value of goodwill was substantially lower than the carrying value of goodwill for the content and media reporting unit and as a result, we estimated that the implied fair value of the goodwill in the content and media reporting unit was zero. Accordingly, we recorded \$232.3 million for the goodwill impairment charge during the third quarter of 2014, which is included in Goodwill impairment charge in the Consolidated Statements of Operations. We determined the fair value of the Content & Media reporting unit using the combination of an income and market approach. The income approach relies on the present value of estimated future cash flows of the business, discounted using a rate appropriately reflecting the risks inherent in the cash flows. The market approach relies on market data of other public companies which the company deemed comparable in operations to the Content & Media reporting unit, as well as the Company's own market capitalization. We performed our annual goodwill impairment test in the fourth quarter of the year ending December 31, 2014, consistent with our existing accounting policy, and we determined that there was no further impairment charge for the year ended December 31, 2014. We may be required to record additional goodwill impairment charges in future periods.

### **Intangible Assets—Media Content**

We capitalize the direct costs incurred to acquire our media content that is determined to embody a probable future economic benefit. Costs are recognized as finite-lived intangible assets based on their acquisition cost to us. All costs incurred to deploy and publish content are expensed as incurred, including the costs incurred for the ongoing maintenance of websites on which our content resides. We generally acquire content when our internal systems and processes, including an analysis of millions of historical Internet search queries, advertising marketing terms, keywords and other data, provide reasonable assurance that, given predicted consumer and advertiser demand relative to our predetermined cost to acquire the content, the content unit will generate revenue over its useful life that exceed the cost of acquisition. In determining whether content embodies probable future economic benefit required for asset capitalization, we make judgments and estimates including the forecasted number of visits and the advertising rates that the content will generate. These estimates and judgments take into consideration various inherent uncertainties including, but not limited to, total expected visits over the articles useful life, our expected ability to renew at favorable terms or replace certain material agreements with Google that currently provide a significant portion of our revenue; the fact that our content creation and distribution model is evolving and may be impacted by competition and technological advancements; our ability to expand existing and enter into new distribution channels and applications for our content; and whether we will be able to continue to create content of the same quality or generate similar economic returns from content in the future. Management has reviewed, and intends to regularly review the operating performance of content in determining probable future economic benefits of our content.

Capitalized media content is amortized on a straight-line basis over its useful life, which is typically five years, representing our estimate of when the underlying economic benefits are expected to be realized and based on our estimates of the projected cash flows from advertising revenue expected to be generated by the deployment of such content. These estimates are based on our plans and projections, comparison of the economic returns generated by our content with content of comparable quality and an analysis of historical cash flows generated by that content to date.

## **Intangible Assets—Acquired in Business Combinations**

We perform valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocate the purchase price of each acquired business to our respective net tangible and intangible assets. Acquired intangible assets include: trade names, non-compete agreements, owned website names, artist relationships, customer relationships, technology, media content, and content publisher relationships. We use valuation techniques to value these intangibles assets, with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires us to make various assumptions and estimates including projected revenue, operating costs, growth rates, useful lives and discount rates. Intangible assets are amortized over their estimated useful lives using the straight-line method which approximates the pattern in which the economic benefits are consumed.

## **Recoverability of Long-lived Assets**

We evaluate the recoverability of our long-lived tangible and intangible assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Such trigger events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, a significant adverse change in legal factors or in the business climate, including those resulting from technology advancements in the industry, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows we expect to generate from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. We perform impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows, and in light of recent revenue declines we have evaluated certain of our long-lived assets for impairment. However, we have identified no such impairment losses through December 31, 2014. Assets to be disposed of, if any, are separately presented on our consolidated balance sheets and reported at the lower of their carrying amount or fair value less costs to sell, and are no longer depreciated or amortized.

## **Discontinued Operations**

We report the results of operations of a business as discontinued operations if the disposal of a component represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The results of discontinued operations are reported in discontinued operations in the consolidated statements of operations for current and prior periods commencing in the period in which the business meets the criteria of a discontinued operation, and include any gain or loss recognized on closing or adjustment of the carrying amount to fair value less cost to sell.

On August 1, 2014, we completed the Separation of Rightside from Demand Media, resulting in two independent, publicly traded companies. Following the Separation, Rightside operates our former domain name services business, while we continue to own and operate our Content & Media and Marketplaces businesses. The financial results of Rightside are presented as discontinued operations in our consolidated statements of operations for the years ended December 31, 2014, 2013 and 2012. We reclassified the following activity in our consolidated statements of operations from continuing operations to discontinued operations (in thousands):

	Year ended December 31,		
	2014	2013	2012
		(in thousands)	
Service revenue .....	\$ 107,721	\$ 185,187	\$ 172,938
Operating expenses:			
Service costs .....	92,588	143,607	126,714
Sales and marketing .....	5,632	10,170	7,553
Product and development .....	8,203	12,002	9,518
General and administrative .....	14,819	20,263	8,943
Amortization of intangible assets .....	4,243	7,890	8,274
Total operating expenses .....	<u>125,485</u>	<u>193,932</u>	<u>161,002</u>
Operating income (loss) .....	(17,764)	(8,745)	11,936
Other income (expense), net .....	7,017	4,174	(64)
Income (loss) before income taxes .....	(10,747)	(4,571)	11,872
Income tax benefit (expense) .....	(461)	(1,385)	(832)
Net income (loss) .....	<u>\$ (11,208)</u>	<u>\$ (5,956)</u>	<u>\$ 11,040</u>

#### Income Taxes

We account for our income taxes using the liability and asset method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our financial statements or in our tax returns. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Deferred income taxes are recognized for differences between financial reporting and tax bases of assets and liabilities at the enacted statutory tax rates in effect for the years in which the temporary differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. We evaluate the realizability of our deferred tax assets, and valuation allowances are provided when necessary to reduce deferred tax assets to the amounts expected to be realized.

We operate in various tax jurisdictions and are subject to audit by various tax authorities. Our 2012 federal income tax return is currently under IRS audit. We believe any adjustments that may ultimately be required as a result of any of these audits will not be material to our consolidated financial statements. We provide tax contingencies whenever it is deemed probable that a tax asset has been impaired or a tax liability has been incurred for events such as tax claims or changes in tax laws. Tax contingencies are based upon their technical merits, and relevant tax law and the specific facts and circumstances as of each reporting period. Changes in facts and circumstances could result in material changes to the amounts recorded for such tax contingencies.

We recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. We recognize interest and penalties accrued related to unrecognized tax benefits in our income tax (benefit) provision in the accompanying consolidated statements of operations.

We calculate our current and deferred tax provision based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified. The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities. Our estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts, and circumstances existing at that time. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made.

#### Stock-based Compensation

We measure and recognize compensation expense for all stock-based payment awards made to employees, non-employees and directors based on the grant date fair values of the awards. For stock option awards to employees with service and/or performance based vesting conditions, the fair value is estimated using the Black-Scholes-Merton option pricing model. The value of an award that



is ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statements of operations. We elected to treat stock-based payment awards, other than performance awards, with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. Stock-based compensation expenses are classified in the consolidated statement of operations based on the department to which the related employee reports. Our stock-based awards are comprised principally of stock options, restricted stock units and, in the past, restricted stock awards.

We account for stock-based payment awards and stock options issued to non-employees in accordance with the guidance for equity-based payments to non-employees. Stock option awards to non-employees are accounted for at fair value using the Black-Scholes-Merton option pricing model. We believe that the fair value of stock-based payment awards and stock options is more reliably measured than the fair value of the services received. The fair value of the unvested portion of the options granted to non-employees is re-measured each period. The resulting increase in value, if any, is recognized as expense during the period the related services are rendered.

The Black-Scholes-Merton option pricing model requires management to make assumptions and to apply judgment in determining the fair value of our awards. The most significant assumptions and judgments include the expected volatility, expected term of the award and estimated forfeiture rates.

We estimated the expected volatility of our awards from the historical volatility of selected public companies within the Internet and media industry with comparable characteristics to Demand Media, including similarity in size, lines of business, market capitalization, revenue and financial leverage. From our inception through December 31, 2008, the weighted average expected life of options was calculated using the simplified method as prescribed under guidance by the SEC. This decision was based on the lack of relevant historical data due to our limited experience and the lack of an active market for our common stock. Effective January 1, 2009, we calculated the weighted average expected life of our options based upon our historical experience of option exercises combined with estimates of the post-vesting holding period. The risk free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The expected dividend rate is zero as we currently have no history or expectation of paying cash dividends on our common stock. The forfeiture rate is established based on applicable historical forfeiture patterns adjusted for any expected changes in future periods.

## Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year ended December 31,		
	2014	2013	2012
	(In thousands)		
Revenue:			
Service revenue .....	\$ 137,711	\$ 195,269	\$ 207,640
Product revenue .....	34,718	14,142	-
Total revenue .....	<u>172,429</u>	<u>209,411</u>	<u>207,640</u>
Operating expenses <sup>(1)(2)</sup> :			
Service costs (exclusive of amortization of intangible assets shown separately below) .....	43,325	51,274	54,304
Product costs .....	26,058	9,882	-
Sales and marketing .....	20,046	36,275	38,948
Product development .....	29,387	32,185	31,190
General and administrative .....	50,179	53,014	54,082
Goodwill impairment charge .....	232,270	-	-
Amortization of intangible assets .....	38,316	36,519	32,402
Total operating expenses .....	<u>439,581</u>	<u>219,149</u>	<u>210,926</u>
Loss from operations .....	(267,152)	(9,738)	(3,286)
Interest income .....	328	5	31
Interest expense .....	(4,692)	(1,642)	(622)
Other income (expense), net .....	654	13	(36)
Loss from continuing operations before income taxes .....	(270,862)	(11,362)	(3,913)
Income tax benefit (expense) .....	14,713	(2,856)	(951)
Net loss from continuing operations .....	(256,149)	(14,218)	(4,864)
Net income (loss) from discontinued operations <sup>(1)(2)</sup> .....	(11,208)	(5,956)	11,040
Net income (loss) .....	<u>\$ (267,357)</u>	<u>\$ (20,174)</u>	<u>\$ 6,176</u>
<sup>(1)</sup> Depreciation expense included in the above line items:			
Service costs .....	\$ 6,798	\$ 9,594	\$ 10,993
Sales and marketing .....	156	275	354
Product development .....	496	645	801
General and administrative .....	4,802	3,942	2,869
Discontinued operations .....	4,662	6,045	4,641
Total depreciation .....	<u>\$ 16,914</u>	<u>\$ 20,501</u>	<u>\$ 19,658</u>
<sup>(2)</sup> Stock-based compensation included in the above line items:			
Service costs .....	\$ 1,422	\$ 2,420	\$ 2,424
Sales and marketing .....	683	3,823	5,114
Product development .....	4,745	3,835	4,942
General and administrative .....	12,016	12,525	14,709
Discontinued operations .....	2,949	4,781	4,179
Total stock-based compensation .....	<u>\$ 21,815</u>	<u>\$ 27,384</u>	<u>\$ 31,368</u>

As a percentage of revenue:

	Year ended December 31,		
	2014	2013	2012
<b>Revenue:</b>			
Service revenue .....	79.9%	93.2%	100.0%
Product revenue .....	20.1%	6.8%	0.0%
Total revenue .....	100.0%	100.0%	100.0%
<b>Operating expenses:</b>			
Service costs (exclusive of amortization of intangible assets) .....	25.1%	24.5%	26.2%
Product costs .....	15.1%	4.7%	0.0%
Sales and marketing .....	11.6%	17.3%	18.8%
Product development .....	17.0%	15.4%	15.0%
General and administrative .....	29.2%	25.4%	26.0%
Goodwill impairment charge .....	134.7%	0.0%	0.0%
Amortization of intangible assets .....	22.2%	17.4%	15.6%
Total operating expenses .....	254.9%	104.7%	101.6%
Loss from operations .....	-154.9%	-4.7%	-1.6%
Interest income .....	0.2%	0.0%	0.0%
Interest expense .....	-2.8%	-0.7%	-0.3%
Other income (expense), net .....	0.4%	0.0%	0.0%
Loss from continuing operations before income taxes .....	-157.1%	-5.4%	-1.9%
Income tax benefit (expense) .....	8.5%	-1.4%	-0.5%
Net loss from continuing operations .....	-148.6%	-6.8%	-2.3%
Net income (loss) from discontinued operations .....	-6.5%	-2.8%	5.3%
Net income (loss) .....	-155.1%	-9.6%	3.0%

## Revenue

Revenue by service line was as follows (in thousands):

	Year ended December 31,			% Change	
	2014	2013	2012	2014 to 2013	2013 to 2012
Content & Media revenue .....	\$ 137,038	\$ 195,080	\$ 207,640	-30%	-6%
Marketplaces revenue .....	35,391	14,331	-	147%	N/A
Total revenue .....	<u>\$ 172,429</u>	<u>\$ 209,411</u>	<u>\$ 207,640</u>		

### Content & Media Revenue

Content & Media revenue decreased by \$58.0 million, a 30% decline to \$137.0 million for the year ended December 31, 2014, as compared to \$195.1 million for the same period in 2013. Visits decreased by 1%, to 4,004 million visits in the year ended December 31, 2014 from 4,032 million visits in the year ended December 31, 2013 primarily due to declines in desktop visits from eHow.com, Cracked.com and Livestrong.com, partially offset by mobile visit growth across most of our online properties and desktop visit growth from our international and customer web pages hosted by our content services. RPV decreased by 29%, to \$34.22 in the year ended December 31, 2014 from \$48.39 in the year ended December 31, 2013, primarily due to lower ad monetization yields from cost-per-click advertising, our strategic reduction in higher yielding direct sold display advertising, and a mix shift to lower ad monetizing visits from mobile and international users.

Content & Media revenue decreased by \$12.6 million, a 6% decline to \$195.1 million for the year ended December 31, 2013, as compared to \$207.6 million for the same period in 2012. Visits increased 4%, to 4,032 million visits in the year ended December 31, 2013 from 3,861 million visits in the year ended December 31, 2012 primarily due to significant mobile visit growth across all of our online properties, partially offset by declines in desktop visits resulting from reductions in search engine referral traffic. RPV decreased by 10%, to \$48.39 in the year ended December 31, 2013 from \$53.78 in the year ended December 31, 2012, primarily due to lower revenue associated with less content delivered year-over-year under the YouTube Channels agreement as we satisfied our final content delivery requirements in the first quarter of 2013, as well as a decline in our Pluck and IndieClick businesses, and a mix shift to lower monetizing visits from mobile and international users.



## Marketplaces Revenue

Marketplaces revenue increased by \$21.1 million, a 147% increase to \$35.4 million for the year ended December 31, 2014, as compared to \$14.3 million for the same period in 2013. The number of transactions increased 158% to 715,343 in the year ended December 31, 2014 from 277,442 from the prior year period, driven primarily by a full year of results for Society6, which we acquired in June 2013. Average revenue per transaction was \$49.47 for the year ended December 31, 2014, decreasing by 4% as compared to \$51.65 in the prior year period due to a mix shift that includes lower priced product offerings on Society6.

## Cost and Expenses

Operating costs and expenses were as follows (in thousands):

	Year ended December 31,			% Change	
	2014	2013	2012	2014 to 2013	2013 to 2012
Service costs (exclusive of amortization of intangible assets).....	\$ 43,325	\$ 51,274	\$ 54,304	-16%	-6%
Product costs .....	26,058	9,882	-	164%	N/A
Sales and marketing .....	20,046	36,275	38,948	-45%	-7%
Product development.....	29,387	32,185	31,190	-9%	3%
General and administrative .....	50,179	53,014	54,082	-5%	-2%
Goodwill impairment charge.....	232,270	-	-	N/A	N/A
Amortization of intangible assets.....	38,316	36,519	32,402	5%	13%

## Service Costs

Service costs for the year ended December 31, 2014 decreased by approximately \$7.9 million, or 16%, to \$43.3 million compared to \$51.3 million in the same period in 2013. The decrease was primarily due to a \$2.8 million decrease in depreciation expense, a decrease of \$2.4 million in ad serving costs, a decrease of \$1.0 million in personnel related costs, including stock-based compensation, a \$1.8 million decrease in traffic acquisition cost ("TAC"), a \$1.7 million decrease in newly created content and a \$0.1 million decrease in information technology expense. These factors were partially offset by a \$1.9 million increase in content remediation related expenses.

Service costs for the year ended December 31, 2013 decreased by approximately \$3.0 million, or 6%, to \$51.3 million compared to \$54.3 million in the same period in 2012. The decrease is primarily due to a \$3.3 million decrease in content related expenses primarily associated with our YouTube Channels agreement, a \$2.8 million decrease in TAC and a \$1.4 million decrease in depreciation. These factors were partially offset by an increase of \$3.1 million in personnel related costs, including stock-based compensation and a \$1.6 million increase in ad serving costs.

## Product Costs

Product costs for the year ended December 31, 2014 increased by \$16.2 million, or 164%, to \$26.1 million compared to product costs of \$9.9 million for the year ended December 31, 2013, primarily due to increased costs related to the higher volume of products sold on Society6. The year ended December 31, 2014 represented a full year of product costs related to Society6, which was acquired in June 2013.

## Sales and Marketing

Sales and marketing expenses decreased by \$16.2 million, to \$20.0 million for the year ended December 31, 2014 from \$36.3 million for the same period in 2013. The decrease in expense was driven by a \$13.1 million decrease in personnel and related costs, primarily due to our strategic shift away from direct advertising sales, a \$2.6 million reduction in marketing and branding activities and a \$0.5 million decrease in software licensing fees.

Sales and marketing expenses decreased \$2.7 million, or 7%, to \$36.3 million for the year ended December 31, 2013 from \$38.9 million for the same period in 2012. The decrease is primarily due to a \$1.3 million decrease in marketing and consulting activities, a \$1.2 million decrease in personnel related costs, including stock-based compensation expense and a \$0.1 million decrease in depreciation.

### ***Product Development***

Product development expenses decreased by \$2.8 million, or 9%, to \$29.4 million during the year ended December 31, 2014 compared to \$32.2 million in the same period in 2013. The decrease was driven by a \$2.5 million reduction in personnel related costs, including stock-based compensation expense and net of internal costs capitalized as internal software developments, as well as a \$0.3 million decrease in consulting expense.

Product development expenses increased by \$1.0 million, or 3%, to \$32.2 million during the year ended December 31, 2013 compared to \$31.2 million in the same period in 2012. The increase was largely due to a \$1.6 million increase in personnel related costs, including stock-based compensation expense and net of internal costs capitalized as internal software development. These costs were partially offset by a decrease of \$0.6 million in consulting expense.

### ***General and Administrative***

General and administrative expenses decreased by \$2.8 million, or 5%, to \$50.2 million during the year ended December 31, 2014 compared to \$53.0 million in the same period in 2013. The decrease was primarily due to a decrease of \$2.3 million in facilities and related costs, a decrease of \$1.2 million in personnel and related costs and a decrease of \$0.4 million in consulting costs, partially offset by an increase of \$0.9 million in depreciation.

General and administrative expenses decreased by \$1.1 million, or 2%, to \$53.0 million during the year ended December 31, 2013 compared to \$54.1 million in the same period in 2012. The decrease was primarily due to a decrease of \$2.9 million in personnel and related costs, including stock-based compensation expense, and a decrease of \$1.1 million in legal fees. These factors were partially offset by an increase of \$2.0 million for rent and facilities expense, largely due to incremental expense associated with our new headquarters in Santa Monica, and an increase of \$1.1 million in depreciation.

### ***Amortization of Intangibles***

Amortization expense for the year ended December 31, 2014 increased by \$1.8 million, or 5%, to \$38.3 million compared to \$36.5 million in the same period in 2013. The increase is primarily due to additional amortization expense from intangible assets acquired from the Society6 acquisition in 2013, as well as an increase in accelerated amortization expense due to our content remediation efforts initiated in the fourth quarter of 2014, partially offset by lower amortization expense due to our removal of certain content in the fourth quarter of 2013, and reduced amortization due to business disposals.

Amortization expense for the year ended December 31, 2013 increased by \$4.1 million, or 13%, to \$36.5 million compared to \$32.4 million in the same period in 2012. The increase is primarily due to additional amortization expense from intangible assets acquired in the acquisition of Society6 in 2013, as well as an increase in capitalized content assets.

### ***Goodwill Impairment Charge***

During the year ended December 31, 2014, we recorded a pretax impairment charge of \$232.3 million on the carrying value of our goodwill based on the results of an interim assessment of impairment of the goodwill in our content and media reporting unit. We performed our annual impairment analysis in the fourth quarter of the year ended December 31, 2014, and based on the results of the annual impairment test there were no additional goodwill impairment charges for the year ended December 31, 2014. We did not record any impairment charges during the corresponding 2013 and 2012 periods. See “—Critical Accounting Policies and Estimates—Goodwill” for additional details.

### ***Interest Income***

Interest income for the year ended December 31, 2014 increased by approximately \$0.3 million compared to the same period in the prior year, primarily due to a higher average cash balance during 2014.

Interest income for the year ended December 31, 2013 remained relatively flat compared to the same period in the prior year.

### ***Interest Expense***

Interest expense for the year ended December 31, 2014 increased by \$3.0 million as compared to the same period in 2013 primarily due to the increased balance outstanding and the \$1.7 million write off of debt issuance costs associated with terminating our credit facility in November 2014.

Interest expense for the year ended December 31, 2013 increased by \$1.0 million as compared to the same period in 2012 primarily due to the balance outstanding under the credit facility that we entered into during the third quarter of 2013.

***Other Income (Expense), Net***

Other income (expense), net for the year ended December 31, 2014 increased by \$0.6 million compared to the same period in 2013, primarily due to a \$0.8 million gain on sale from dispositions during the 2014 period.

Other income (expense), net for the year ended December 31, 2013 increased by less than \$0.1 million.

***Income Tax (Benefit) Provision***

During the year ended December 31, 2014, we recorded an income tax benefit of \$14.7 million compared to an income tax provision of \$2.9 million during the year ended December 31, 2013, representing a \$17.6 million decrease. The decrease was primarily due to a reduction of tax amortization of goodwill from the impairment of goodwill and its impact on our valuation allowance.

During the year ended December 31, 2013, we recorded an income tax provision of \$2.9 million compared to \$1.0 million during the same period in 2012, representing a \$1.9 million increase. The increase was primarily due to an increase in the tax amortization of goodwill from acquisitions and its impact on our valuation allowance.

## Selected Quarterly Financial Data

The following unaudited quarterly consolidated statements of operations for the quarters in the years ended December 31, 2014 and 2013, have been prepared on a basis consistent with our audited consolidated annual financial statements, and include, in the opinion of management, all normal recurring adjustments necessary for the fair statement of the financial information contained in those statements. The period-to-period comparison of financial results is not necessarily indicative of future results and should be read in conjunction with our consolidated annual financial statements and the related notes included elsewhere in this Annual Report on Form 10-K.

	Quarter ended							
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
(In thousands, except per share data)								
Unaudited								
Revenue:								
Service revenue .....	\$ 54,585	\$ 52,849	\$ 45,102	\$ 42,733	\$ 38,264	\$ 36,397	\$ 33,712	\$ 29,338
Product revenue .....	-	-	5,643	8,499	6,792	6,680	7,603	13,643
Total revenue .....	<u>\$ 54,585</u>	<u>\$ 52,849</u>	<u>\$ 50,745</u>	<u>\$ 51,232</u>	<u>\$ 45,056</u>	<u>\$ 43,077</u>	<u>\$ 41,315</u>	<u>\$ 42,981</u>
Income (loss) from operations .....	\$ 613	\$ 907	\$ (4,956)	\$ (6,302)	\$ (5,708)	\$ (5,215)	\$(239,316)	\$(16,913)
Net income (loss) from continuing operations .....	\$ 402	\$ (78)	\$ (6,526)	\$ (8,016)	\$ (8,946)	\$ (6,440)	\$(222,533)	\$(18,230)
Net income (loss) from discontinued operations .....	267	1,196	(3,914)	(3,505)	(2,010)	(7,892)	(1,306)	-
Net income (loss) .....	<u>\$ 669</u>	<u>\$ 1,118</u>	<u>\$ (10,440)</u>	<u>\$ (11,521)</u>	<u>\$ (10,956)</u>	<u>\$ (14,332)</u>	<u>\$ (223,839)</u>	<u>\$ (18,230)</u>
Earnings per share - basic and diluted <sup>(1)</sup>								
Net income (loss) from continuing operations .....	\$ 0.02	\$ (0.01)	\$ (0.36)	\$ (0.44)	\$ (0.49)	\$ (0.35)	\$ (11.62)	\$ (0.93)
Net income (loss) from discontinued operations .....	0.02	0.07	(0.22)	(0.20)	(0.11)	(0.43)	(0.07)	-
Net income (loss) .....	<u>\$ 0.04</u>	<u>\$ 0.06</u>	<u>\$ (0.58)</u>	<u>\$ (0.64)</u>	<u>\$ (0.60)</u>	<u>\$ (0.78)</u>	<u>\$ (11.69)</u>	<u>\$ (0.93)</u>
Weighted average number of shares - basic...	17,324	17,474	17,954	18,062	18,171	18,286	19,151	19,622
Weighted average number of shares - diluted.....	17,549	17,474	17,954	18,062	18,171	18,286	19,151	19,622

<sup>(1)</sup> For a description of the method used to compute our basic and diluted net income (loss) per share, refer to note 7 in Part II, Item 6, "Selected Financial Data."

### Seasonality of Quarterly Results

Our Content & Media service offering is affected by seasonal fluctuations in internet usage and our Marketplaces service offering is affected by traditional retail seasonality as well as seasonal fluctuations in internet usage. Internet usage generally slows during the summer months while our online marketplaces generally experience increased sales activity during the fourth quarter holiday season. These seasonal trends have caused, and will likely continue to cause, fluctuations in our quarterly results.

### Liquidity and Capital Resources

As of December 31, 2014, we had \$47.8 million of cash and cash equivalents. Our principal sources of liquidity are our cash and cash equivalents, as well as the cash flow we generate from our operations. Historically, we have principally financed our operations from the issuance of stock, net cash provided by our operating activities and borrowings under our previous credit facilities. We believe that our existing cash and cash equivalents and our cash flows from operating activities will be sufficient to fund our operations for at least the next 12 months. However, in order to fund our operations, make potential acquisitions and invest in our platforms, technologies, intangible assets or new business opportunities, we may need to raise additional funds by entering into a new credit facility or through the issuance of equity, equity-related or debt securities. We currently have a shelf registration statement on

file with the SEC that is effective through October 2015 which we may use to offer and sell debt or equity securities with an aggregate offering price not to exceed \$100.0 million.

In November 2014, we repaid all amounts outstanding under our Credit Agreement, dated August 29, 2013, with Silicon Valley Bank, as administrative agent, and the lenders and other agents party thereto (the “Credit Agreement”) and terminated the Credit Agreement and the related Guarantee and Collateral Agreement. The Credit Agreement had provided for a \$100.0 million senior secured term loan facility and a \$125.0 million senior secured revolving loan facility, each of which was scheduled to mature on August 29, 2018. Under the Credit Agreement, loans bore interest at an annual rate based on LIBOR or a base rate, and we were required to pay a commitment fee between 0.20% and 0.40% per annum on the undrawn portion available under the revolving loan facility. The Credit Agreement contained customary events of default and affirmative and negative covenants, including certain financial maintenance covenants. At the time of termination, there was approximately \$73.8 million outstanding under the term loan facility, no principal balance outstanding under the revolving loan facility and an outstanding standby letter of credit with a face amount of approximately \$1.4 million. We used cash on hand to pay all outstanding principal, interest and other amounts owing under the Credit Agreement as of the termination date and to cash collateralize the outstanding standby letter of credit. In connection with the termination of the Credit Agreement, during the quarter ended December 31, 2014, we recorded a non-cash expense of \$1.7 million from the acceleration of unamortized debt issuance costs. We do not currently have a line of credit available.

On August 1, 2014, we completed the Separation of our business into two independent, publicly traded companies. In connection with the completion of the Separation, we capitalized Rightside Group, Ltd. with approximately \$25 million in cash. Following the Separation, we are a smaller, less diversified company focused on our Content & Media and Marketplaces businesses. This narrower business focus may leave us more vulnerable to changing market conditions. The diminished diversification of revenue, costs, and cash flows could also cause our results of operation, cash flows, working capital and financing requirements to be subject to increased volatility.

Since our inception, we have used significant cash to make strategic acquisitions to grow our business, including the acquisitions of Society6 in June 2013 and Saatchi Art in August 2014. We acquired Saatchi Art for total consideration, after giving effect to working capital adjustments as of the closing date, of approximately \$4.8 million in cash and 1,049,959 shares of our common stock, in addition to certain liabilities that we assumed in the merger. In July 2014, we sold our Creativebug business for \$10.0 million in cash, of which \$1.0 million is being held in escrow until the first anniversary of the Creativebug closing, and our CoveritLive business for \$4.5 million in cash and a promissory note with a principal amount of \$5.6 million. In addition, in February 2015 we sold our Pluck social media business for \$3.8 million in cash after working capital adjustments. We may make further acquisitions and dispositions in the future.

Subsequent to the filing of our Form 10-Q for the third quarter of 2014, we determined that certain gTLD transactions were misclassified in the Consolidated Statement of Cash Flows for the nine-months ended September 30, 2014. The misclassification primarily related to deposits made for certain gTLD auctions just prior to the spin-off of Rightside. These cash flows were improperly recorded as a change in Accounts Receivable within Operating activities whereas the transactions should have been classified as Payments for gTLD applications within Investing activities. The classification error understated our third quarter net cash provided by operating activities by \$3.4 million, and understated net cash used in investing activities by the same amount. This classification error relates entirely to activities of our discontinued operations, the spun-off Rightside business. We assessed the materiality of the error on its previously issued quarterly financial statements in accordance with SEC Staff Accounting Bulletin No. 99, and concluded that the error was not material to the consolidated financial statements taken as a whole. As such, we have corrected this error in preparing the Consolidated Statement of Cash Flows for the year ended December 31, 2014. Further, the Company will revise the Consolidated Statement of Cash Flows for the nine months ended September 30, 2014 when that statement is included in its 2015 third quarter Form 10-Q filing.

Our cash flows from operating activities are significantly affected by our cash-based investments in operations, including working capital, and corporate infrastructure to support our ability to generate revenue and conduct operations. Cash used in investing activities has historically been, and is expected to be, impacted by our ongoing investments in our platforms, company infrastructure and equipment. The following table sets forth our major sources and (uses) of cash for each period as set forth below (in thousands):

	Year ended December 31,		
	2014	2013	2012
Net cash provided by operating activities .....	34,661	76,163	90,983
Net cash used in investing activities .....	(14,921)	(114,535)	(67,482)
Net cash provided by (used in) financing activities .....	(125,418)	89,030	(6,566)



## **Cash Flow from Operating Activities**

### ***Year ended December 31, 2014***

Net cash inflows from our operating activities was \$34.7 million, a decrease of \$41.5 million, or 54%, compared to the prior year. Our net loss during the period was \$267.4 million, which included non-cash charges of \$232.3 million for goodwill impairment and \$82.9 million related to depreciation, amortization, stock-based compensation and debt extinguishment, partially offset by deferred taxes, gain on disposals, gain on other assets, net and other of \$22.6 million. The remainder of our sources of net cash flow from operating activities was from changes in our working capital, including changes in accounts receivable and deferred revenue of \$22.8 million, offset in part by changes in accounts payable and accrued expenses, deferred registration costs, other long term assets and deposits with registries of \$13.3 million. The increase in our deferred revenue was primarily due to growth in our former registrar service during the period. The decrease in accrued expenses is reflective of increases in amounts due to certain vendors and our employees resulting from growth in our business, while the change in our accounts receivable and accounts payable was primarily due to the timing of payments and collections.

### ***Year ended December 31, 2013***

Net cash inflows from our operating activities was \$76.2 million, a decrease of \$14.8 million, or 16%, compared to the prior year. Our net loss during the period was \$20.2 million, which included non-cash charges of \$96.2 million related to depreciation, amortization, stock-based compensation, gain on other assets, net, deferred taxes and other, partially offset by gain on other assets, net and other of \$5.1 million. The remainder of the movement in our cash flow from operating activities was from changes in our working capital, including changes in accounts receivable, deferred revenue and accounts payable of \$24.8 million offset in part by changes in prepaid expenses and other current assets, accrued expenses, other long-term assets, deferred registration costs, and deposits with registries of \$19.6 million. The increases in our deferred revenue and deferred registry costs were primarily due to growth in our former registrar business during the period, while the decrease in our accounts receivable balances was primarily due to timing of collections.

### ***Year ended December 31, 2012***

Net cash inflows from our operating activities was \$91.0 million, an increase of \$5.6 million, or 7%, compared to the prior year. Our net income during the period was \$6.2 million, which included non-cash charges of \$93.4 million related to depreciation, amortization, stock-based compensation, deferred taxes and other. The remainder of the movement in our cash flow from operating activities was from changes in our working capital, including changes in deferred revenue, accounts payable, deposits with registries, prepaid expenses, other current assets and accrued expenses of \$12.4 million, offset by changes in accounts receivable and deferred registration costs of \$21.0 million. The increases in our deferred revenue and deferred registry fees were primarily due to growth in our former registrar business during the period. The increase in accrued expenses is reflective of increases in amounts due to certain vendors and our employees resulting from growth in our business. The increase in our accounts receivable reflects growth in advertising revenue including a higher mix of balances from brand advertising sales.

## **Cash Flow from Investing Activities**

### ***Years ended December 31, 2014, 2013 and 2012***

Net cash used in investing activities was \$14.9 million, \$114.5 million and \$67.5 million during the years ended December 31, 2014, 2013 and 2012, respectively, primarily relating to cash used to purchase property and equipment and intangible assets, cash received or used in connection with acquisitions and dispositions of businesses, and payments relating to our investment in gTLDs in connection with our former domain name business. Cash used in investing activities during the years ended December 31, 2014, 2013 and 2012, respectively, included investments in intangible assets, primarily comprised of media content, of \$5.7 million, \$16.8 million and \$13.2 million, and investments in property and equipment, primarily comprised of investments in servers and IT equipment, fixtures and fittings, leasehold improvements and internally developed software, of \$8.9 million, \$26.7 million and \$17.7 million. Cash flows from investing activities for the year ended December 31, 2014 included cash inflows of \$13.7 million from the sales of businesses, including Creativebug and CoverItLive, as well as outflows of \$2.2 million cash as partial consideration to acquire Saatchi Art and \$3.1 million of restricted cash comprised of a \$1.7 million holdback amount paid by us as part of the Saatchi Art consideration and \$1.4 million for a standby letter of credit we cash collateralized in connection with the payment arrangement for our Santa Monica office lease. Cash flows used in investing activities during the year ended December 31, 2013 included \$73.6 million of cash paid as partial consideration to acquire Society6 and Creativebug. Cash flows used in investing activities during the year ended December 31, 2012 included \$17.5 million of cash for acquisitions, which primarily related to our acquisition of Name.com in fiscal 2012 and also included \$1.3 million of deferred consideration for acquisitions made in prior years. In connection with our former domain name business, we made net payments for gTLD applications of \$15.8 million, \$3.9 million and \$18.2 million during the years ended December 31, 2014, 2013 and 2012, respectively, and we received cash proceeds of \$6.1 million and \$5.6 million from the withdrawals of our interest in certain gTLD applications during the years ended December 31, 2014 and 2013, respectively.

## Cash Flow from Financing Activities

### Years ended December 31, 2014, 2013 and 2012

Net cash provided by (used in) financing activities was \$(125.4) million, \$89.0 million and \$(6.6) million during the years ended December 31, 2014, 2013 and 2012, respectively. Cash provided by financing activities for the year ended December 31, 2013, primarily consists of net borrowings of \$96.3 million under the credit facility we entered into in August 2013. We also incurred debt issuance costs of \$1.9 million related to the credit facility during the year ended December 31, 2013. Cash used in financing activities during the year ended December 31, 2014, primarily includes \$96.3 million used to repay all remaining amounts outstanding under our credit facility and \$24.1 million used to capitalize Rightside in connection with the Separation. We also used \$1.9 million during the year ended December 31, 2014 to fund acquisition holdbacks related to our acquisitions of Name.com, Creativebug and Society6. In addition, during the years ended December 31, 2013 and 2012, we repurchased 0.6 million and 1.1 million shares of common stock under our share repurchase plan at a cost of \$4.8 million and \$8.9 million, respectively. No shares were repurchased during the year ended December 31, 2014. During the years ended December 31, 2014, 2013 and 2012, we also received proceeds of \$0.5 million, \$4.7 million and \$12.5 million, respectively, from the exercise of employee stock options and contributions from participants in our Employee Stock Purchase Plan, and we incurred \$2.9 million, \$4.6 million and \$9.5 million, respectively, of costs related to net taxes paid on employee stock options exercises and RSUs vesting.

### Off Balance Sheet Arrangements

As of December 31, 2014, we did not have any off balance sheet arrangements.

### Capital Expenditures

For the years ended December 31, 2014, 2013 and 2012, we used \$8.9 million, \$26.7 million and \$17.7 million, respectively, in cash to fund capital expenditures to create internally developed software, fund leasehold improvements and purchase servers, IT equipment and fixtures and fittings. We currently anticipate making capital expenditures of between \$5.0 million and \$10.0 million during the year ending December 31, 2015.

### Contractual Obligations

The following table summarizes our outstanding contractual obligations as of December 31, 2014 (in thousands):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Operating lease obligations .....	\$ 2,879	\$ 8,373	\$ 1,490	\$ -	\$ 12,742
Capital lease obligations .....	61	-	-	-	61
Total contractual obligations.....	<u>\$ 2,940</u>	<u>\$ 8,373</u>	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ 12,803</u>

Included in operating lease obligations are agreements to lease our primary office space in Santa Monica, California and other locations under various non-cancelable operating leases that expire between March 2015 and February 2020.

At December 31, 2014, we had a cash collateralized standby letter of credit for approximately \$1.4 million associated with a payment arrangement with the landlord of the office space we lease in Santa Monica.

### Indemnifications

In the normal course of business, we have made certain indemnities under which we may be required to make payments in relation to certain transactions. Those indemnities include intellectual property indemnities to our customers, indemnities to our directors and officers to the maximum extent permitted under the laws of the State of Delaware, indemnifications related to lease agreements and indemnifications to sellers or buyers in connection with acquisitions and dispositions, respectively. In addition, certain of our advertiser and distribution partner agreements contain certain indemnification provisions, which are generally consistent with those prevalent in our industry. We have not incurred significant obligations under indemnification provisions historically, and do not expect to incur significant obligations in the future. Accordingly, we have not recorded liability for any of these indemnities.

### Recent Accounting Pronouncements

See Note 2 of our Notes to Consolidated Financial Statements included in Part III, Item 15, "Exhibits, Financial Statement Schedules" of this Annual Report on Form 10-K.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange, inflation, and concentration of credit risk. To reduce and manage these risks, we assess the financial condition of our large advertising network providers, large direct advertisers and their agencies and other large customers when we enter into or amend agreements with them and limit credit risk by collecting in advance when possible and setting and adjusting credit limits where we deem appropriate. In addition, our recent investment strategy has been to invest in high credit quality financial instruments, which are highly liquid, are readily convertible into cash and that mature within three months from the date of purchase.

**Foreign Currency Exchange Risk**

While relatively small, we have operations and generate revenue from sources outside the United States. We have foreign currency risks related to our revenue being denominated in currencies other than the U.S. dollar, principally in the Euro and British Pound Sterling and a relatively smaller percentage of our expenses being denominated in such currencies. We do not believe movements in the foreign currencies in which we transact will significantly affect future net earnings or losses. Foreign currency risk can be quantified by estimating the change in cash flows resulting from a hypothetical 10% adverse change in foreign exchange rates. We believe such a change would not currently have a material impact on our results of operations. However, if our international operations grow, our risks associated with fluctuation in currency rates would become greater, and we intend to continue to assess our approach to managing this risk.

**Inflation Risk**

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

**Concentrations of Credit Risk**

As of December 31, 2014, our cash and cash equivalents were maintained primarily with six major U.S. financial institutions and two foreign banks. We also maintained cash balances with two Internet payment processors. Deposits with these institutions at times exceed the federally insured limits, which potentially subject us to concentration of credit risk. Historically, we have not experienced any losses related to these balances and believe that there is minimal risk of expected future losses. However, there can be no assurance that there will not be losses on these deposits.

Advertising network partners that accounted for more than 10% of our consolidated accounts receivable balance were as follows:

	Year ended December 31,	
	2014	2013
Google.....	42%	27%

**Item 8. Financial Statements and Supplementary Data**

The consolidated financial statements and supplementary data required by Item 8 are contained in Item 7 and Item 15 of this Annual Report on Form 10-K and are incorporated herein by reference.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

*Definition and Limitations of Disclosure Controls and Procedures.*

Our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) are designed to reasonably ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. A control system, no matter how well designed and operated, can provide only reasonable



assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports. Inherent limitations to any system of disclosure controls and procedures include, but are not limited to, the possibility of human error and the circumvention or overriding of such controls by one or more persons. In addition, we have designed our system of controls based on certain assumptions, which we believe are reasonable, about the likelihood of future events, and our system of controls may therefore not achieve its desired objectives under all possible future events.

*Evaluation of Disclosure Controls and Procedures.*

Our management, with the participation of our Chief Executive Officer and our Senior Vice President, Accounting and interim Chief Accounting Officer, has evaluated the effectiveness of our disclosure controls and procedures at December 31, 2014, the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer concluded that, at December 31, 2014, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported on a timely basis, and (ii) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

*Management's Report on Internal Control Over Financial Reporting.*

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and our Senior Vice President, Accounting and interim Chief Accounting Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based upon the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in this Annual Report on Form 10-K.

*Changes in Internal Control over Financial Reporting.*

There have been no changes in the Company's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information**

None.

## PART III

### **Item 10. Directors, Executive Officers, and Corporate Governance**

The information required by this item will be set forth in our definitive proxy statement with respect to our 2015 annual meeting of stockholders (the “2015 Proxy Statement”) to be filed with the SEC, which is expected to be filed not later than 120 days after the end of our fiscal year ended December 31, 2014, and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer and principal financial officer. The Code of Business Conduct and Ethics is posted on our website at <http://ir.demandmedia.com>.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this Code of Business Conduct and Ethics by posting such information on our corporate website, at the address and location specified above and, to the extent required by the listing standards of the New York Stock Exchange, by filing a Current Report on Form 8-K with the SEC, disclosing such information.

### **Item 11. Executive Compensation**

The information required by this item will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services**

The information required by this item will be set forth in the 2015 Proxy Statement and is incorporated herein by reference.

**PART IV**

**Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as a part of this Annual Report on Form 10-K:

(a) Financial Statements:

The following consolidated financial statements are included in this Annual Report on Form 10-K on the pages indicated:

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(b) Financial Statement Schedule:

All schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(c) Exhibits

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
2.1	Securities Purchase Agreement, dated as of June 20, 2013, by and among Demand Media, Inc., Society6, the Sellers and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 24, 2013)
2.2	Asset Purchase Agreement, dated as of July 9, 2014, by and among Demand Media, Inc., CB Acquisition LLC, and Otter Media Holdings (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 14, 2014)
2.3	Separation and Distribution Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
2.4	Agreement and Plan of Merger, dated as of August 8, 2014, by and among Demand Media, Inc., Gallery Merger Sub, Inc., Saatchi Online, Inc. and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 11, 2014)
3.1	Amended and Restated Certificate of Incorporation of Demand Media, Inc., as amended effective August 1, 2014 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-3 filed with the SEC on August 29, 2014)
3.2	Amended and Restated Bylaws of Demand Media, Inc. (incorporated by reference to Exhibit 3.02 to the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2011)
4.1	Form of Demand Media, Inc. Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2014)
4.2	Third Amended and Restated Stockholders' Agreement, among Demand Media, Inc., and the stockholders listed on Exhibit A thereto, dated March 3, 2008 (incorporated by reference to Exhibit 4.02 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
4.2A	Amendment No. 1 to Third Amended and Restated Stockholders' Agreement, dated October 21, 2010 (incorporated by reference to Exhibit 4.03 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on October 29, 2010)
4.2B	Waiver of Registration Rights and Amendment to Stockholders' Agreement, dated August 24, 2012 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 13, 2012)
10.1	† Form of Indemnification Agreement entered into by and between Demand Media, Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.01 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on October 12, 2010)
10.2	† Amended and Restated Demand Media, Inc. 2006 Equity Incentive Plan, adopted April 2006 and amended and restated on June 26, 2008 (incorporated by reference to Exhibit 10.03 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.2A	† First Amendment to the Amended and Restated Demand Media, Inc. 2006 Equity Incentive Plan, dated June 1, 2009 (incorporated by reference to Exhibit 10.03A to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.3	† Form of Demand Media, Inc. 2006 Equity Incentive Plan Restricted Stock Purchase Agreement (incorporated by reference to Exhibit 10.06 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.4	† Form of Demand Media, Inc. 2006 Equity Incentive Plan Stock Option Agreement (incorporated by reference to Exhibit 10.07 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)

- 10.5 † Demand Media, Inc. 2010 Incentive Award Plan, adopted August 3, 2010 (incorporated by reference to Exhibit 10.04 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
- 10.6 † Form of Demand Media, Inc. 2010 Incentive Award Plan Stock Option Grant Notice and Stock Option Agreement (incorporated by reference to Exhibit 10.05 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
- 10.7 † Form of Demand Media, Inc. 2010 Incentive Award Plan Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2011)
- 10.8 † Form of Demand Media, Inc. 2010 Incentive Award Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 12, 2011)
- 10.9 † Demand Media, Inc. 2010 Employee Stock Purchase Plan, dated September 27, 2010 (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on October 29, 2010)
- 10.10 † Employment Agreement, dated as of August 8, 2014, by and between Demand Media, Inc. and Sean Moriarty (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2014)
- 10.11 † Amended and Restated Employment Agreement, dated as of August 8, 2014, by and between Demand Media, Inc. and Shawn Colo (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2014)
- 10.12 † Amended and Restated Employment Agreement between Demand Media, Inc. and Mel Tang, dated October 1, 2012 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 13, 2012)
- 10.13 † Consulting Agreement by and among Demand Media, Inc. and Mel Tang, dated November 10, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 10, 2014)
- 10.14 † Employment Agreement between Demand Media, Inc. and Rachel Glaser, dated as of March 4, 2015 (filed herewith)
- 10.15 † Amended and Restated Employment Agreement between Demand Media, Inc. and Peter Kim, dated as of March 4, 2015 (filed herewith)
- 10.16 † Employment Agreement between Demand Media, Inc. and Brian Pike, dated as of October 14, 2014 (filed herewith)
- 10.17 † Second Amended and Restated Employment Agreement between Demand Media, Inc. and Julie Campistrone, dated as of November 1, 2013 (filed herewith)
- 10.17A † First Amendment to Second Amended and Restated Employment Agreement between Demand Media, Inc. and Julie Campistrone, dated as of April 30, 2014 (filed herewith)
- 10.17B † Second Amendment to Second Amended and Restated Employment Agreement between Demand Media, Inc. and Julie Campistrone, dated as of December 1, 2014 (filed herewith)
- 10.18 † Amended and Restated Employment Agreement between Demand Media, Inc. and Frederick Boecker, dated as of November 7, 2014 (filed herewith)
- 10.19 † Second Amended and Restated Employment Agreement between Demand Media, Inc. and Daniel Weinrot, dated as of December 1, 2014 (filed herewith)
- 10.20 Google Services Agreement entered into by Google Inc. and Demand Media, Inc., effective as of November 1, 2014 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2015)

- 10.20A Amendment Number One to Google Services Agreement between Google Inc. and Demand Media, Inc., dated February 6, 2015 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2015)
- 10.21 Transition Services Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
- 10.22 Employee Matters Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
- 10.23 Tax Matters Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
- 10.24 Intellectual Property Assignment and License Agreement between Demand Media, Inc. and Rightside Operating Co., dated as of July 30, 2014 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
- 10.25 † Demand Media, Inc. Outside Director Compensation Program (filed herewith)
- 14.1 Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.01 to the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2011)
- 21.1 List of subsidiaries of Demand Media, Inc. (filed herewith)
- 23.1 Consent of Independent Registered Public Accounting Firm (filed herewith)
- 31.1 Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 31.2 Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32.1 Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
- 32.2 Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
- 101.INS XBRL Instance Document (filed herewith)
- 101.SCH XBRL Taxonomy Extension Schema Document (filed herewith)
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

† Indicates management contract or compensatory plan, contract or arrangement.



## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Demand Media, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows present fairly, in all material respects, the financial position of Demand Media, Inc. and its subsidiaries (the "Company") at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California

March 16, 2015

**Demand Media, Inc. and Subsidiaries**

**Consolidated Balance Sheets**

(In thousands, except per share amounts)

	December 31, 2014	December 31, 2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents .....	\$ 47,820	\$ 153,511
Accounts receivable, net.....	14,504	33,301
Prepaid expenses and other current assets .....	7,447	7,826
Deferred registration costs.....	-	66,273
Total current assets .....	69,771	260,911
Deferred registration costs, less current portion.....	-	12,514
Property and equipment, net .....	22,836	42,193
Intangible assets, net .....	40,535	88,766
Goodwill .....	10,358	347,382
Other assets .....	6,055	25,322
Total assets .....	\$ 149,555	\$ 777,088
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable .....	\$ 4,762	\$ 12,814
Accrued expenses and other current liabilities .....	24,225	34,679
Deferred tax liabilities .....	-	22,415
Current portion of long-term debt .....	-	15,000
Deferred revenue .....	3,569	84,955
Total current liabilities.....	32,556	169,863
Deferred revenue, less current portion .....	114	16,929
Deferred tax liability .....	334	3,112
Other liabilities.....	1,709	9,929
Long-term debt.....	-	81,250
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, \$0.0001 par value. Authorized 100,000 shares; 20,543 issued and 19,741 shares outstanding at December 31, 2014 and 18,944 issued and 18,142 shares outstanding at December 31, 2013 .....	2	11
Additional paid-in capital .....	497,809	611,028
Accumulated other comprehensive income (loss).....	(76)	502
Treasury stock at cost, 802 at December 31, 2014 and 2013 .....	(30,767)	(30,767)
Accumulated deficit .....	(352,126)	(84,769)
Total stockholders' equity .....	114,842	496,005
Total liabilities and stockholders' equity.....	\$ 149,555	\$ 777,088

The accompanying notes are an integral part of these consolidated financial statements.

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
(In thousands, except per share amounts)

	Year ended December 31,		
	2014	2013	2012
Revenue:			
Service revenue .....	\$ 137,711	\$ 195,269	\$ 207,640
Product revenue .....	34,718	14,142	-
Total revenue .....	<u>172,429</u>	<u>209,411</u>	<u>207,640</u>
Operating expenses:			
Service costs (exclusive of amortization of intangible assets shown separately below) .....	43,325	51,274	54,304
Product costs .....	26,058	9,882	-
Sales and marketing .....	20,046	36,275	38,948
Product development .....	29,387	32,185	31,190
General and administrative .....	50,179	53,014	54,082
Goodwill impairment charge .....	232,270	-	-
Amortization of intangible assets .....	38,316	36,519	32,402
Total operating expenses .....	<u>439,581</u>	<u>219,149</u>	<u>210,926</u>
Loss from operations .....	<u>(267,152)</u>	<u>(9,738)</u>	<u>(3,286)</u>
Interest income .....	328	5	31
Interest expense .....	(4,692)	(1,642)	(622)
Other income (expense), net .....	654	13	(36)
Loss from continuing operations before income taxes .....	<u>(270,862)</u>	<u>(11,362)</u>	<u>(3,913)</u>
Income tax benefit (expense) .....	14,713	(2,856)	(951)
Net loss from continuing operations .....	(256,149)	(14,218)	(4,864)
Net income (loss) from discontinued operations .....	(11,208)	(5,956)	11,040
Net income (loss) .....	<u>\$ (267,357)</u>	<u>\$ (20,174)</u>	<u>\$ 6,176</u>
Earnings per share - basic and diluted			
Net loss from continuing operations .....	\$ (13.66)	\$ (0.80)	\$ (0.28)
Net income (loss) from discontinued operations .....	(0.60)	(0.34)	0.65
Net income (loss) .....	<u>\$ (14.26)</u>	<u>\$ (1.14)</u>	<u>\$ 0.37</u>
Weighted average number of shares - basic and diluted .....	18,745	17,707	16,910

The accompanying notes are an integral part of these consolidated financial statements.

**Demand Media, Inc. and Subsidiaries**

**Consolidated Statements of Comprehensive Income (Loss)**

(In thousands)

	Year ended December 31,		
	2014	2013	2012
Net income (loss) .....	\$ (267,357)	\$ (20,174)	\$ 6,176
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment .....	(13)	(75)	(44)
Unrealized gain on marketable securities available-for-sale, net of tax expense of (\$344) .....	-	562	-
Realized gain on marketable securities available-for-sale, net of tax expense of \$344.....	(565)	-	-
Other comprehensive income (loss), net of tax .....	(578)	487	(44)
Comprehensive income (loss) .....	\$ (267,935)	\$ (19,687)	\$ 6,132

The accompanying notes are an integral part of these consolidated financial statements.

**Demand Media, Inc. and Subsidiaries**

**Consolidated Statements of Stockholders' Equity**

**(In thousands)**

	<u>Common stock</u>		<u>Additional paid-in capital amount</u>	<u>Treasury stock</u>	<u>Accumulated other comprehensive income</u>	<u>Accumulated deficit</u>	<u>Total stockholders' equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balance at December 31, 2011.....	16,721	\$ 10	\$ 528,032	\$ (17,064)	\$ 59	\$ (70,771)	\$ 440,266
Issuance of stock under employee stock awards and other, net.....	886	1	8,352	-	-	-	8,353
Stock option windfall tax benefits.....	-	-	(41)	-	-	-	(41)
Stock-based compensation.....	-	-	26,882	-	-	-	26,882
Termination of warrants.....	-	-	(533)	-	-	-	(533)
Repurchases of common stock to be held in treasury.....	(221)	-	-	(8,868)	-	-	(8,868)
Foreign currency translation adjustment.....	-	-	-	-	(44)	-	(44)
Net income.....	-	-	-	-	-	6,176	6,176
Balance at December 31, 2012.....	17,386	\$ 11	\$ 562,692	\$ (25,932)	\$ 15	\$ (64,595)	\$ 472,191
Issuance of stock under employee stock awards and other, net.....	452	-	7,059	-	-	-	7,059
Stock option windfall tax benefits.....	-	-	88	-	-	-	88
Stock-based compensation.....	-	-	24,908	-	-	-	24,908
Unrealized gain on marketable securities.....	-	-	-	-	562	-	562
Issuance of common stock for acquisitions.....	416	-	16,281	-	-	-	16,281
Repurchases of common stock to be held in treasury.....	(112)	-	-	(4,835)	-	-	(4,835)
Foreign currency translation adjustment.....	-	-	-	-	(75)	-	(75)
Net loss.....	-	-	-	-	-	(20,174)	(20,174)
Balance at December 31, 2013.....	18,142	\$ 11	\$ 611,028	\$ (30,767)	\$ 502	\$ (84,769)	\$ 496,005
Issuance of stock under employee stock awards and other, net.....	549	-	344	-	-	-	344
Stock-based compensation.....	-	-	20,202	-	-	-	20,202
Issuance of common stock for acquisitions.....	1,050	-	10,258	-	-	-	10,258
Spin-off of Rightside, Ltd.....	-	-	(144,032)	-	-	-	(144,032)
Reverse split.....	-	(9)	9	-	-	-	-
Realized gain on marketable securities.....	-	-	-	-	(565)	-	(565)
Foreign currency translation adjustment.....	-	-	-	-	(13)	-	(13)
Net loss.....	-	-	-	-	-	(267,357)	(267,357)
Balance at December 31, 2014.....	<u>19,741</u>	<u>\$ 2</u>	<u>\$ 497,809</u>	<u>\$ (30,767)</u>	<u>\$ (76)</u>	<u>\$ (352,126)</u>	<u>\$ 114,842</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Demand Media, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**

(In thousands)

	Year ended December 31,		
	2014	2013	2012
<b>Cash flows from operating activities</b>			
Net income (loss).....	\$ (267,357)	\$ (20,174)	\$ 6,176
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization .....	59,473	64,910	60,334
Deferred income taxes.....	(14,409)	3,901	2,196
Stock-based compensation .....	21,815	27,384	31,368
Goodwill impairment charge .....	232,270	—	—
Gain on disposals .....	(795)	—	—
Gain on other assets, net .....	(5,745)	(4,232)	—
Extinguishment of debt .....	1,656	—	—
Other .....	(1,650)	(861)	(479)
Change in operating assets and liabilities, net of effect of acquisition:			
Accounts receivable, net.....	10,844	12,393	(12,191)
Prepaid expenses and other current assets.....	(145)	(375)	1,048
Deferred registration costs.....	(8,876)	(9,780)	(8,847)
Deposits with registries .....	(259)	(914)	721
Other long-term assets .....	(585)	(2,572)	74
Accounts payable .....	(2,192)	2,973	121
Accrued expenses and other liabilities .....	(1,341)	(5,960)	5,788
Deferred revenue .....	11,957	9,470	4,674
Net cash provided by operating activities .....	<u>34,661</u>	<u>76,163</u>	<u>90,983</u>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment .....	(8,918)	(26,746)	(17,708)
Purchases of intangible assets .....	(5,688)	(16,772)	(13,237)
Payments for gTLD applications, net.....	(15,829)	(3,949)	(18,202)
Proceeds from gTLD withdrawals, net.....	6,105	5,616	—
Cash received from disposal of business, net of cash disposed.....	13,696	—	—
Cash paid for acquisitions, net of cash acquired .....	(2,240)	(73,626)	(17,480)
Restricted cash .....	(3,064)	—	—
Other .....	1,017	942	(855)
Net cash used in investing activities .....	<u>(14,921)</u>	<u>(114,535)</u>	<u>(67,482)</u>
<b>Cash flows from financing activities</b>			
Long-term debt borrowings.....	-	96,250	-
Long-term debt repayments.....	(96,250)	-	-
Proceeds from exercises of stock options and contributions to ESPP .....	478	4,746	12,467
Repurchases of common stock .....	—	(4,835)	(8,869)
Debt issuance costs .....	—	(1,936)	(144)
Net taxes paid on RSUs and options exercised.....	(2,902)	(4,576)	(9,496)
Cash distribution related to spin-off.....	(24,145)	-	-
Cash paid for acquisition holdback .....	(1,945)	-	-
Other .....	(654)	(619)	(524)
Net cash provided by (used in) financing activities.....	<u>(125,418)</u>	<u>89,030</u>	<u>(6,566)</u>
Effect of foreign currency on cash and cash equivalents.....	(13)	(80)	(37)
Change in cash and cash equivalents .....	(105,691)	50,578	16,898
Cash and cash equivalents, beginning of period .....	153,511	102,933	86,035
Cash and cash equivalents, end of period .....	<u>\$ 47,820</u>	<u>\$ 153,511</u>	<u>\$ 102,933</u>
<b>Supplemental disclosure of cash flows</b>			
Cash paid for interest .....	\$ 2,296	\$ 849	\$ 414
Cash paid for taxes .....	\$ 104	\$ 99	\$ 916
Stock issued for acquisitions .....	\$ 10,258	\$ 16,281	\$ -
Holdback liability related to acquisitions.....	\$ 1,700	\$ 8,247	\$ -
Notes received for disposal .....	\$ 4,946	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

## **Demand Media, Inc. and Subsidiaries**

### **Notes to Consolidated Financial Statements**

#### **1. Company Background and Overview**

Demand Media, Inc. (“Demand Media” and, together with its consolidated subsidiaries, the “Company,” “our,” “we,” or “us”) is a Delaware corporation headquartered in Santa Monica, California. We are a diversified Internet company with leading online media properties and marketplace platforms that enable communities of creators to reach passionate audiences in large and growing lifestyle categories. Our business is comprised of two service offerings, Content & Media and Marketplaces.

On August 1, 2014, we completed the separation of Rightside Group, Ltd. (“Rightside”) from Demand Media, Inc., resulting in two independent, publicly traded companies (hereinafter referred to as the “Separation”). Following the Separation, Rightside operates the domain name services business, while we continue to own and operate our Content & Media and Marketplaces businesses. The Separation was structured as a pro rata tax-free dividend involving the distribution of all outstanding shares of Rightside common stock to holders of Demand Media common stock as of the August 1, 2014 record date (the “Distribution”). Immediately following the Distribution, we completed a 1-for-5 reverse stock split with respect to all of our outstanding and treasury shares of common stock, which is reflected retrospectively throughout the consolidated financial statements.

#### **Content & Media**

Our Content & Media service offering includes a leading online content creation platform that publishes content to our owned and operated online properties as well as to online properties operated by our customers. Through our innovative content creation platform, DemandStudios.com, a large community of qualified freelance professionals utilizes propriety technology and automated workflow processes to identify valuable topics and then create high-quality content in text, video, photography and designed visual formats. This content is published to our leading owned and operated online properties across several key categories, including eHow.com, a how-to reference destination, and Livestrong.com, a health and healthy living destination. We also own and operate Cracked.com, a humor site offering original and engaging comedy-driven text articles, video series and blogs created by our in-house editorial staff, comedians and website enthusiasts. Our content creation studio also provides and publishes content for third-party brands, publishers and advertisers as part of our Content Solutions service.

#### **Marketplaces**

Through our Marketplaces service offering, we operate two leading artist marketplaces where large communities of artists can market and sell original artwork or original designs printed on a wide variety of products. Society6.com, which we acquired in June 2013, provides artists with an online commerce platform to feature and sell their original designs on art prints, phone and tablet cases, t-shirts and other consumer products. SaatchiArt.com, which we acquired in August 2014, is an online art gallery featuring a wide selection of original paintings, drawings, sculpture and photography that provides a global community of artists a curated environment in which to exhibit and sell their work directly to consumers around the world.

#### **2. Basis of Presentations and Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

##### **Basis of Presentation**

In 2014, we began separately reporting product revenue and product costs. As a result of our acquisition of Society6 in June 2013, these amounts are now more significant to us and, accordingly, are shown as separate captions under revenue and operating expenses, respectively, on the consolidated statement of operations. Immaterial amounts in 2013 have been reclassified to conform to the 2014 presentation.

Our common stock share information and related per share amounts included in the consolidated financial statements have been adjusted retroactively for all periods presented to reflect the 1-for-5 reverse stock split of our common stock that was effected on August 1, 2014.

The financial results of Rightside are presented as discontinued operations in our statements of operations for all periods presented. Our statements of cash flows are presented on a combined basis, including continuing and discontinued operations. Unless it is otherwise disclosed, all other disclosures in our consolidated financial statements are related to our continuing operations.



## **Principles of Consolidation**

The consolidated financial statements include the accounts of Demand Media and its wholly owned subsidiaries. Acquisitions are included in our consolidated financial statements from the date of the acquisition. Our purchase accounting resulted in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All significant intercompany transactions and balances have been eliminated in consolidation.

## **Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include revenue, allowance for doubtful accounts, investments in equity interests, fair value of issued and acquired stock warrants, the assigned value of acquired assets and assumed liabilities in business combinations, useful lives and impairment of property and equipment, intangible assets, goodwill and other assets, the fair value of equity-based compensation awards, and deferred income tax assets and liabilities. Actual results could differ materially from those estimates. On an ongoing basis, we evaluate our estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of our assets and liabilities.

## **Cash and Cash Equivalents**

We consider all highly liquid investments with a maturity of 90 days or less at the time of purchase to be cash equivalents. We consider funds transferred from our credit card service providers but not yet deposited into our bank accounts at the balance sheet dates, as funds in transit and these amounts are recorded as unrestricted cash, since the amounts are generally settled the day after the outstanding date. Cash and cash equivalents consist primarily of checking accounts, money market accounts, money market funds, and short-term certificates of deposit.

## **Investments in Equity**

Investments in affiliates over which we have the ability to exert significant influence, but do not control and are not the primary beneficiary of, are accounted for using the equity method of accounting. Any investments in affiliates over which we have no ability to exert significant influence are accounted for using the cost method of accounting. Our proportional shares of affiliate earnings or losses accounted for under the equity method of accounting are included in other income (expense), net in our consolidated statements of operations. Investments in affiliated companies are not material individually or in the aggregate to our financial position, results of operations or cash flows for any period presented.

We account for investments in companies that we do not control or account for under the equity method of accounting either at fair value or using the cost method of accounting, as applicable. Investments in equity securities are carried at fair value if the fair value of the security is readily determinable. Equity investments carried at fair value are classified as marketable securities available-for-sale. Realized gains and losses for marketable securities available-for-sale are included in other income (expense), net in our consolidated statements of operations. Unrealized gains and losses, net of taxes, on marketable securities available-for-sale are included in our consolidated financial statements as a component of other comprehensive income (loss) and accumulated other comprehensive income (loss) ("AOCI"), until realized.

Investments in companies that we do not control or account for under the equity method, and for which we do not have readily determinable fair values, are accounted for under the cost method. Cost method investments are originally recorded at cost. In determining whether other-than-temporary impairment exists for equity securities, management considers: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) our intent and ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The cost of marketable securities sold is based upon the specific accounting method used. Any realized gains or losses on the sale of equity investments are reflected as a component of interest income or expense. For the year ended December 31, 2013, unrealized gains on marketable securities available-for-sale was \$0.9 million. During the first quarter of 2014, we sold all of these marketable securities, resulting in a reclassification from other comprehensive income of \$0.9 million of unrealized gains on marketable securities, which is currently recorded in discontinued operations. The sale of our marketable securities resulted in total realized gains of \$1.4 million related to the sale of our marketable securities, which are included in other income (expense), net.

In addition, we classify marketable securities as current or non-current based upon whether such assets are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business.



## Revenue Recognition

We recognize revenue when four basic criteria are met: persuasive evidence of a sales arrangement exists; performance of services has occurred; the sales price is fixed or determinable; and collectability is reasonably assured. We consider persuasive evidence of a sales arrangement to be the receipt of a signed contract. Collectability is assessed based on a number of factors, including transaction history and the credit worthiness of a customer. If it is determined that collection is not reasonably assured, revenue is not recognized until collection becomes reasonably assured, which is generally upon receipt of cash. We record cash received in advance of revenue recognition as deferred revenue.

For arrangements with multiple deliverables, we allocate revenue to each deliverable if the delivered item(s) has value to the customer on a standalone basis and, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item(s) is considered probable and substantially in our control. The fair value of the selling price for a deliverable is determined using a hierarchy of (1) company-specific objective and reliable evidence, then (2) third-party evidence, then (3) best estimate of selling price. We allocate any arrangement fee to each of the elements based on their relative selling prices.

Our revenue is principally derived from the following services and products:

### Service Revenue

#### Content & Media

**Advertising Revenue.** We generate revenue from advertisements displayed alongside our content on our online properties and certain of our customers' online properties. Articles, videos and other forms of content generate advertising revenue from a diverse mix of advertising methods including performance-based cost-per-click advertising, in which an advertiser pays only when a visitor clicks on an advertisement; display advertisements, where revenue is dependent upon the number of advertising impressions delivered; and sponsored content or advertising links. In determining whether an arrangement exists, we ensure that a binding arrangement is in place, such as a standard insertion order or a fully executed customer-specific agreement. Obligations pursuant to our advertising revenue arrangements typically include a minimum number of impressions or the satisfaction of other performance criteria. Revenue from performance-based arrangements is recognized as the related performance criteria are met. We assess whether performance criteria have been met and whether the fees are fixed or determinable based on a reconciliation of the performance criteria and an analysis of the payment terms associated with the transaction. The reconciliation of the performance criteria generally includes a comparison of third-party performance data to the contractual performance obligation and to internal or customer performance data in circumstances where that data is available.

Where we enter into revenue-sharing arrangements with our customers, such as those relating to our advertiser network, and when we are considered the primary obligor, we report the underlying revenue on a gross basis in our consolidated statements of operations, and record these revenue-sharing payments to our customers in service costs.

**Social Media Services.** We configure, host, and maintain our platform social media services under private-labeled versions of software for commercial customers. We earn revenue from our social media services through recurring management support fees, overage fees in excess of standard usage terms, outside consulting fees and initial set-up fees. Due to the fact that social media services customers have no contractual right to take possession of our private-labeled software, we account for our social media services revenue as service arrangements. Social media services revenue is recognized when persuasive evidence of an arrangement exists, delivery of the service has occurred and no significant obligations remain, the selling price is fixed or determinable, and collectability is reasonably assured. During February 2015, we sold our Pluck social Media business. We received cash of \$3.8 million after purchase price adjustments.

Social media service arrangements may contain multiple deliverables, including, but not limited to, single arrangements containing set-up fees, monthly support fees and overage billings, consulting services and advertising services. To the extent that consulting services have value on a standalone basis, we allocate revenue to each element in the multiple deliverable arrangements based upon their relative fair values. Fair value is determined based upon the best estimate of the selling price. To date, substantially all consulting services entered into concurrently with the original social media service arrangements have not been treated as separate deliverables because such services do not have value to the customer on a standalone basis. In such cases, the arrangement is treated as a single unit of accounting with the arrangement fee recognized over the term of the arrangement on a straight-line basis. Outside consulting services performed for customers that have value on a standalone basis are recognized as the services are performed. Any set-up fees are recognized as revenue on a straight-line basis over the greater of the contractual or estimated customer life once monthly recurring services have commenced. We determine the estimated customer life based on analysis of historical attrition rates, average contractual term and renewal expectations. We review the estimated customer life at least quarterly and when events or changes in circumstances occur, such as significant customer attrition relative to expected historical or projected future results. Overage billings are recognized when delivered and at contractual rates in excess of standard usage terms.

**Content Sales and Licensing Revenue.** We also generate revenue from the sale or license of media content, including the creation and distribution of content for third party brands and publishers through our Content Solutions service. Revenue from the sale or perpetual license of media content is recognized when the content has been delivered and the contractual performance obligations have been fulfilled. Revenue from the license of media content is recognized over the period of the license as content is delivered or when other related performance criteria are fulfilled. In circumstances where we distribute our content on third-party properties and the customer acts as the primary obligor, we recognize revenue on a net basis.

### **Marketplaces**

**Art Commissions Revenue.** We generate service revenue from commissions we receive from facilitating the sale of original art by artists to customers through Saatchi Art. We recognize service revenue arising from the sale of original art net of amounts paid to the artist because we are not the primary obligor in the transaction, we do not have inventory risk, and we do not establish the prices for the art sold. We also recognize this service revenue net of any sales allowances. Revenue is recognized after the original art has been delivered and the return period has expired. Payments received in advance of delivery and completion of the return period are included in deferred revenue in the accompanying consolidated balance sheets. We periodically provide incentive offers to customers to encourage purchases, including percentage discounts off current purchases, free shipping and other offers. VAT, sales and other taxes are not included in revenue because we are a pass-through conduit for collecting and remitting any such taxes.

### **Product Revenue**

#### **Marketplaces**

We recognize product revenue from sales of Society6 products upon delivery, net of estimated returns based on historical experience. We recognize product revenue from the sale of prints through Saatchi Art when the prints are delivered and the return period has expired. Payments received in advance of delivery and, with respect to the Saatchi Art prints, prior to completion of the return period are included in deferred revenue in the accompanying consolidated balance sheets. Revenue is recorded at the gross amount due to the following factors: we are the primary obligor in a transaction, we have inventory and credit risk, and we have latitude in establishing prices and selecting suppliers. Product revenue is recognized net of sales allowances and return allowances. We periodically provide incentive offers to customers to encourage purchases, including percentage discounts off current purchases, free shipping and other offers. Value-added taxes (“VAT”), sales and other taxes are not included in revenue, as we are a pass-through conduit for collecting and remitting any such taxes.

### **Service Costs**

Service costs consist of payments relating to our Internet connection and co-location charges and other platform operating expenses, including depreciation of the systems and hardware used to build and operate our content creation and distribution platform; expenses related to creating, rewriting, or auditing certain content units; and personnel costs relating to in-house editorial, customer service, information technology, as well as revenue-sharing arrangements, such as content creator revenue-sharing arrangements.

### **Product Costs**

Product costs consist of outsourced product manufacturing costs, artist royalties and personnel costs.

### **Shipping and Handling**

Shipping and handling charged to customers are recorded in service revenue or product revenue. Associated costs are recorded in service costs or product costs.

### **Accounts Receivable**

Accounts receivable primarily consist of amounts due from:

- Third parties who provide advertising services to our owned and operated websites in exchange for a share of the underlying advertising revenue. Accounts receivable from third parties are recorded as the amount of the revenue share as reported to us by the advertising networks and are generally due within 30 to 45 days from the month-end in which the invoice is generated. Certain accounts receivable from these parties are billed quarterly and are due within 45 days from the quarter-end in which the invoice is generated, and are non-interest bearing;

- Social media services customers and include (i) account set-up fees, which are generally billed and collected once set-up services are completed, (ii) monthly recurring services, which are billed in advance of services on a quarterly or monthly basis, (iii) account overages, which are billed when incurred and contractually due, and (iv) consulting services, which are generally billed in the same manner as set-up fees. Accounts receivable from social media customers are recorded at the invoiced amount, are generally due within 30 days and are non-interest bearing;
- Direct advertisers who engage us to deliver branded advertising impressions. Accounts receivable from direct advertisers are recorded at negotiated advertising rates (customarily based on advertising impressions) and as the related advertising is delivered over our owned and operated websites. Direct advertising accounts receivable are generally due within 30 to 60 days from the date the advertising services are delivered and billed;
- Customers who syndicate our content over their websites in exchange for a share of related advertising revenue. Accounts receivable from these customers are recorded as the revenue share as reported by the underlying customers and are generally due within 30 to 45 days; and

We maintain an allowance for doubtful accounts to reserve for potentially uncollectible receivables from our customers based on our best estimate of the amount of probable losses in existing accounts receivable. We determine the allowance based on an analysis of historical bad debts, advertiser concentrations, advertiser credit-worthiness and current economic trends. In addition, past due balances over 60 days and specific other balances are reviewed individually for collectability at least quarterly.

The allowance for doubtful account activity is as follows (in thousands):

	Balance at beginning of period	Charged to costs and expenses	Write-offs, net of recoveries	Balance at end of Period
December 31, 2014	\$ 340	\$ -	\$ (122)	\$ 218
December 31, 2013	\$ 369	\$ 61	\$ (90)	\$ 340
December 31, 2012	\$ 419	\$ 75	\$ (125)	\$ 369

## Deferred Revenue

Deferred revenue consists of amounts received from customers before we have met all four criteria for the recognition of revenue. Deferred revenue includes payments received from sales of our products on Society6 prior to delivery of such products; payments made for original art and prints sold via Saatchi Art that are collected prior to the completion of the return period; and amounts received from customers of our social media services in advance of our performance of such services. Deferred revenue for social media services is recognized as revenue on a systematic basis that is proportionate to the services that have been rendered.

## Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Computer equipment is amortized over three years, software is amortized over two to three years, and furniture and fixtures are amortized over five years. Leasehold improvements are amortized straight-line over the shorter of the remaining lease term or the estimated useful lives of the improvements ranging from one to ten years. Upon the sale or retirement of property or equipment, the cost and related accumulated depreciation or amortization is removed from our financial statements with the resulting gain or loss reflected in our results of operations. Repairs and maintenance costs are expensed as incurred. In the event that property and equipment is no longer in use, we will record a loss on disposal of the property and equipment, which is computed as difference between the sales price, if any, and the net remaining value (gross amount of property and equipment less accumulated depreciation expense) of the related equipment at the date of disposal.

## Intangible Assets — Media Content

We capitalize the direct costs incurred to acquire our media content that is determined to embody a probable future economic benefit. Costs are recognized as finite-lived intangible assets based on their acquisition cost to us. Direct content costs primarily represent amounts paid to unrelated third parties for completed content units, and to a lesser extent, specifically identifiable internal direct labor costs incurred to enhance the value of specific content units acquired prior to their publication. Internal costs not directly attributable to the enhancement of an individual content unit acquired are expensed as incurred. All costs incurred to deploy and publish content are expensed as incurred, including the costs incurred for the ongoing maintenance of our properties on which our content is published.

Capitalized media content is amortized on a straight-line basis over its useful life, which is typically five years, representing our estimate of when the underlying economic benefits are expected to be realized and based on our estimates of the projected cash flows from advertising revenue expected to be generated by the deployment of such content. These estimates are based on our plans and projections, comparison of the economic returns generated by our content with content of comparable quality and an analysis of historical cash flows generated by that content to date. Amortization of media content is included in amortization of intangible assets in the accompanying consolidated statement of operations and the acquisition costs are included in purchases of intangible assets within cash flows from investing activities in the accompanying consolidated statements of cash flows.

Google, Yahoo! and Bing, are the largest provider of search engine referrals to the majority of our online properties, they regularly deploy changes to their search engine algorithms, some of which have led us to experience fluctuations in the total number of Google search referrals to our owned and operated online properties and our customers' online properties. To date, the overall impact of these changes on our owned and operated websites was negative primarily due to a decline in traffic to eHow.com, our largest website. In response to changes in search engine algorithms since 2011, we have performed evaluations of our existing content library to identify potential improvements in our content creation and distribution platform. As a result of these evaluations, we elected to remove certain content units from our content library, resulting in \$7.7 million, \$2.4 million, \$2.1 million and \$5.9 million of related accelerated amortization expense in 2014, 2013, 2012 and 2011, respectively. We expect to remove additional content over the next year, which may result in significant additional accelerated amortization in the periods such actions occur.

### **Intangibles Assets — Acquired in Business Combinations**

We perform valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocate the purchase price of each acquired business to our respective net tangible and intangible assets. Acquired intangible assets include: trade names, non-compete agreements, owned website names, artist relationships, customer relationships, technology, media content, and content publisher relationships. We determine the appropriate useful life by performing an analysis of expected cash flows based on historical experience of the acquired businesses. Intangible assets are amortized over their estimated useful lives using the straight-line method which approximates the pattern in which the economic benefits are consumed.

### **Long-lived Assets**

We evaluate the recoverability of our long-lived tangible and intangible assets with finite useful lives for impairment when events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Such trigger events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being used, a significant adverse change in legal factors or in the business climate, including those resulting from technology advancements in the industry, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows we expect to generate from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. We perform impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and the expected undiscounted future cash flows attributable to the asset group are less than the carrying amount of the asset group, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based upon estimated discounted future cash flows. In light of recent revenue declines we have evaluated certain of our long-lived assets for impairment, however, through December 31, 2014, we have identified no such impairment losses. Assets to be disposed of would be separately presented on the balance sheets and reported at the lower of their carrying amount or fair value less costs to sell, and would no longer be depreciated or amortized.

### **Goodwill**

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets. Goodwill is tested for impairment annually during the fourth quarter of our fiscal year or when events or circumstances change in a manner that indicates goodwill might be impaired. Events or circumstances that could trigger an impairment review include, but are not limited to, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, a decline in our stock price leading to an extended period when our market capitalization is less than the book value of our net assets or significant underperformance relative to expected historical or projected future results of operations.

Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. As of December 31, 2014, we determined that we have two reporting units. When testing goodwill for impairment, we first perform a qualitative assessment to determine whether it is necessary to perform step one of a two-step goodwill impairment test for each reporting unit. We are required to perform step one only if we conclude that it is more likely than not that a reporting unit's fair value is less than the carrying value of its assets. Should this be the case, the first step of the two-step process is to identify whether a potential impairment exists by comparing the estimated fair values of our reporting units with their respective carrying values, including goodwill. If the estimated fair value of a reporting unit exceeds the carrying value, goodwill is not considered to be impaired and no additional steps are necessary. If, however, the fair value of a reporting unit is less than its carrying value, then a second step is performed to measure the amount of the impairment loss, if any. The amount of the impairment loss is the excess of the carrying amount of the goodwill over its implied fair value. The estimate of implied fair value of goodwill is primarily based on an estimate of the discounted cash flows expected to result from that reporting unit, but may require valuations of certain internally generated and unrecognized intangible assets such as our software, technology, patents and trademarks.

We test goodwill for impairment in the fourth quarter of each year unless there are interim indicators that suggest that it is more likely than not that goodwill may be impaired. Due to unexpected revenue declines in the third quarter of 2014 attributable to lower traffic and monetization yield on certain of our Content & Media websites, we lowered our future cash flow expectations. As a result of the decline in our cash flow forecast as well as a sustained decline in our market capitalization which remained at a level below the book value of our net assets for an extended period of time, including as of September 30, 2014, we performed an interim assessment of impairment of the goodwill in our Content & Media reporting unit in the third quarter of 2014. Based on our analyses, the implied fair value of goodwill was substantially lower than the carrying value of goodwill for the Content & Media reporting unit and as a result, we determined that the implied fair value of the goodwill in the Content & Media reporting unit was zero. Accordingly, we recorded a \$232.3 million goodwill impairment charge during the third quarter of 2014, which is included in Goodwill impairment charge in the Consolidated Statements of Operations. We determined the fair value of the Content & Media reporting unit using the combination of an income and market approach. The income approach relies on the present value of estimated future cash flows of the business, discounted using a rate appropriately reflecting the risks inherent in the cash flows. The market approach relies on market data of other public companies which the company deemed comparable in operations to the Content & Media reporting unit, as well as the Company's own market capitalization. We performed our annual impairment analysis in the fourth quarter of the year ended December 31, 2014, and determined that no further impairment of goodwill existed at December 31, 2014.

## **Operating Leases**

For operating leases that include rent-free periods or escalation clauses over the term of the lease, we recognize rent expense on a straight-line basis and the difference between expense and amounts paid are recorded as deferred rent in current and long-term liabilities.

## **Advertising Costs**

Advertising costs are expensed as incurred and generally consist of Internet based advertising, sponsorships, and trade shows. Such costs are included in sales and marketing expense in our consolidated statements of operations. Advertising expense was \$2.2 million, \$2.5 million and \$2.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

## **Stock-Based Compensation**

We measure and recognize compensation expense for all stock-based payment awards made to employees, non-employees and directors based on the grant date fair values of the awards. Our stock-based payment awards are comprised principally of restricted stock units, restricted stock awards and stock options.

For stock-based payment awards issued to employees with service and/or performance based vesting conditions the fair value is estimated using the Black-Scholes-Merton option pricing model. For premium-priced stock options with service and/or performance-based vesting conditions the fair value is estimated using the Hull-White model. The value of an award that is ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statements of operations. We elected to treat stock-based payment awards, other than performance awards, with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. Stock-based compensation expense is classified in the consolidated statement of operations based on the department to which the related employee provides service.

We account for stock-based payment awards issued to non-employees in accordance with the guidance for equity-based payments to non-employees. We believe that the fair value of stock-based payment awards is more reliably measured than the fair value of the services received. Stock option awards to non-employees are accounted for at fair value using the Black-Scholes-Merton



option pricing model. The fair value of the unvested portion of the options granted to non-employees is re-measured each period. The resulting increase in value, if any, is recognized as expense during the period the related services are rendered.

The Black-Scholes-Merton and Hull-White option pricing models require management to make assumptions and to apply judgment in determining the fair value of our awards. The most significant assumptions and judgments include the expected volatility, expected term of the award and estimated forfeiture rates.

We estimated the expected volatility of our awards from the historical volatility of selected public companies with comparable characteristics to Demand Media, including similarity in size, lines of business, market capitalization, revenue and financial leverage. From our inception through December 31, 2008, the weighted average expected life of options was calculated using the simplified method as prescribed under guidance by the SEC. This decision was based on the lack of relevant historical data due to our limited experience and the lack of an active market for our common stock. Effective January 1, 2009, we calculated the weighted average expected life of our options based upon our historical experience of option exercises combined with estimates of the post-vesting holding period. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury notes with terms approximately equal to the expected life of the option. The expected dividend rate is zero as we currently have no history or expectation of paying cash dividends on our common stock. The forfeiture rate is established based on applicable historical forfeiture patterns adjusted for any expected changes in future periods.

Under the Demand Media Employee Stock Purchase Plan (“ESPP”), during any offering period, eligible officers and employees can purchase a limited amount of Demand Media’s common stock at a discount to the market price in accordance with the terms of the plan. We use the Black-Scholes-Merton option pricing model to determine the fair value of the ESPP awards granted which is recognized straight-line over the total offering period. The current offering period commenced in November 2014.

### **Stock Repurchases**

Under a stock repurchase plan, shares repurchased by us are accounted for when the transaction is settled. Repurchased shares held for future issuance are classified as treasury stock. Shares formally or constructively retired are deducted from common stock at par value and from additional paid in capital for the excess over par value. If additional paid in capital has been exhausted, the excess over par value is deducted from retained earnings. Direct costs incurred to acquire the shares are included in the total cost of the repurchased shares.

### **Product Development and Software Development Costs**

Product development expenses consist primarily of expenses incurred in research and development, software engineering and web design activities and related personnel compensation to create, enhance and deploy our software infrastructure. Product and software development costs, other than software development costs qualifying for capitalization, are expensed as incurred. Costs of computer software developed or obtained for internal use that are incurred in the preliminary project and post implementation stages are expensed as incurred. Certain costs incurred during the application and development stage, which include compensation and related expenses, costs of computer hardware and software, and costs incurred in developing additional features and functionality of the services, are capitalized. The estimated useful life of costs capitalized is evaluated for each specific project. Capitalized costs are generally amortized using the straight-line method over a three year estimated useful life, beginning in the period in which the software is ready for its intended use. Unamortized amounts are included in property and equipment, net in the accompanying consolidated balance sheets. The net book value of capitalized software development costs is \$12.0 million (net of \$24.7 million accumulated amortization) and \$17.6 million (net of \$30.8 million accumulated amortization) as of December 31, 2014 and 2013, respectively.

### **Income Taxes**

Deferred income taxes are recognized for differences between financial reporting and tax bases of assets and liabilities at the enacted statutory tax rates in effect for the years in which the temporary differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. We evaluate the realizability of deferred tax assets and recognizes a valuation allowance for our deferred tax assets when it is more likely than not that a future benefit on such deferred tax assets will not be realized.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. We recognize interest and penalties accrued related to unrecognized tax benefits in our income tax (benefit) provision in the accompanying consolidated statements of operations.

## **Net Income (Loss) Per Share**

Basic net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. Net income (loss) attributable to common stockholders is increased for cumulative preferred stock dividends earned during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted average common shares outstanding plus potentially dilutive common shares. RSUs and other restricted awards are considered outstanding common shares and included in the computation of basic income (loss) per share as of the date that all necessary conditions of vesting are satisfied. RSUs, stock options and stock issued pursuant to the ESPP are excluded from the diluted net income (loss) per share calculation when their impact is antidilutive. We reported a net loss for the years ended December 31, 2014 and 2013, and as a result, all potentially dilutive common shares are considered antidilutive for these periods.

## **Foreign Currency Transactions**

Foreign currency transaction gains and losses are charged or credited to earnings as incurred. For the years ended December 31, 2014, 2013 and 2012, foreign currency transaction gains and losses that are included in other income (expense) in the accompanying statements of operations were not significant.

## **Foreign Currency Translation**

The financial statements of foreign subsidiaries are translated into U.S. dollars. Where the functional currency of a foreign subsidiary is its local currency, balance sheet accounts are translated at the current exchange rate and income statement items are translated at the average exchange rate for the period. Gains and losses resulting from translation are accumulated in accumulated other comprehensive earnings within stockholders' equity.

## **Fair Value of Financial Instruments**

We chose not to elect the fair value option for our financial assets and liabilities that had not been previously carried at fair value. Therefore, material financial assets and liabilities not carried at fair value, such as trade accounts receivable and payables, are reported at their carrying values.

The carrying amounts of our financial instruments, including cash and cash equivalents, accounts receivable, restricted cash, accounts payable, accrued liabilities and customer deposits approximate fair value because of their short maturities. For our term loans and revolving loan facility, the carrying amounts approximate fair value because they bear interest at variable rates that approximate fair value. Our investments in marketable securities are recorded at fair value. Certain assets, including equity investments, investments held at cost, goodwill and intangible assets are also subject to measurement at fair value on a nonrecurring basis, if they are deemed to be impaired as the result of an impairment review. (Refer to Note 13 for additional information).

## **Discontinued Operations**

We report the results of operations of a business as discontinued operations if the disposal of a component represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The results of discontinued operations are reported in net income (loss) from discontinued operations in the unaudited consolidated statements of operations for current and prior periods commencing in the period in which the business meets the criteria of a discontinued operation, and include any gain or loss recognized on closing or adjustment of the carrying amount to fair value less cost to sell. The financial results of Rightside are presented as discontinued operations in our accompanying consolidated statements of operations for the years ended December 31, 2014, 2013 and 2012. (Refer to Note 14 for additional information).

Our policy for discontinued operations reflects a revised standard on reporting discontinued operations and disclosures of disposals of components of an entity issued by the Financial Accounting Standards Board in April 2014, which changed the criteria for reporting a discontinued operation. The revised standard applies prospectively to new disposals and new held-for-sale classifications of components of an entity that occur after the date of adoption. We elected to early adopt the standard in the second quarter of 2014. Accordingly, under the guidelines of the revised standard, the operations of our Creativebug and CoveritLive businesses, which we classified as held-for-sale in the second quarter of 2014, were not reported as discontinued operations because we concluded that they were not individually significant components of our operations and therefore did not meet the definition of a discontinued operation under the new guidance. We sold our Creativebug business in July 2014 and received \$10.0 million in cash, inclusive of \$1.0 million held in escrow for one year from the closing date as a holdback amount to cover indemnity claims, resulting in a gain on sale of \$0.2 million. We also sold our CoveritLive business in July 2014 and received \$4.5 million of cash and promissory note with a principal amount of \$5.6 million, resulting in a gain on sale of \$0.6 million. Under our prior accounting policy for

discontinued operations, the impact of these disposition transactions would have been to reclassify the following activity in our consolidated statements of operations from continuing operations to discontinued operations (in thousands):

	<u>Year ended December 31, 2014</u>	
Service revenue .....	\$	1,842
Service costs.....		1,038
Sales and marketing .....		559
Product development.....		1,432
General and administrative.....		889
Amortization of intangible assets .....		890
Loss before income taxes .....		<u>(2,966)</u>
Income tax benefit.....		202
Net income (loss) .....	\$	<u>(2,764)</u>

### Assets Held-For-Sale

We report a business as held-for-sale when management has approved or received approval to sell the business and is committed to a formal plan, the business is available for immediate sale, the business is being actively marketed, the sale is probable and anticipated to occur during the ensuing year and certain other specified criteria are met. A business classified as held-for-sale is recorded at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized. Depreciation is not recorded on long-lived assets of a business classified as held-for-sale. Assets and liabilities related to a business classified as held-for-sale are segregated in the unaudited consolidated balance sheet and major classes are separately disclosed in the notes to the unaudited consolidated financial statements commencing in the period in which the business is classified as held-for-sale.

### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, which will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of the guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Further, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The new guidance is effective for reporting periods beginning after December 15, 2016. Entities have the option of using either a full retrospective or cumulative effect approach to adopt ASU No. 2014-09. We are currently evaluating the new guidance and have not determined the impact this standard may have on our consolidated financial statements or the method of adoption.

### 3. Property and Equipment

Property and equipment consisted of the following (in thousands):

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Computers and other related equipment.....	\$ 28,776	\$ 43,010
Purchased and internally developed software .....	48,875	65,632
Furniture and fixtures.....	3,004	3,868
Leasehold improvements .....	<u>7,591</u>	<u>9,075</u>
	88,246	121,585
Less accumulated depreciation .....	<u>(65,410)</u>	<u>(79,392)</u>
Property and equipment, net .....	<u>\$ 22,836</u>	<u>\$ 42,193</u>

At December 31, 2014 and 2013, total software under capital lease and vendor financing obligations consisted of \$3.8 million and \$3.8 million with accumulated amortization of \$3.7 million and \$3.0 million, respectively. Amortization expense for assets under capital lease and vendor financing obligations for the years ended December 31, 2014, 2013 and 2012 was \$0.7 million, \$0.7 million and \$0.7 million, respectively.



Depreciation expense for the periods shown is classified as follows (in thousands):

	Year ended December 31,		
	2014	2013	2012
Service costs.....	\$ 6,798	\$ 9,594	\$ 10,993
Sales and marketing .....	156	275	354
Product development.....	496	645	801
General and administrative .....	4,802	3,942	2,869
Discontinued operations.....	4,662	6,045	4,641
Total depreciation.....	<u>\$ 16,914</u>	<u>\$ 20,501</u>	<u>\$ 19,658</u>

As a result of the shortening our estimated useful lives for certain assets, we recorded accelerated depreciation expense of approximately \$1.3 million, \$0.8 million and \$0.3 million for the years ended December 31, 2014, 2013 and 2012.

#### 4. Intangible Assets

Intangible assets consisted of the following (in thousands):

	December 31, 2014			Weighted average useful life (years)
	Gross carrying amount	Accumulated amortization	Net	
Customer relationships.....	\$ 9,569	\$ (8,730)	\$ 839	4.1
Artist Relationships.....	11,719	(4,796)	6,923	4.1
Media content.....	103,415	(80,249)	23,166	5.0
Technology .....	27,770	(23,293)	4,477	6.2
Non-compete agreements.....	253	(146)	107	3.2
Trade names.....	10,478	(5,467)	5,011	10.3
Content publisher relationships.....	2,092	(2,080)	12	5.0
	<u>\$ 165,296</u>	<u>\$ (124,761)</u>	<u>\$ 40,535</u>	

	December 31, 2013			Weighted average useful life (years)
	Gross carrying amount	Accumulated amortization	Net	
Owned website names.....	\$ 22,370	\$ (14,684)	\$ 7,686	4.7
Customer relationships.....	32,462	(26,026)	6,436	5.5
Artist Relationships.....	9,867	(1,507)	8,360	3.0
Media content.....	143,756	(95,687)	48,069	5.0
Technology .....	37,832	(30,165)	7,667	4.1
Non-compete agreements.....	1,159	(294)	865	3.4
Trade names.....	15,742	(6,444)	9,298	12.6
Content publisher relationships.....	2,092	(1,707)	385	5.0
	<u>\$ 265,280</u>	<u>\$ (176,514)</u>	<u>\$ 88,766</u>	

Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives.

Amortization expense by classification is shown below (in thousands):

	Year ended December 31,		
	2014	2013	2012
Service costs.....	\$ 28,523	\$ 28,974	\$ 26,501
Sales and marketing .....	4,733	1,987	881
Product development.....	4,212	4,884	4,272
General and administrative .....	847	674	749
Discontinued operations.....	4,244	7,890	8,273
Total depreciation.....	<u>\$ 42,559</u>	<u>\$ 44,409</u>	<u>\$ 40,676</u>

Service costs for the years ended December 31, 2014, 2013 and 2012 includes an accelerated amortization charge of \$7.7 million, \$3.1 million and \$2.1 million, respectively, as a result of the removing certain content assets from service.

Based upon the current amount of intangible assets subject to amortization, the estimated amortization expense for the next five years as of December 31, 2014 is as follows (in thousands):

Year ending December 31,	Estimated Amortization	
2015 .....	\$	15,910
2016 .....	\$	10,463
2017 .....	\$	6,546
2018 .....	\$	3,607
2019 .....	\$	1,202
Thereafter .....	\$	2,807

## 5. Goodwill

The following table presents the changes in our goodwill balance (in thousands):

Balance at December 31, 2012 .....	\$	266,349
Goodwill arising from acquisitions .....		81,135
Working capital adjustment .....		(102)
Balance at December 31, 2013 .....		347,382
Goodwill arising from acquisitions .....		10,358
Goodwill decreasing from dispositions .....		(12,070)
Spin-off .....		(103,042)
Goodwill impairment .....		(232,270)
Balance at December 31, 2014 .....	\$	10,358

The increase of goodwill in 2014 is attributable to the acquisition of Saatchi Online as detailed in Note 15 - Business Acquisitions. The increase of goodwill in 2013 is attributable to the acquisition of Creativebug in March 2013, and Society6 in June 2013 as detailed in Note 15 - Business Acquisitions.

The reduction in goodwill due to dispositions resulted from the sales of our Creativebug and CoveritLive businesses in July 2014.

In August 2014, we completed the Separation of Rightside and the Distribution, and we no longer record goodwill related to Rightside on our balance sheet (refer to Note 1 for additional information).

We test goodwill for impairment in the fourth quarter of each year unless there are interim indicators that suggest that it is more likely than not that goodwill may be impaired. For the reasons described in Note 2 above, we performed an interim assessment of impairment of the goodwill in our content and media reporting unit in the third quarter of 2014. In performing the interim impairment assessment, based on our analyses, we determined that the implied fair value of goodwill was substantially lower than the carrying value of goodwill for the content and media reporting unit and as a result, we determined that the implied fair value of the goodwill in the content and media reporting unit was zero. Accordingly, we recorded \$232.3 million for the goodwill impairment charge in the third quarter of 2014 (refer to Note 2 for additional information).

## 6. Other Balance Sheet Items

Accounts receivable consisted of the following (in thousands):

	December 31, 2014	December 31, 2013
Accounts receivable - trade .....	14,504	29,640
Receivables from registries .....	-	3,661
Accounts receivable, net .....	\$ 14,504	\$ 33,301

Other long term assets consisted of the following (in thousands):

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Payments for gTLD applications .....	\$ -	\$ 21,252
Note receivable .....	4,505	-
Other .....	1,550	4,070
Other Assets .....	<u>\$ 6,055</u>	<u>\$ 25,322</u>

During July of 2014 we sold our CoveritLive business and received a promissory note with a principal amount of \$5.6 million and an estimated fair value of \$4.9 million at December 31, 2014, of which the long-term portion was recorded in other long-term assets.

Other assets at December 31, 2013 include \$0.9 million of restricted cash comprising a collateralized letter of credit related to applications we made under a program designed to expand the total number of domain name suffixes, or gTLDs, approved by the Internet Corporation for Assigned Names and Numbers (“ICANN”) prior to the Separation. Following the Separation, we no longer have any obligations relating to applications under such program or such letter of credit.

Accrued expenses and other liabilities consisted of the following (in thousands):

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Accrued payroll and related items.....	\$ 4,291	\$ 9,301
Domain owners' royalties payable .....	-	1,193
Commission payable .....	1,183	2,808
Customer deposits .....	-	7,666
Acquisition holdbacks.....	8,958	-
Other .....	9,793	13,711
Accrued expenses and other liabilities .....	<u>\$ 24,225</u>	<u>\$ 34,679</u>

## 7. Debt

In November 2014, we repaid all amounts outstanding under our credit agreement, dated August 29, 2013, with Silicon Valley Bank, as administrative agent, and the lenders and other agents party thereto (the “Credit Agreement”) and terminated the Credit Agreement and the related Guarantee and Collateral Agreement. The Credit Agreement had provided for a \$100.0 million senior secured term loan facility (the “Term Loan Facility”) and a \$125.0 million senior secured revolving loan facility (the “Revolving Loan Facility”), each of which was scheduled to mature on August 29, 2018. At the time of termination, there was approximately \$73.8 million outstanding under the Term Loan Facility, no principal balance outstanding under the Revolving Loan Facility and an outstanding standby letter of credit with a face amount of approximately \$1.4 million. We used cash on hand to pay all outstanding principal, interest and other amounts owing under the Credit Agreement as of the termination date and to cash collateralize the outstanding standby letter of credit.

Under the Credit Agreement, loans bore interest, at our option, at an annual rate based on LIBOR or a base rate. Loans based on LIBOR bore interest at a rate between LIBOR plus 2.00% and LIBOR plus 3.00%, depending on our consolidated leverage ratio. Loans based on the base rate bore interest at the base rate plus an applicable margin of 1.00% or 2.00%, depending on our consolidated leverage ratio. We were also required to pay a commitment fee between 0.20% and 0.40% per annum, depending on our consolidated leverage ratio, on the undrawn portion available under the Revolving Loan Facility and the Term Loan Facility. The Credit Agreement contained customary events of default and affirmative and negative covenants, including certain financial maintenance covenants.

In connection with entering into the Credit Agreement in August 2013, we incurred debt issuance costs of \$1.9 million. Debt issuance costs are capitalized and amortized into interest expense over the term of the underlying debt. During the year ended December 31, 2014 and 2013 we amortized \$0.5 million and \$0.2 million, respectively of deferred debt issuance costs. In connection with the termination of the Credit Agreement, we recorded a non-cash expense of \$1.7 million from the acceleration of unamortized debt issuance costs during the quarter ended December 31, 2014.

## 8. Commitments and Contingencies

### Leases

We conduct our operations utilizing leased office facilities in various locations and lease certain equipment under non-cancellable operating and capital leases. Our leases expire between March 2015 and February 2020.

The following is a schedule of future minimum lease payments under operating and capital leases as of December 31, 2014 (in thousands):

	Operating leases	Capital leases
Year ending December 31,		
2015 .....	\$ 2,879	\$ 61
2016 .....	2,702	
2017 .....	2,192	-
2018 .....	3,479	-
2019 .....	1,465	-
Thereafter .....	25	-
Total minimum lease payments .....	<u>\$ 12,742</u>	61
Less interest expense .....		-
Capital lease obligation .....		<u>\$ 61</u>

We incurred rent expense of \$3.5 million, \$6.7 million and \$5.0 million, respectively, for the years ended December 31, 2014, 2013 and 2012. As of December 31, 2014 and 2013, accrued expenses and other current liabilities include a deferred rent liability of \$1.6 million and \$2.6 million, respectively, and \$1.6 million and \$2.4 million were included in other long-term liabilities as of December 31, 2014 and 2013, respectively.

### Litigation

On November 5, 2014, Charles Saatchi filed a lawsuit against our wholly owned subsidiary, Saatchi Online, Inc. (“Saatchi Art”), in the High Court of Justice, Chancery Division (United Kingdom) relating to an intellectual property licensing agreement (the “IP Agreement”) between Charles Saatchi and Saatchi Art, dated February 18, 2010. Mr. Saatchi alleges that Saatchi Art committed a repudiatory breach of the IP Agreement, effectively terminating it, and that Saatchi Art must cease using the “Saatchi” name. Mr. Saatchi is seeking a permanent injunction restricting Saatchi Art from continuing to use the “Saatchi” name, a declaration that the IP Agreement has been validly terminated, a disgorgement of any profits derived from Saatchi Art’s use of the name since the alleged termination date and unspecified monetary damages. We do not believe that the conduct alleged by Mr. Saatchi constitutes a repudiatory breach of the IP Agreement and intend to vigorously defend the lawsuit. The litigation is in its early stages.

On December 30, 2014, Charles Saatchi and Robert Norton, common stockholders of Saatchi Art prior to Demand Media’s acquisition of it, filed a lawsuit in the Delaware Chancery Court against the former directors, certain former officers and certain former preferred stockholders of Saatchi Art, and Saatchi Art itself. Messrs. Saatchi and Norton allege that, in connection with Demand Media’s acquisition of Saatchi Art, (i) the former directors of Saatchi Art and the former officers named in the lawsuit breached their fiduciary duties to the common stockholders; (ii) certain preferred stockholders of Saatchi Art breached their fiduciary duties to the common stockholders, aided and abetted the former officers’ and directors’ breach of their fiduciary duties and violated a Saatchi Art voting agreement by breaching the implied covenant of good faith and fair dealing; and (iii) Saatchi Art violated the voting agreement by breaching the implied covenant of good faith and fair dealing. The complaint seeks rescissory damages, a constructive trust over the acquisition proceeds, disgorgement of all profits related thereto, and unspecified compensatory damages, costs and fees. The litigation is in its early stages.

In addition, from time to time we are a party to various legal matters incidental to the conduct of our business. Certain of our outstanding legal matters include speculative claims for indeterminate amounts of damages. We record a liability when we believe that it is probable that a loss has been incurred and the amount can be reasonably estimated. Based on our current knowledge, we do not believe that there is a reasonable possibility that the final outcome of the pending or threatened legal proceedings to which we are a party, either individually or in the aggregate, will have a material adverse effect on our future financial results. However, the outcome of such legal matters is subject to significant uncertainties.

## Taxes

From time to time, various federal, state and other jurisdictional tax authorities undertake reviews of the Company and its filings. In evaluating the exposure associated with various tax filing positions, we accrue charges for possible exposures. We believe any adjustments that may ultimately be required as a result of any of these reviews will not be material to our consolidated financial statements.

## Indemnifications

In the normal course of business, we have provided certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These indemnities include intellectual property indemnities to our customers, indemnities to our directors and officers to the maximum extent permitted under the laws of the State of Delaware, indemnifications related to our lease agreements and indemnifications to sellers or buyers in connection with acquisitions and dispositions, respectively. In addition, our advertiser and distribution partner agreements contain certain indemnification provisions which are generally consistent with those prevalent in our industry. We have not incurred significant obligations under indemnification provisions historically and do not expect to incur significant obligations in the future. Accordingly, we have not recorded any liability for these indemnities, commitments and guarantees in the accompanying balance sheets.

## 9. Income Taxes

Income (loss) before income taxes from continuing operations consisted of the following (in thousands):

	2014	2013	2012
Domestic .....	\$ (267,758)	\$ (11,555)	\$ (4,042)
Foreign .....	(3,104)	193	129
Loss from continuing operation before income taxes.....	<u>\$ (270,862)</u>	<u>\$ (11,362)</u>	<u>\$ (3,913)</u>

The income tax benefit (expense) from continuing operations consisted of the following (in thousands):

	2014	2013	2012
Current (expense) benefit:			
Federal .....	\$ -	\$ -	\$ -
State .....	(58)	(276)	285
International .....	(99)	(69)	105
Deferred (expense) benefit:			
Federal .....	14,028	(2,136)	(2,042)
State .....	831	(398)	719
International .....	11	23	(18)
Total income tax benefit (expense) from continuing operations.....	<u>\$ 14,713</u>	<u>\$ (2,856)</u>	<u>\$ (951)</u>

The reconciliation of the federal statutory income tax rate of 35% to our effective income tax rate from continuing operations is as follows (in thousands):

	2014	2013	2012
Expected income tax benefit (expense) at U.S. statutory rate .....	\$ 94,801	\$ 3,977	\$ 1,370
Difference between U.S. and foreign taxes .....	21	12	9
State tax (expense) benefit, net of federal taxes .....	4,828	(131)	(312)
Non-deductible stock-based compensation .....	(3,845)	(2,832)	(994)
Meals and entertainment .....	(129)	(266)	(276)
Goodwill impairment .....	(25,841)	-	-
Non-deductible officer compensation .....	(43)	-	-
State rate changes.....	(865)	(253)	1,521
Indirect federal impact of state deferred taxes .....	-	110	(223)
Valuation allowance.....	(53,463)	(3,648)	(2,019)
Other .....	(751)	175	(27)
Total income tax expense from continuing operations.....	<u>\$ 14,713</u>	<u>\$ (2,856)</u>	<u>\$ (951)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below (in thousands):

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
<b>Deferred tax assets:</b>		
Accrued liabilities not currently deductible .....	\$ 2,305	\$ 4,193
Intangible assets—excess of tax basis over financial statement basis.....	54,647	15,008
Indirect federal impact of deferred state taxes .....	(3,198)	114
Deferred revenue.....	165	6,126
Net operating losses .....	35,814	23,488
Stock-based compensation .....	5,783	14,375
Other .....	(56)	189
	<u>95,460</u>	<u>63,493</u>
<b>Deferred tax liabilities:</b>		
Deferred registration costs .....	-	(23,832)
Prepaid expenses .....	-	(1,695)
Goodwill not amortized for financial reporting .....	-	(26,206)
Intangible assets—excess of financial statement basis over tax basis.....	(1,245)	(4,731)
Property and equipment .....	(5,739)	(8,674)
	<u>(6,984)</u>	<u>(65,138)</u>
Valuation allowance.....	(88,476)	(23,882)
Net deferred tax liabilities.....	<u>\$ -</u>	<u>\$ (25,527)</u>
Current .....	\$ 334	\$ (22,415)
Non-current.....	(334)	(3,112)
	<u>\$ -</u>	<u>\$ (25,527)</u>

We had federal net operating loss (“NOL”) carryforwards of approximately \$110.7 million and \$71.0 million as of December 31, 2014 and 2013, respectively, which expire between 2020 and 2032. In addition, as of December 31, 2014 and 2013 we had state NOL carryforwards of approximately \$8.3 million and \$16.0 million, which expire between 2014 and 2032.

Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, provide for annual limitations on the utilization of net operating loss and credit carryforwards if we were to undergo an ownership change, as defined in Section 382. Changes in our equity structure and the acquisitions by us of eNom, Trails.com, Maps a La Carte, Pagewise, Pluck, Indieclick, Creativebug, and Saatchi Art resulted in such an ownership change. Currently, we do not expect the utilization of its net operating loss and tax credit carry-forwards in the near term to be materially affected as no significant limitations are expected to be placed on these carry-forwards as a result of its previous ownership changes.

We reduce the deferred tax asset resulting from future tax benefits by a valuation allowance if, based on the weight of the available evidence, it is more likely than not that some portion or all of these deferred taxes will not be realized. We have determined it is more likely than not that we will not realize the benefit of all our deferred tax assets and accordingly a valuation allowance of \$88.5 million and \$23.9 million against its deferred taxes was required at December 31, 2014 and 2013, respectively. The change in the valuation allowance for the year ended December 31, 2014 was an increase of \$64.6 million. The valuation allowance is required as a result of the timing of the reversal of deferred tax liabilities associated with tax deductible goodwill which is not certain and thus not available to assure the realization of deferred tax assets. After consideration of these limitations associated with deferred tax liabilities, we have deferred tax assets in excess of deferred tax liabilities at December 31, 2014. As we have no sustained history of generating book income, the ultimate future realization of these excess deferred tax assets is not more likely than not and thus subject to a valuation allowance.

Accounting standards related to stock-based compensation exclude tax attributes related to the exercise of employee stock options from being realized in the financial statements until they result in a decrease to taxes payable. Therefore, we have not included unrealized stock option tax attributes in our deferred tax assets. Cumulative tax attributes excluded through 2014 were \$4.2 million. The benefit of these deferred tax assets will be recorded to equity when they reduce taxes payable.

We are subject to the accounting guidance for uncertain income tax positions. We believe that its income tax positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on our financial condition, results of operations, or cash flow.



Our policy for recording interest and penalties associated with audits and uncertain tax positions is to record such items as a component of income tax expense, and amounts recognized to date are insignificant. No uncertain income tax positions were recorded during 2014 or 2013 and we do not expect its uncertain tax position to change during the next twelve months.

The aggregate changes in our total gross amount of unrecognized tax benefits are summarized as follows (in thousands):

	Year ended December 31,	
	2014	2013
Beginning balance.....	\$ 85	\$ 85
Gross increase in unrecognized tax benefits - prior year tax position .....	—	—
Ending balance.....	\$ 85	\$ 85

We file a U.S. federal and many state tax returns. The tax years 2007 to 2014 remain subject to examination by the Internal Revenue Service (“IRS”) and most tax years since our incorporation are subject to examination by various state authorities. Tax year 2012 is currently under examination by the IRS.

## 10. Employee Benefit Plan

We have a defined contribution plan under Section 401(k) of the Internal Revenue Code (“401(k) Plan”) covering all full-time employees who meet certain eligibility requirements. Eligible employees may defer up to 90% of their pre-tax eligible compensation, up to the annual maximum allowed by the Internal Revenue Service. Under the 401(k) Plan, we may, but are not obligated to, match a portion of the employee contributions up to a defined maximum. We made matching contributions of \$1.7 million and \$2.0 million for the year ended 2014 and 2013, respectively. We did not make any matching contributions for the years ended December 31, 2012.

## 11. Stock-based Compensation Plans and Awards

### Stock Incentive Plans

Under our 2010 Incentive Award Plan (the “2010 Plan”), the Administrator of the 2010 Plan, which is the compensation committee of our board of directors, may grant up to 3.1 million stock options, restricted stock, restricted stock unit and other incentive awards to employees, officers, non-employee directors, and consultants, and such options or awards may be designated as incentive or non-qualified at the discretion of the Administrator. In connection with the adoption of the 2010 Plan on August 5, 2010, 0.06 million stock-based awards then available for grant under the 2006 Plan were canceled. Any stock-based awards outstanding under the 2006 Plan when the 2010 Plan was adopted that subsequently are forfeited, expire or lapse are available for future grants under the 2010 Plan. In addition, awards available for grant under the 2010 Plan shall be increased on an annual basis as of January 1st of each fiscal year by an amount equal to the lesser of (i) 1.2 million (ii) 5% of the total shares outstanding as of the end of the prior fiscal year and (iii) such lesser amount as determined by the Administrator of the 2010 Plan. As of December 31, 2014, 2.5 million stock-based awards were available for future grant under the 2010 Plan. Generally, stock option grants have 10-year terms and employee stock options vest 1/4th on the anniversary of the vesting commencement date and 1/48th monthly thereafter, over a 4-year period, but the Administrator has recently granted stock options that vest over a 3-year period with 1/3<sup>rd</sup> vesting on the anniversary of the vesting commencement date and 1/36<sup>th</sup> monthly thereafter. Restricted stock unit awards generally vest either annually or quarterly over a 3 or 4-year period, depending on the terms established by the Administrator at the time of grant after considering the recommendation of management. Certain stock options and restricted stock awards have accelerated vesting provisions in the event of a change in control.

### Valuation of Awards

The per share fair value of stock options granted with service and/or performance conditions was determined on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	Year ended December 31,		
	2014	2013	2012 <sup>(1)</sup>
Expected life (in years) .....	5.89	5.50	NA
Risk-free interest rate .....	1.82%	0.83%	NA
Expected volatility range .....	54.1%	51%	NA
Expected dividend yield.....	—	—	NA

<sup>(1)</sup> We did not grant any stock options to employees during the year ended December 31, 2012.

In addition, 1.3 million options that were awarded during the third quarter 2014 to our chief executive officer and president. These options were determined on the date of grant using the Hull-White model with the following assumptions: Volatility 61%, risk-free interest rate 2.43%, early exercise multiple 2.9 years, and dividend rate 0%.

The expected term of stock options granted represents the weighted average period that the stock options are expected to remain outstanding. We determine the expected term assumption based on our historical exercise behavior combined with estimates of the post-vesting holding period. Expected volatility is based on historical volatility of peer companies in our industry that have similar vesting and contractual terms. The risk free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. We currently have no history or expectation of paying cash dividends on our common stock.

The expected term for performance-based and non-employee awards is based on the period of time for which each award is expected to be outstanding, which is typically the remaining contractual term.

## Award Activity

### Stock Options

Stock option activity is as follows (in thousands, except per share data):

	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at December 31, 2013 .....	921	\$ 72.10	3.42	\$ 1,925
Spin Adjustment.....	(204)	\$ 67.62		
Options granted.....	3,215	\$ 8.45		
Options exercised.....	(34)	\$ 10.05		
Options forfeited or canceled.....	(425)	\$ 94.03		
Outstanding at December 31, 2014.....	<u>3,473</u>	\$ 8.65	9.33	\$ 353
Exercisable at December 31, 2014.....	<u>303</u>	\$ 10.50	4.27	\$ 73
Vested and expected to vest at December 31, 2014.....	<u>3,323</u>	\$ 8.78	9.30	\$ 328

The pre-tax aggregate intrinsic value of outstanding and exercisable stock options is based on the difference between the estimated fair value of our common stock at December 31, 2014 and 2013 and their exercise prices, respectively for all awards where the fair value of our common stock exceeds the exercise price. Options expected to vest reflect an estimated forfeiture rate.

Information related to stock-based compensation activity is as follows (in thousands, except per share data):

	Year ended December 31,		
	2014	2013	2012
Weighted average fair value of options granted (per option).....	\$ 4.21	\$ 3.92	\$ -
Intrinsic value of options exercised.....	\$ 303	\$ 2,179	\$ 22,863
Total fair value of restricted stock vested .....	\$ 18,308	\$ 17,404	\$ 19,072

There was \$12.1 million of stock-based compensation expense as of December 31, 2014 related to the non-vested portion of stock options not yet recognized, which is expected to be recognized over a weighted average period of 3.4 year.



## Restricted stock units

	Shares	Weighted average grant date fair value
Unvested at December 31, 2013 .....	1,091	\$ 42.55
Spin Adjustment.....	(201)	\$ 14.54
Granted.....	1,110	\$ 11.69
Vested .....	(681)	\$ 26.87
Forfeited.....	(462)	\$ 29.05
Unvested at December 31, 2014 .....	<u>857</u>	\$ 10.28

As of December 31, 2014, there was approximately \$10.2 million of unrecognized compensation cost related to non-vested RSUs and restricted shares. The amount is expected to be recognized over a weighted average period of 2.6 years. To the extent that the forfeiture rate is different from that anticipated, stock-based compensation expense related to these awards will be different.

In March 2015, the company issued 0.5 million RSUs 0.3 million options as part of its annual employee compensation grant.

## Employee Stock Purchase Plan

In May 2011, we commenced our first offering under the Demand Media, Inc. 2010 Employee Stock Purchase Plan (the “ESPP”), which allows eligible employees to purchase, through payroll deductions, a limited amount of our common stock at a 15% discount to the lower of market price as of the beginning or ending of each six-month purchase period. Participants can authorize payroll deductions for amounts up to the lesser of 15% of their qualifying wages or the statutory limit under the U.S. Internal Revenue Code. The ESPP provides up to a 24-month offering period which is comprised of four consecutive six-month purchase periods commencing May and November, with the most recent offering period commencing in November 2014. A maximum of seven hundred fifty shares of common stock may be purchased by each participant at six-month intervals during the offering period. The fair value of the ESPP options granted is determined using a Black-Scholes-Merton model and is amortized over the remaining life of the 24-month offering period of the ESPP. The Black-Scholes-Merton model included an assumption for expected volatility of between 58% and 60% for each of the four purchase periods. During the years ended December 31, 2014, 2013 and 2012, we recognized an immaterial, \$1.8 million and \$1.9 million of expense, respectively, in relation to the ESPP and there were 1.8 million shares of common stock remaining authorized for issuance under the ESPP at December 31, 2014.

## Stock-based Compensation Expense

Stock-based compensation expense related to all employee and non-employee stock-based awards was as follows (in thousands):

	Year ended December 31,		
	2014	2013	2012
Service costs.....	\$ 1,422	\$ 2,420	\$ 2,424
Sales and marketing .....	683	3,823	5,114
Product development.....	4,745	3,835	4,942
General and administrative .....	12,016	12,525	14,709
Discontinued operations.....	2,949	4,781	4,179
Total stock-based compensation included in net income (loss).....	21,815	27,384	31,368
Income tax benefit related to stock-based compensation included in net income (loss) .....	(706)	(782)	(758)
	<u>\$ 21,109</u>	<u>\$ 26,602</u>	<u>\$ 30,610</u>

During the years ended December 31, 2014, 2013 and 2012, \$1.0 million, \$2.0 million and \$1.7 million respectively, of stock-based compensation expense related to stock options was capitalized, primarily as part of internally developed software projects.

During the fourth quarter we modified the equity for 3 employees, where we accelerated certain RSU’s resulting in the recognition of \$3.5 million of expense.

Also included in the table above includes \$1.1 million of expense related to warrants granted to non employees for the year ended December 31, 2012.

In connection with the Separation and subsequent 1-for-5 reverse stock split, all of our outstanding equity-based compensation awards were adjusted as follows.

*Stock Options.* Immediately prior to the Separation, each stock option that had an exercise price greater than 120% of the trading price of our common stock on the New York Stock Exchange on July 31, 2014, was adjusted by reducing the per share exercise price and making a corresponding reduction in the number of shares of common stock subject to the stock option, so that the value of the such stock option was approximately equal before and after such adjustment. Immediately prior to the Separation (but following the adjustment), each stock option that was vested, or was unvested and held by an individual who was employed or engaged by us following the Separation, was split into a Demand Media stock option and a Rightside stock option with a combined value that approximately equaled the value of the Demand Media stock option immediately prior to the Separation. Unvested DM stock options held by a Rightside employee were accelerated then split equally between DM and NAME stock options.

*Restricted Stock Units.* Immediately prior to the Separation, each restricted stock unit (“RSU”) award that was held by an individual who was employed or engaged by us following the Separation and was granted prior to March 1, 2014, was split into a Demand Media RSU award and a Rightside RSU award with a combined value that approximately equaled the value of the underlying Demand Media RSU award immediately prior to the Separation. Each RSU award held by an individual who was employed or engaged by Rightside or its affiliates following the Separation was converted into a Rightside RSU award covering a number of Rightside shares such that the pre-distribution value of the pre-Separation value of the Demand Media RSU award was approximately preserved.

## **12. Stockholders’ Equity**

### ***Reverse Stock Split***

On August 1, 2014, we completed the Separation of Rightside from Demand Media, Inc. The Separation was structured as a pro rata tax-free dividend involving the distribution of all outstanding shares of Rightside common stock to holders of Demand Media common stock as of the record date (the “Distribution”). Immediately following the Distribution, we enacted a 1-for-5 reverse stock split with respect to all of our outstanding shares of common stock, which is reflected retrospectively throughout the consolidated financial statements.

### ***Stock Repurchases***

Under our February 8, 2012 stock repurchase plan, as amended, we are authorized to repurchase up to \$50.0 million of its common stock from time to time. Since April 2013, we have not repurchased any shares of common stock. Approximately \$19.2 million remains available under the repurchase plan at December 31, 2014. The timing and actual number of shares repurchased will depend on various factors including price, corporate and regulatory requirements, debt covenant requirements, alternative investment opportunities and other market conditions.

Shares repurchased by us are accounted for when the transaction is settled. As of December 31, 2014, there were no unsettled share repurchases. The par value of shares repurchased and retired is deducted from common stock and any excess over par value is deducted from additional paid in capital. Direct costs incurred to repurchase the shares are included in the total cost of the shares.

### ***Other***

Each share of common stock has the right to one vote per share.

## **13. Fair Value of Financial Instruments**

Fair value represents the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We measure our financial assets and liabilities in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1—valuations for assets and liabilities traded in active exchange markets, or interest in open-end mutual funds that allow a company to sell its ownership interest back at net asset value on a daily basis. Valuations are obtained from readily available pricing sources for market transactions involving identical assets, liabilities or funds.

- Level 2—valuations for assets and liabilities traded in less active dealer, or broker markets, such as quoted prices for similar assets or liabilities or quoted prices in markets that are not active. Level 2 includes U.S. Treasury, U.S. government and agency debt securities, and certain corporate obligations. Valuations are usually obtained from third-party pricing services for identical or comparable assets or liabilities.
- Level 3—valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and consider counterparty credit risk in our assessment of fair value.

We chose not to elect the fair value option for our financial assets and liabilities that had not been previously carried at fair value. Therefore, material financial assets and liabilities not carried at fair value, such as trade accounts receivable and payables, are reported at their carrying values.

The carrying amounts of our financial instruments, which include cash and cash equivalents, accounts receivable, receivables from domain name registries, restricted cash, accounts payable, accrued liabilities and customer deposits, approximate fair value because of their short maturities. The carrying amount for amounts outstanding under our Term Loans or Revolving Loan Facility approximates fair value because the loans bear interest at variable rates which approximate fair value. Our investments in marketable securities are recorded at fair value.

Financial assets and liabilities carried at fair value on a recurring basis were as follows (in thousands):

	Balance at December 31, 2014			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash equivalents <sup>(1)</sup> .....	\$ 5,000	\$ -	\$ -	\$ 5,000
Promissory note .....	-	-	4,946	\$ 4,946
	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 4,946</u>	<u>\$ 9,946</u>

<sup>(1)</sup> Comprises money market funds which are included in Cash and cash equivalents in the accompanying consolidated balance sheet.

	Balance at December 31, 2013			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash equivalents <sup>(1)</sup> .....	\$ 4,034	\$ -	\$ -	\$ 4,034
Marketable securities .....	902	-	-	\$ 902
	<u>\$ 4,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,936</u>
Liabilities:				
Debt.....	\$ -	\$ 96,250	\$ -	96,250
	<u>\$ -</u>	<u>\$ 96,250</u>	<u>\$ -</u>	<u>\$ 96,250</u>

<sup>(1)</sup> Comprises money market funds which are included in Cash and cash equivalents in the accompanying consolidated balance sheet.

For financial assets that utilize Level 1 and Level 2 inputs, we utilize both direct and indirect observable price quotes, including quoted market prices (Level 1 inputs) or inputs that are derived principally from or corroborated by observable market data (Level 2 inputs).

Certain assets, including equity investments, investments held at cost, goodwill and intangible assets are also subject to measurement at fair value on a nonrecurring basis, if they are deemed to be impaired as the result of an impairment review. Due to unexpected revenue declines in the third quarter of 2014 attributable to lower traffic and monetization yield on certain of our Content & Media websites, we lowered our future cash flow expectations. As a result of the decline in our cash flow forecast as well as a sustained decline in our market capitalization, which remained at a level below the book value of our net assets for an extended period of time, including as of September 30, 2014, we performed an interim assessment of impairment of the goodwill in our Content &

Media reporting unit in the third quarter of 2014. Based on our analyses, the implied fair value of goodwill was substantially lower than the carrying value of goodwill for the Content & Media reporting unit and as a result, we determined that the implied fair value of the goodwill in the Content & Media reporting unit was zero. Accordingly, we recorded a \$232.3 million for the goodwill impairment charge during the third quarter of 2014, which is included in Goodwill impairment charge in the Consolidated Statements of Operations. These estimated fair value measurements were calculated using unobservable inputs, primarily using the income and market approach, specifically the discounted cash flow method and market comparables, which are classified as Level 3 within the fair value hierarchy. The amount and timing of future cash flows within those analyses was based on our most recent future cash flow expectations, long-term strategic plans and other estimates including the amount and timing of future expected cash flows, terminal value growth rate and the appropriate market-participant risk-adjusted discount rates.

#### 14. Discontinued Operations

On August 1, 2014, we completed the Separation of Rightside from Demand Media, Inc. As a result of the Separation, the financial results of Rightside are presented as discontinued operations in our consolidated statements of operations for the years ended December 31, 2014, 2013 and 2012. Following the Separation, the following activity in our statement of operations was reclassified from continuing operations to discontinued operations:

	Year ended December 31,		
	2014	2013	2012
		(in thousands)	
Service revenue .....	\$ 107,721	\$ 185,187	\$ 172,938
Operating expenses:			
Service costs .....	92,588	143,607	126,714
Sales and marketing .....	5,632	10,170	7,553
Product and development .....	8,203	12,002	9,518
General and administrative .....	14,819	20,263	8,943
Amortization of intangible assets .....	4,243	7,890	8,274
Total operating expenses .....	<u>125,485</u>	<u>193,932</u>	<u>161,002</u>
Operating income (loss) .....	(17,764)	(8,745)	11,936
Other income (expense), net .....	<u>7,017</u>	<u>4,174</u>	<u>(64)</u>
Income (loss) before income taxes .....	(10,747)	(4,571)	11,872
Income tax benefit (expense) .....	<u>(461)</u>	<u>(1,385)</u>	<u>(832)</u>
Net income (loss) .....	<u>\$ (11,208)</u>	<u>\$ (5,956)</u>	<u>\$ 11,040</u>

Capital expenditures for discontinued operations for the years ended December 31, 2014, 2013 and 2012 were \$2.7 million, \$8.4 million and \$7.9 million, respectively.

#### 15. Business Acquisitions

We account for acquisitions of businesses using the purchase method of accounting where the cost is allocated to the underlying net tangible and intangible assets acquired, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

Determining the fair value of certain acquired assets and liabilities is subjective in nature and often involves the use of significant estimates and assumptions, including, but not limited to, the selection of appropriate valuation methodology, projected revenue, expenses and cash flows, weighted average cost of capital, discount rates, estimates of advertiser and publisher turnover rates and estimates of terminal values.

During the years ended December 31, 2014 and 2013, we acquired businesses consistent with our strategic plan of acquiring, consolidating and developing Internet media properties and applications and domain service businesses. In addition to identifiable assets acquired in these business combinations, our acquired goodwill that primarily derives from the ability to generate synergies across our media services.

On August 8, 2014, we acquired Saatchi Online, Inc., a Delaware corporation (“Saatchi Online”), pursuant to an Agreement and Plan of Merger whereby Saatchi Online became a wholly owned subsidiary of Demand Media (the “Merger”). After giving effect to working capital adjustments as of the closing date, the purchase price consisted of approximately \$4.8 million in cash after giving effect to working capital adjustments and 1,049,959 shares of our common stock, valued at approximately \$10.3 million based on Demand Media’s stock price on the closing date of the Merger. A portion of the cash purchase price equal to \$1.7 million was placed into escrow and can be applied by us towards satisfaction of post-closing indemnification obligations of the former stockholders of

Saatchi Online and/or post-closing adjustments to the purchase price. Any remaining portion of the escrow amount that is not subject to then-pending claims will be paid to the former stockholders of Saatchi Online on the one-year anniversary of the closing of the Merger.

The Saatchi acquisition is included in our consolidated financial statements as of the date of the acquisition. The allocation of the purchase consideration, for business acquisitions made by us during the year ended December 31, 2014 is as follows (in thousands):

	<u>Saatchi</u>	
Goodwill .....	\$	10,358
Technology .....		2,327
Artist relationships .....		1,852
License agreement.....		419
Customer relationships.....		962
Other assets and liabilities assumed.....		(866)
Total.....	\$	<u>15,052</u>

Customer relationships have a useful life of 3 years, developed technology, and the license agreement have useful lives of 5 years, and the artist relationship has a useful life of 10 years. Goodwill, which is comprised of the excess of the purchase consideration over the fair value of the identifiable net assets acquired, is primarily derived from assembled workforce and our ability to generate synergies with its services. The goodwill of \$10.4 million is not expected to be deductible for tax purposes.

On June 20, 2013, we completed the acquisition of Society6, an online marketplace and e-commerce platform. The purchase price consideration of \$94.3 million was comprised of cash of \$76.1 million and 464,576 shares of common stock valued at \$18.2 million, based on our stock price on the date of acquisition. \$7.9 million in cash and 48,780 shares of common stock were held back by us to secure post-closing indemnification obligations of the sellers and/or post-closing adjustments to the purchase price. Any remaining portion of the holdback amount that is not subject to then-pending claims will be paid on the 24-month anniversary of the closing of the transaction. Artist relationships and non-compete have a useful life of 3 years, developed technology has a useful life of four years, and trade name have an ten year useful life. Goodwill, which is comprised of the excess of the purchase consideration over the fair value of the identifiable net assets acquired, is primarily derived from assembled workforce and our ability to generate synergies with its services.

In March 2013, we acquired Creativebug, an online destination for arts and crafts instruction based in San Francisco, California, for an \$8.0 million cash purchase price consideration. \$0.8 million cash was held back by us to secure post-closing indemnification obligations of the sellers and/or post-closing adjustments to the purchase price. Of the holdback, \$0.4 million that is not subject to then-pending claims was paid 9 months after the closing date, and the remainder of the holdback that is not subject to then-pending claims was paid 18 months after the closing date. During July 2014 we completed the sale of our Creativebug business.

The Society6 and Creativebug acquisitions are included in our consolidated financial statements as of the date of the acquisition. The allocation of the purchase consideration, for business acquisitions made by us during the year ended December 31, 2013 is as follows (in thousands):

	<u>Creativebug</u>	<u>Society6</u>	<u>Total</u>
Goodwill .....	\$ 4,459	\$ 76,676	\$ 81,135
Media content.....	3,390	-	3,390
Technology .....	-	2,587	2,587
Artist relationships .....	-	9,867	9,867
Non-compete agreements.....	699	192	891
Trade names.....	132	3,419	3,551
Customer relationships.....	43	-	43
Other assets and liabilities assumed.....	(723)	1,581	858
Total.....	\$ <u>8,000</u>	\$ <u>94,322</u>	\$ <u>102,322</u>

## Supplemental Pro forma Information (unaudited)

Supplemental information on an unaudited pro forma basis, as if the 2014 and 2013 acquisitions had been consummated as of January 1, 2013, is as follows (in thousands):

	Year ended December 31,	
	2014	2013
Revenue.....	\$ 174,691	\$ 222,790
Net loss .....	\$ (272,988)	\$ (24,484)

The unaudited pro forma supplemental information is based on estimates and assumptions which we believe are reasonable and reflect amortization of intangible assets as a result of the acquisitions. The pro forma results are not necessarily indicative of the results that have been realized had the acquisitions been consolidated in the tables above as of January 1, 2013.

### 16. Business Segments

We operate in one operating segment. Our chief operating decision maker (“CODM”) manages our operations on a consolidated basis for purposes of evaluating financial performance and allocating resources. The CODM reviews separate revenue information for its Content & Media and Marketplace offerings. All other financial information is reviewed by the CODM on a consolidated basis. All of the Company’s principal operations and assets are located in the United States.

Revenue derived from the Company’s Content & Media and Marketplaces is as follows (in thousands):

	Year ended December 31,		
	2014	2013	2012
Content & Media.....	\$ 137,038	\$ 195,080	\$ 207,640
Marketplaces .....	35,391	14,331	-
Total revenue .....	<u>\$ 172,429</u>	<u>\$ 209,411</u>	<u>\$ 207,640</u>

Revenue by geographic region, as determined based on the location of our customers or the anticipated destination of use was as follows:

	Year ended December 31,		
	2014	2013	2012
Domestic .....	\$ 152,437	\$ 196,499	\$ 198,967
International .....	19,992	12,912	8,673
Total revenue .....	<u>\$ 172,429</u>	<u>\$ 209,411</u>	<u>\$ 207,640</u>

### 17. Concentrations

#### Concentrations of Credit and Business Risk

Financial instruments that potentially subject us to a concentration of credit risk consist of cash and cash equivalents, marketable securities and accounts receivable.

At December 31, 2014, our cash and cash equivalents and marketable securities were maintained primarily with six major U.S. financial institutions and three foreign banks. We also have used two Internet payment processors in both periods. Deposits with these institutions at times exceed the federally insured limits, which potentially subject us to concentration of credit risk. We have not experienced any losses related to these balances and believe that there is minimal risk.

A substantial portion of our advertising revenue is generated through arrangements with one advertising network partner. We may not be successful in renewing any of these agreements, or if they are renewed, they may not be on terms as favorable as current agreements. We may not be successful in renewing our agreements with advertising network partners on commercially acceptable terms.



The percentage of revenue generated through advertising network partners representing more than 10% of consolidated revenue is as follows:

	Year ended December 31,		
	2014	2013	2012
Google.....	50%	56%	60%

Advertising network partners comprising more than 10% of the consolidated accounts receivable balance was as follows:

	Year ended December 31,	
	2014	2013
Google.....	42%	27%

## 18. Net Income (Loss) Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share of common stock (in thousands, except per share data):

	Year ended December 31,		
	2014	2013	2012
Net loss from continuing operations .....	\$ (256,149)	\$ (14,218)	\$ (4,864)
Net income (loss) from discontinued operations.....	(11,208)	(5,956)	11,040
Net income (loss).....	<u>\$ (267,357)</u>	<u>\$ (20,174)</u>	<u>\$ 6,176</u>
Weighted average common shares outstanding .....	18,748	17,729	16,984
Weighted average unvested restricted stock awards .....	(3)	(22)	(74)
Weighted average common shares outstanding—basic and diluted .....	<u>18,745</u>	<u>17,707</u>	<u>16,910</u>
Earnings per share - basic and diluted			
Net loss from continuing operations.....	\$ (13.66)	\$ (0.80)	\$ (0.28)
Net income (loss) from discontinued operations.....	(0.60)	(0.34)	0.65
Net income (loss) .....	<u>\$ (14.26)</u>	<u>\$ (1.14)</u>	<u>\$ 0.37</u>

For the years ended December 31, 2014 and 2013 we excluded 0.2 million and 0.2 million shares, respectively, from the calculation of diluted weighted average shares outstanding, as their inclusion would have been antidilutive. There were no antidilutive shares for the year ended December 31, 2012.

## 19. Subsequent Events

During February 2015, we sold our Pluck social media business. We received cash of \$3.8 million after purchase price adjustments, we do not anticipate the gain or loss on sale to be to be material.

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
2.1	Securities Purchase Agreement, dated as of June 20, 2013, by and among Demand Media, Inc., Society6, the Sellers and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 24, 2013)
2.2	Asset Purchase Agreement, dated as of July 9, 2014, by and among Demand Media, Inc., CB Acquisition LLC, and Otter Media Holdings (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 14, 2014)
2.3	Separation and Distribution Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
2.4	Agreement and Plan of Merger, dated as of August 8, 2014, by and among Demand Media, Inc., Gallery Merger Sub, Inc., Saatchi Online, Inc. and Shareholder Representative Services LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 11, 2014)
3.1	Amended and Restated Certificate of Incorporation of Demand Media, Inc., as amended effective August 1, 2014 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-3 filed with the SEC on August 29, 2014)
3.2	Amended and Restated Bylaws of Demand Media, Inc. (incorporated by reference to Exhibit 3.02 to the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2011)
4.1	Form of Demand Media, Inc. Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2014)
4.2	Third Amended and Restated Stockholders' Agreement, among Demand Media, Inc., and the stockholders listed on Exhibit A thereto, dated March 3, 2008 (incorporated by reference to Exhibit 4.02 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
4.2A	Amendment No. 1 to Third Amended and Restated Stockholders' Agreement, dated October 21, 2010 (incorporated by reference to Exhibit 4.03 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on October 29, 2010)
4.2B	Waiver of Registration Rights and Amendment to Stockholders' Agreement, dated August 24, 2012 (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 13, 2012)
10.1	† Form of Indemnification Agreement entered into by and between Demand Media, Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.01 to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on October 12, 2010)
10.2	† Amended and Restated Demand Media, Inc. 2006 Equity Incentive Plan, adopted April 2006 and amended and restated on June 26, 2008 (incorporated by reference to Exhibit 10.03 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.2A	† First Amendment to the Amended and Restated Demand Media, Inc. 2006 Equity Incentive Plan, dated June 1, 2009 (incorporated by reference to Exhibit 10.03A to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.3	† Form of Demand Media, Inc. 2006 Equity Incentive Plan Restricted Stock Purchase Agreement (incorporated by reference to Exhibit 10.06 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.4	† Form of Demand Media, Inc. 2006 Equity Incentive Plan Stock Option Agreement (incorporated by reference to Exhibit 10.07 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
10.5	† Demand Media, Inc. 2010 Incentive Award Plan, adopted August 3, 2010 (incorporated by reference to Exhibit 10.04 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)



- 10.6 † Form of Demand Media, Inc. 2010 Incentive Award Plan Stock Option Grant Notice and Stock Option Agreement (incorporated by reference to Exhibit 10.05 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on August 6, 2010)
- 10.7 † Form of Demand Media, Inc. 2010 Incentive Award Plan Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2011)
- 10.8 † Form of Demand Media, Inc. 2010 Incentive Award Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 12, 2011)
- 10.9 † Demand Media, Inc. 2010 Employee Stock Purchase Plan, dated September 27, 2010 (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (File No. 333-168612) filed with the SEC on October 29, 2010)
- 10.10 † Employment Agreement, dated as of August 8, 2014, by and between Demand Media, Inc. and Sean Moriarty (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2014)
- 10.11 † Amended and Restated Employment Agreement, dated as of August 8, 2014, by and between Demand Media, Inc. and Shawn Colo (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2014)
- 10.12 † Amended and Restated Employment Agreement between Demand Media, Inc. and Mel Tang, dated October 1, 2012 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 13, 2012)
- 10.13 † Consulting Agreement by and among Demand Media, Inc. and Mel Tang, dated November 10, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 10, 2014)
- 10.14 † Employment Agreement between Demand Media, Inc. and Rachel Glaser, dated as of March 4, 2015 (filed herewith)
- 10.15 † Amended and Restated Employment Agreement between Demand Media, Inc. and Peter Kim, dated as of March 4, 2015 (filed herewith)
- 10.16 † Employment Agreement between Demand Media, Inc. and Brian Pike, dated as of October 14, 2014 (filed herewith)
- 10.17 † Second Amended and Restated Employment Agreement between Demand Media, Inc. and Julie Campistrone, dated as of November 1, 2013 (filed herewith)
- 10.17A † First Amendment to Second Amended and Restated Employment Agreement between Demand Media, Inc. and Julie Campistrone, dated as of April 30, 2014 (filed herewith)
- 10.17B † Second Amendment to Second Amended and Restated Employment Agreement between Demand Media, Inc. and Julie Campistrone, dated as of December 1, 2014 (filed herewith)
- 10.18 † Amended and Restated Employment Agreement between Demand Media, Inc. and Frederick Boecker, dated as of November 7, 2014 (filed herewith)
- 10.19 † Second Amended and Restated Employment Agreement between Demand Media, Inc. and Daniel Weinrot, dated as of December 1, 2014 (filed herewith)
- 10.20 Google Services Agreement entered into by Google Inc. and Demand Media, Inc., effective as of November 1, 2014 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2015)
- 10.20A Amendment Number One to Google Services Agreement between Google Inc. and Demand Media, Inc., dated February 6, 2015 (portions of this exhibit have been omitted pursuant to a request for confidential treatment) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2015)

10.21	Transition Services Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
10.22	Employee Matters Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
10.23	Tax Matters Agreement between Demand Media, Inc. and Rightside Group, Ltd., dated as of August 1, 2014 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
10.24	Intellectual Property Assignment and License Agreement between Demand Media, Inc. and Rightside Operating Co., dated as of July 30, 2014 (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on August 7, 2014)
10.25	† Demand Media, Inc. Outside Director Compensation Program (filed herewith)
14.1	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.01 to the Company's Annual Report on Form 10-K filed with the SEC on March 1, 2011)
21.1	List of subsidiaries of Demand Media, Inc. (filed herewith)
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith)
31.1	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

† Indicates management contract or compensatory plan, contract or arrangement.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-183554 and 333-198492) and Form S-8 (No. 333-172371) of Demand Media, Inc. of our report dated March 16, 2015 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Los Angeles, California  
March 16, 2015

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Sean Moriarty, certify that:

1. I have reviewed this Annual Report on Form 10-K of Demand Media, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Sean Moriarty

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Sean Moriarty  
Chief Executive Officer  
(Principal Executive Officer)  
Date: March 16, 2015

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Peter Kim, certify that:

1. I have reviewed this Annual Report on Form 10-K of Demand Media, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Peter Kim

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Peter Kim

Senior Vice President, Accounting and interim Chief Accounting Officer  
(Principal Financial Officer)

Date: March 16, 2015

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the “Report”) of Demand Media, Inc. (the “Company”) as filed with the Securities and Exchange Commission, I, Sean Moriarty, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Sean Moriarty

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Sean Moriarty  
Chief Executive Officer  
*(Principal Executive Officer)*  
Date: March 16, 2015

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Demand Media, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "Report") of Demand Media, Inc. (the "Company") as filed with the Securities and Exchange Commission, I, Peter Kim, Senior Vice President, Accounting and interim Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter Kim

Peter Kim

Senior Vice President, Accounting and interim Chief Accounting Officer  
(*Principal Financial Officer*)

Date: March 16, 2015

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Demand Media, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

# **EXHIBIT AC-52**



## DEMAND MEDIA ANNOUNCES FILING OF FORM 10 REGISTRATION STATEMENT FOR PLANNED SEPARATION OF DOMAIN NAME SERVICES BUSINESS

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01/13/14

*A significant milestone in preparing Rightside Group to become an independent, public company*

SANTA MONICA, Calif.--(BUSINESS WIRE)-- [Demand Media](#), Inc. (NYSE: DMD), a leading media and domain name services company, today announced that its newly formed wholly owned subsidiary, [Rightside Group](#), Ltd. ("Rightside"), has filed a Form 10 registration statement with the Securities and Exchange Commission in connection with the planned spin-off of Rightside as an independent publicly traded company. The filing marks an important step reached on Rightside's path to becoming an independent company that will be one of the world's largest pure-play, end-to-end domain name services providers.

"The Form 10 filing marks another key milestone for the planned separation and spin-off in 2014, as we have steadily been making progress in establishing Rightside as a leading player in the domain name services industry," said [Shawn Colo](#), Demand Media's Interim President and Chief Executive Officer, who will also be a Director of Rightside following the separation.

In order to capitalize on the historic [launch](#) of new generic Top Level Domains (gTLDs) under the [Internet Corporation for Assigned Names and Numbers](#) (ICANN) program, Demand Media has made significant investments in its domain name services business, including securing interests in registry operator agreements or applications for more than 100 new gTLDs. The [new gTLDs](#) create a new and better way to organize the Internet, greatly expand the inventory of domain name suffixes containing descriptive web addresses, and open new business opportunities for international adoption of native language web addresses.

These investments further strengthen Rightside's existing business, with approximately 15 million domain names under management and a network of more than 20,000 active resellers and more than 225,000 retail customers. The new company will own and operate an ICANN-accredited registry ([United TLD](#)) and ICANN-accredited registrars providing services to wholesale customers through [eNom](#) and to retail customers through [Name.com](#). It will also offer extensive aftermarket services for premium domain names, including domain name auction services through its [NameJet](#) joint venture.

"We are the world's largest wholesale Internet domain name registrar and with our newly launched registry, we believe that we will become the exclusive operator of one of the largest portfolios of new gTLDs in the industry. Our ability to provide a comprehensive platform for the discovery, registration, development, and monetization of domain names will enable us to fulfill Rightside's mission to advance the way businesses and consumers define and present themselves online," added [Taryn Naidu](#), Demand Media's Executive Vice President, Domain Name Services.

Demand Media previously announced that [Taryn Naidu](#), who has led Demand Media's domain name services business since 2011, will become Chief Executive Officer of Rightside, upon completion of the separation. Additionally, Rightside executive management will include Tracy Knox as Chief Financial Officer, [Wayne MacLaurin](#) as Chief Technology Officer and [Rick Danis](#) as General Counsel. [Dave Panos](#), who

previously served as Demand Media's Executive Vice President, Emerging Markets and is currently a consultant to Demand Media, will be appointed as Chairman of the Board of Directors of Rightside.

### **About Rightside**

Rightside plans to inspire and deliver new possibilities for consumers and businesses to define and present themselves online. The company will be a leading provider of domain name services, offering one of the industry's most comprehensive platforms for the discovery, registration, development, and monetization of domain names. This will include 15 million names under management, the most widely used domain name reseller platform, more than 20,000 distribution partners, an award-winning retail registrar, the leading domain name auction service through its NameJet joint venture and an interest in more than 100 new Top Level Domain registry operator agreements or applications. Rightside will be home to some of the most admired brands in the industry, including [eNom](#), [Name.com](#), [United TLD](#) and [NameJet](#) (in partnership with Web.com). Headquartered in Kirkland, WA, Rightside will have offices in North America, Europe and Australia. For more information please visit [www.rightside.co](http://www.rightside.co).

### **About Demand Media**

Demand Media, Inc. (NYSE: DMD) is a leading digital media and domain services company that informs and entertains one of the internet's largest audiences, helps advertisers find innovative ways to engage with their customers and enables publishers, individuals and businesses to expand their online presence. Headquartered in Santa Monica, CA, Demand Media has offices in North America, South America and Europe. For more information about Demand Media, please visit [www.demandmedia.com](http://www.demandmedia.com).

### **Cautionary Information Regarding Forward-Looking Statements**

*This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Statements containing words such as may, believe, anticipate, expect, intend, plan, project, and estimate or similar expressions constitute forward-looking statements. Statements regarding Demand Media's and Rightside's future financial performance and plans for executing the spin-off are based on current expectations, estimates and projections about our industry, financial condition, operating performance and results of operations, including certain assumptions related thereto. Actual results may differ materially from the results predicted, and reported results should not be considered an indication of future performance. Forward-looking statements involve risks and uncertainties including, among others: our ability to complete a separation of our business into two independent public companies and unanticipated developments that may delay or negatively impact such a transaction; the possibility that we may decide not to proceed with the separation of our business if we determine that alternative opportunities are more favorable to our stockholders; the possibility that we decide to separate our business in a manner or time frame different from that previously disclosed; the impact and possible disruption to our operations from pursuing the separation transaction; our ability to retain key personnel; the high costs we will likely incur in connection with a separation transaction, which we would not be able to recoup if such a transaction is not consummated; the expectation that the separation transaction will be tax-free; revenue and growth expectations for the two independent companies following the separation of our business; the ability of each business to operate as an independent entity upon completion of a separation; our ability to successfully pursue, acquire and operate new gTLD registries; the impact on our registry business given our limited experience in providing back-end infrastructure services to new and existing registries; the impact of any delays, limitations or even cancellations in*

*introducing new gTLDs; changes to ICANN's gTLD registry operator agreement and its governing policies that could adversely affect our registry business; our ability to successfully market and sell our gTLDs; the difficulty in predicting and developing consumer demand for new gTLDs; and uncertainties surrounding the timing and results of the review of the Form 10 registration statement by the Securities and Exchange Commission. More information about potential risk factors that could affect our operating and financial results are contained in our annual report on Form 10-K for the fiscal year ending December 31, 2012 filed with the Securities and Exchange Commission (<http://www.sec.gov>) on March 5, 2013, and as such risk factors may be updated in our quarterly reports on Form 10-Q filed with the Securities and Exchange Commission, including, without limitation, information under the captions Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company does not intend to revise or update the information set forth in this press release, except as required by law, and may not provide this type of information in the future.*

Source: Demand Media, Inc.

**Media Contact:**

Demand Media

Jean Lin, 310-319-6854

[Jean.Lin@demandmedia.com](mailto:Jean.Lin@demandmedia.com)

or

**Investor Contact:**

Demand Media

Julie MacMedan, 310-917-6485

[Julie.MacMedan@demandmedia.com](mailto:Julie.MacMedan@demandmedia.com)

# **EXHIBIT AC-53**

July 28, 2012

VIA EMAIL ([steve.crocker@icann.org](mailto:steve.crocker@icann.org); [akram.atallah@icann.org](mailto:akram.atallah@icann.org);  
[cherine.chalaby@icann.org](mailto:cherine.chalaby@icann.org); [john.jeffrey@icann.org](mailto:john.jeffrey@icann.org);  
[heather.dryden@ic.gc.ca](mailto:heather.dryden@ic.gc.ca); [kurt.pritz@icann.org](mailto:kurt.pritz@icann.org);  
[ssene@ntia.doc.gov](mailto:ssene@ntia.doc.gov); [ocl@gih.com](mailto:ocl@gih.com))

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Dr. Stephen D. Crocker, Board Chair  
Akram Atallah, Interim CEO  
Cherine Chalaby, Chair, New gTLD Program Committee  
John Jeffrey, General Counsel  
Heather Dryden, Chair, Government Advisory Committee  
Kurt Pritz, SVP Stakeholder Relations and Acting Director of New gTLD Program  
Suzanne Sene, U.S. Representative to ICANN Government Advisory Committee  
Dr. Olivier M.J. Crépin-Leblond, Chair, ICANN At Large Advisory Committee  
Internet Corporation for Assigned Names and Numbers  
1101 New York Ave, NW, Suite 930  
Washington, DC 20005

Re: gTLD Applications of Demand Media, Inc. and Donuts, Inc.

Dear Dr. Crocker, et al.:

Demand Media, Inc. ("***Demand Media***") and Donuts, Inc. ("***Donuts***") appear to have applied for at least 333 top-level domains.

This firm wishes to bring to ICANN's attention<sup>1</sup> information detailing why the applications from Demand Media and Donuts (together hereinafter referred to as "***Demand/Donuts***") should not survive the Background Screening standards set forth in §§ 1.2.1 and 2.1 of the gTLD Applicant Guidebook, Version 2012-06-04 (hereinafter, the "***Guidebook***").

Specifically, this letter details:

- the extraordinary number of rulings against Demand Media companies by UDRP panels – based on findings of bad faith, cybersquatting and/or typosquatting – which rulings demonstrate Demand Media's ineligibility to pass ICANN's Background Screening;

<sup>1</sup> With regard to the eligibility of applicants for gTLDs, § 1.2.1 of the gTLD Applicant Guidebook, Version 2012-06-04 (hereinafter, the "***Guidebook***") states that "ICANN may take into account information received from any source if it is relevant to the criteria [regarding an applicant's eligibility]." We believe the Guidebook included this statement so as to encourage persons with relevant information to step forward in connection with ICANN's evaluation of applicant eligibility.

BOSTON

HARTFORD

NEW YORK

NEWARK

PHILADELPHIA

STAMFORD

WILMINGTON

- the strong evidence that Donuts is merely an alter ego of, and working in concert with, Demand Media; evidence should lead to the conclusion that Donuts should fail ICANN's Background Screening for the same reason Demand Media should fail;
- the existence of an "option" obtained by Demand Media on 100+ of Donuts' gTLD applications and the intention of Demand Media and Donuts to form work in concert to exploit their new gTLDs;
- the obfuscation and omissions by Donuts in its gTLD applications (which obfuscations and omissions are also found in Demand Media's gTLD applications);
- the patent obtained by a control person of both Demand Media and Donuts that would, when implemented, cause unregistered domain names to become commercial advertisements;
- the history of Demand Media executives as major distributors of malware (including the settlement agreement with the Attorney General of the State of New York); and
- information regarding problematic, questionable and/or illegal Internet business activities that directors of Donuts are or have been engaged.

## I. **BACKGROUND**

1. The Guidebook states that all applicants are subject to ICANN's Background Screening as to their history of cybersquatting and other types of conduct, as articulated in §§ 1.2.1, 2.1, 2.1(b) and 2.1.2 of the Guidebook.<sup>2</sup>
2. More specifically, §1.2.1 of the Guidebook states:

"In the absence of exceptional circumstances, applications from any entity with or including any individual with convictions or decisions of the types listed in (a) – (m) below will be automatically disqualified from the program [that ...]

m. has been involved in a pattern of adverse, final decisions indicating that the applicant or individual named in the application was engaged in cybersquatting as defined in the Uniform Domain Name Dispute Resolution Policy

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<sup>2</sup> Section 2.1 of the Guidebook states that ICANN will conduct its own Background Screening in two areas: (a) general business diligence and criminal history; and (b) history of cybersquatting behavior. That Section further states that each application must pass both Background Screening areas to be eligible to proceed. Although §2.1.1 appears to waive the general business diligence and criminal history screening for applicants that are publicly traded corporations (listed and in good standing on any of the world's largest 25 stock exchanges), no such waiver applies to ICANN's evaluation of an applicant's history of cybersquatting behavior. Guidebook §§1.2.1, 2.1, 2.1(b) and 2.1.2.

(UDRP), the Anti-Cybersquatting Consumer Protection Act (ACPA), or other equivalent legislation, or was engaged in reverse domain name hijacking under the UDRP or bad faith or reckless disregard under the ACPA or other equivalent legislation. Three or more such decisions with one occurring in the last four years will generally be considered to constitute a pattern.

n. fails to provide ICANN with the identifying information necessary to confirm identity at the time of application or to resolve questions of identity during the Background Screening process;

o. fails to provide a good faith effort to disclose all relevant information relating to items (a) – (m).”

3. The importance of this threshold for eligibility is emphasized in §2.1.2 of the Guidebook, entitled “History of Cybersquatting”, which states in part:

“ICANN will screen applicants against UDRP cases and legal databases as financially feasible for data that may indicate a pattern of cybersquatting behavior pursuant to the criteria listed in section 1.2.1.

“The applicant is required to make specific declarations regarding these activities in the application. Results returned during the screening process will be matched with the disclosures provided by the applicant and those instances will be followed up to resolve issues of discrepancies or potential false positives.”

## II. FINDINGS AGAINST DEMAND MEDIA GROUP BY UDRP PANELS

4. Demand Media, its eNom and its Demand Domains<sup>3</sup> subsidiaries are merely three of the 140+ entities that comprise the Demand Media “family” of entities<sup>4</sup> (together referred to as the “***Demand Media Group***”).
5. Public filings reveal that the Demand Media Group has, collectively, suffered at least 39 adverse UDRP decisions. This number includes 33 cases where the respondent was “Demand Domains” or some variation thereof, five cases where the respondent was “eNom” or some variation thereof, and one case

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<sup>3</sup> The records of the Secretary of State for the State of Delaware reveal that Demand Media caused its Demand Domains, Inc. subsidiary to be merged with and into another of its subsidiaries, named Hot Media, Inc., on March 7, 2008. See footnote 4, below.

<sup>4</sup> A list of Demand Media’s subsidiaries was included as Exhibit 21.1 of Demand Media’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on February 24, 2012, a copy of which list is provided at Exhibit A to this letter.

where the respondent was “Acquire This Name”, another member of the Demand Media Group.<sup>4</sup> The full list of these decisions, together with a guide to the tribunals’ findings and a web link to the tribunals’ written decisions is provided in Exhibit B to this letter.

6. Possibly more important is that, of the 39 rulings against the Demand Media Group, the tribunals made express findings of “bad faith,” “typosquatting” and/or “cybersquatting” on the part of the named member of the Demand Media Group in 24 – almost two-thirds – of those cases.
7. Of these 39 rulings against the Demand Media Group, 22 have been rendered within the past four years. In fact, the following 22 adverse decisions were all rendered since September 1, 2008 and, therefore, within four years of ICANN’s receipt of Demand/Donut’s applications. Those cases are:

#### **2008**

- *Davis + Henderson, Limited Partnership v. Whois Privacy Protection Service, Inc./Demand Domains Inc.*; **finding of bad faith.**
- *American Airlines, Inc. v. Demand Domains, Inc.*; **findings of bad faith, typosquatting and cybersquatting.**
- *Aventis Pharmaceuticals Holdings Inc., Aventis Pharmaceuticals Inc. and Sanofi-Aventis v. Demand Domains, Inc.*
- *Tokyu Corporation v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*
- *Sanofi-Aventis v. Demand Domains, Inc./Whois Privacy Protection Service*; **finding of bad faith.**

#### **2009**

- *The American Automobile Association, Inc. v. Demand Domains, Inc.*
- *Caja de Ahorros Monte de Piedad de Madrid v. Acquire This Name, Inc., Matt Overman*
- *Russian Standard Bank Joint Stock Company v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*
- *Cafepress.com, Inc. v. Demand Domains, Inc.*
- *SCI Services, Inc. v. Demand Domains, Inc.*
- *AIDA Cruises German Branch of Societa di Crociere Mercurio S.r.L v. Whois Privacy Protection Servives, Inc./Demand Domains, Inc.*
- *BHP Billiton Innovation Pty Ltd. v. Demand Domains, Inc.*; **findings of bad faith and typosquatting.**



- *Credit Industriel et Commercial S.A. v. Demand Domains, Inc.*; **finding of bad faith.**

#### **2010**

- *Texas Lottery Commission v. Demand Domains, Inc.*; **finding of bad faith.**
- *BHP Billiton Innovation Pty Ltd v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*; **findings of bad faith, typosquatting and cybersquatting.**
- *Spirits Marque One, LLC v. Demand Domains, Inc.*; **finding of bad faith.**
- *Successories.com, LLC v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*; **finding of bad faith, typosquatting and cybersquatting.**
- *Ezeego One Travels and Tours, Ltd. v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*; **finding of bad faith.**
- *Easy Gardener Products, Inc. v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*; **finding of bad faith.**
- *Asahi Breweries Ltd. v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*; **finding of bad faith.**

#### **2011**

- *Pepkor IP (Proprietary) Limited Translink Services S.a.r.l. v. Domain Name Administrator/Demand Domains*; **finding of bad faith.**
- *Universal American Corp. v. Whois Privacy Protection Service, Inc./Whois Agent*;<sup>5</sup> **findings of bad faith and typosquatting**

8. We believe these decisions – no less the full list provided in Exhibit B – provide the basis for finding that the Domain Media Entities and/or the individuals named in Demand Media’s applications for gTLDs, have a long history of engaging in cybersquatting and bad faith as defined in the Uniform Domain Name Dispute Resolution Policy.<sup>6</sup>

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<sup>5</sup> *Universal American Corp.* is included due to the fact that the respondent in that case, Whois Privacy Protection Service, Inc./Whois Agent, was represented by Christina G. Raocha, Demand Domain’s in-house corporate counsel.

<sup>6</sup> As an example, the panel in *BHP Billiton Innovation Pty Ltd v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*, Case No. D2010-0657 (June 17, 2010), in its finding of bad faith due to cybersquatting and typosquatting said,

“However, perhaps the most telling feature against the Respondent is its involvement in numerous other domain names. It would appear that it carries on business registering a variety of domain names which are

III. **ATTRIBUTION OF BAD FAITH UNDER ACPA AMONG AFFILIATED PERSONS**

9. There is substantial and well-known precedent for attributing bad faith conduct from one member of an affiliated group to other members of that group, particularly if those affiliates act in concert or are under common control.
10. In fact, one of the leading cases for that principal was the case of *Davis Vision, Inc. v. Demand Domains, Inc.*<sup>7</sup> – a case involving the same Demand Media Group that is the subject of this letter.
11. Specifically, in the *Davis Vision* case, the National Arbitration Forum’s made a finding that:

“Whereas the Panel notes that Respondent [referring to Demand Media’s subsidiary, Demand Domains] and Registrar [referring to Demand Media’s subsidiary, eNom], have the same mailing address, the Panel infers that that Respondent, Demand Domains, Inc., is related to Registrar, eNom, Inc. – though the exact nature of the relationship is not stated in the record. Hence, **for purposes of analyzing bad faith**, the Panel will treat both Respondent [Demand Domains] and the Registrar [eNom] as a single entity....” (*emphasis supplied*)
12. The *Davis Vision* case is not alone in the domain name context in recognizing, as the courts regularly do, that ostensibly separate corporations should be treated as one and the same when those entities are shown to act in concert and/or are under common control.<sup>8</sup>

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then used either for blocking or for sale [and, as a result] it is simply begging credulity for the Respondent to contend, as it does, that it ‘does not knowingly or intentionally register domains that conflict with third party rights.’ ”

See Exhibit B for a web link to the full text of the tribunal’s written decision.

<sup>7</sup> *Davis Vision, Inc. v. Demand Domains, Inc.*, Claim Number: FA0802001142731 (March 26, 2008). <http://www.udrpsearch.com/naf/1142731>.

<sup>8</sup> In addition, other UDRP panels have found that Demand Media and its eNom subsidiary must be treated as the same entity. *Paxar Americas, Inc. v. eNom, Inc.*, Claim Number: FA0705000980114 (June 22, 2007). See Exhibit B for a web link to the full text of the tribunals’ written decisions.

**IV. DEMAND MEDIA GROUP AND DONUTS SHOULD BE VIEWED AS A SINGLE ENTITY FOR PURPOSES OF ICANN'S BACKGROUND SCREENING PROCESS**

13. For the same reasons that the National Arbitration Forum has treated Demand Domains and eNom as a single entity “for purposes of analyzing bad faith”, we believe ICANN could and should treat Demand Media Group and Donuts as a single entity “for purposes of analyzing bad faith” under §1.2.1(m) of the Guidebook.
14. First, there is the well-known fact that Paul Stahura, the founder and CEO of Donuts<sup>9</sup>, long served as Demand Media’s President, Chief Strategy Officer and on its Board of Directors.<sup>10</sup> During his years of setting the strategy and executing on the business plan of Demand Media, Demand Media Group lost no less than 24 UDRP cases. Moreover, the many subsequent UDRP cases decided adversely to the Demand Media Group were based on actions and business strategies that Mr. Stahura implemented during his tenure.<sup>11</sup>
15. In addition, Richard Tindal, Demand Media’s former SVP Registry is also a principal of Donuts.<sup>12</sup> During Mr. Tindal’s tenure with Demand Media, at least 16 UDRP actions were decided in a manner adverse to the Demand Media Group.<sup>13</sup>
16. In June 2009, when ICANN’s rules went into effect and it was widely thought that implementation of the new gTLD program was imminent, the executives of Demand Media Group realized that Demand Media’s sordid history would clearly block its ability to successfully apply for the new gTLDs.
17. As an initial gambit, Demand Media petitioned ICANN to revise the rules.<sup>14</sup>
18. When ICANN rejected those revisions, the undersigned believes Demand Media decided it would be necessary to create a new entity to participate in

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<sup>9</sup> “Former Demand Media exec Paul Stahura emerges at stealthy Donuts Inc.” Geekwire.com, April 30, 2011 <http://www.geekwire.com/2011/demand-media-exec-paul-stahura-emerges-stealthy-donuts/>.

<sup>10</sup> “Paul Stahura Leaving eNom and Demand Media After 12 Years,” Domain Name News, November 13, 2009 <http://www.domainnamenews.com/people/paul-stahura-leaving-enom-demand-media/6591>.

<sup>11</sup> See ¶7, above, and Exhibit B, *infra*.

<sup>12</sup> [http://www.sec.gov/Archives/edgar/data/1518802/000151880211000001/xslFormDX01/primary\\_doc.xml](http://www.sec.gov/Archives/edgar/data/1518802/000151880211000001/xslFormDX01/primary_doc.xml).

<sup>13</sup> See ¶7, above, and Exhibit B, *infra*.

<sup>14</sup> “Demand Media Comments on the Proposed Final New gTLD Applicant Guidebook,” December 8, 2010 <http://forum.icann.org/lists/5gtld-guide/msg00039.html>.

the new gTLD program.<sup>15</sup> As a result, Donuts was formed by Messrs. Stahura and Tindal.

19. It would make a mockery of ICANN rules, however, if Demand Media Group and its executives could absolve themselves of their record of adverse UDRP decisions merely by forming a new entity.
20. In fact, §1.2.1 of the Guidebook includes a paragraph, entirely in bold, warning applicants of ICANN's intention to look beyond mere corporate formalities – and to apply its Background Screening with regard to the conduct of the individuals involved with applicants – when it states:

**“In the absence of exceptional circumstances, applications from any entity with or including any individual with convictions or decisions of the types listed in (a) – (m) below will be automatically disqualified from the program.”**  
*(emphasis supplied)*

21. In fact, without such a look-through approach, the Background Screening contemplated by §1.2.1 of the Guidebook would only screen-out the entities with bad UDRP histories that were not smart enough to form new entities to apply for gTLDs.

**V. FURTHER EVIDENCE THAT DEMAND MEDIA GROUP AND DONUTS ARE ACTING FOR THE BENEFIT OF ONE ANOTHER AND ARE NOT INDEPENDENT**

22. On June 11, 2012, Demand Media issued a press release<sup>16</sup> trumpeting that Demand Media and Donuts were acting in concert with regard to their gTLD applications. Specifically, that release announced several strategic and financial relationships that Demand Media and Donuts had struck, stating (in part):

“As part of this initiative, Demand Media has applied for 26 [gTLDs] on a stand-alone [i.e., separate from Donuts] basis. In addition, Demand Media has entered into a strategic arrangement with Donuts Inc., an Internet domain name registry founded by industry veterans, through which it may acquire rights in certain gTLDs after they have been awarded to Do-

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<sup>15</sup> “Former Demand Media exec Paul Stahura emerges at stealthy Donuts Inc.” Geekwire.com, April 11, 2011 <http://www.geekwire.com/2011/demand-media-exec-paul-stahura-emerges-stealthy-donuts/>.

<sup>16</sup> “Demand Media to Participate in Historic Expansion of Generic Top Level Web Domain Name Extensions.” <http://www.demandmedia.com/press-releases/2012/06/11/demand-media-to-participate-in-historic-expansion-of-generic-top-level-web-domain-name-extensions>.

nuts by ICANN. These rights are shared equally with Donuts and are associated with 107 gTLDs for which Donuts is the applicant. Further, as previously announced, a subsidiary of Demand Media has been selected as the technical registry operator for both Demand Media and Donuts.”

23. This joint venturing by Demand Media and Donuts with regard to their plans to exploit the commercial value of their gTLDs does not bode well for the ICANN community and the public interest, given Demand Media’s abysmal cybersquatting history and the fact that Donuts is now managed by the same people that managed Demand Media.
24. Furthermore, the fact that a member of the Demand Media Group “has been selected” as the technical registry operator for the new gTLDs only strengthens the inference that Demand Media Group and Donuts are acting as affiliates even as they must pretend not to be.
25. It is notable, as well, that a review of the gTLD applications reveals that Demand Media and Donuts appear to have carefully coordinated their applications to prevent any conflict between Donuts’ 307 applications and the 26 by Demand Media. This fact is in stark contra-distinction to all of the other applicants – where the record reflects that every other applicant with more than three applications (excluding those applying for their own trademarked terms) has at least one conflict with Donuts.

## **VI. ADDITIONAL POTENTIAL CONCERN**

26. One clue to Demand Media’s and Donuts’ intentions for new Top Level Domains can be found in US Patent 7539774: “Method for domain name registration and a corresponding apparatus.”
27. This patent, filed by Mr. Stahura, and assigned to Demand Media, describes a method for working around ICANN’s prohibition against wildcarding, allowing for a registry to register extremely large numbers of pages at very low cost, without giving up ordinary domain registration revenue. As the patent describes:

The domain name <ad2a9d3ocs.com> may have a value, but it is probably less than the current minimum one year registration fee for this domain name in this TLD, which, on Jun. 17, 2005, is at least \$6.25, which does not include a markup for the registrar (VeriSign, the operator of the .com TLD, charges a registration fee of \$6.00, and ICANN charges a fee of \$0.25). As a consequence, <ad2a9d3ocs.com> is unlikely to become a registered domain name, notwithstanding that it may have some value.

This patent provides a way for Demand/Donuts to insert parking pages on such names, including on typographical variants of trademarks and generic names, at very low cost. Because Demand/Donuts would have proprietary access to registry traffic data, this patent would allow them to continue their cybersquatting activities on a monumental scale – in this case on virtually the entire new TLD second-level domain space. One can only imagine seeing vast quantities of parked pages for illegal pharmaceuticals on .health, or pages linking to malware on .security, .creditcards or .fund.

**VII. DONUTS FAILED TO PROPERLY DISCLOSE THEIR RESPECTIVE DIRECTORS, OFFICERS, PARTNERS, AND MAJOR SHAREHOLDERS FOR PUBLIC SCRUTINY, AS REQUIRED BY THE GUIDEBOOK.**

28. Donuts, which includes subsidiaries (and subsidiaries of subsidiaries) as the named applicants and parents in each of its applications, should be independently disqualified as an applicant for failing to properly disclose its executives and beneficial owners as required by §1.2.1 of the Guidebook in its responses to questions 11(a) through (d) of the gTLD questionnaire.

Section 1.2.1 states, in part:

The application form requires applicants to provide information on the legal establishment of the applying entity, as well as the identification of directors, officers, partners and major shareholders of that entity. The names of individuals included in the application will be published as part of the application....

Background screening at both the entity level and the individual level will be conducted for all applications to confirm eligibility. This inquiry is conducted on the basis of information provided in questions 1-11. ICANN may take into account information received from any source if it is relevant to the criteria in this section [...]

In the absence of exceptional circumstances, applications from any entity with or including any individual with convictions or decisions of the types listed in (a) – (m) below will be automatically disqualified from the program [that...]

- n. fails to provide ICANN with identifying information necessary to confirm identity at the time of application or to resolve questions of identity during the background screening process.

o. fails to provide a good faith effort to disclose all relevant information relating to items (a) – (m).<sup>17</sup>

29. In each of Donuts' 307 applications, the applicant is listed as a subsidiary of a subsidiary of Donuts.
30. Question 9(c) requires that: "[i]f the applying entity is a joint venture, [that applicant must] list all joint venture partners."<sup>18</sup> Yet, none of Donuts' 307 applications has this question completed,<sup>19</sup> even though public information indicates that Demand Media has interests in 107 of Donuts' applications that sound very much like joint ventures as noted in ¶21.<sup>20</sup>
31. Question 11(a) requires the applicant to: "Enter the full name, contact information (permanent residence), and position of all directors (*i.e.*, members of the applicant's Board of Directors, if applicable)."<sup>21</sup> Yet, none of Donuts' 307 applications has this question answered,<sup>22</sup> in what can only be an attempt to mask each subsidiary's subsidiary's relationship to Donuts.
32. Question 11(b) requires the applicant to:
- (b) Enter the full name, contact information (permanent residence), and position of all officers and partners. Officers are high-level management officials of a corporation or business, for example, a CEO, vice president, secretary, chief financial officer. Partners would be listed in the context of a partnership or other such form of legal entity.<sup>23</sup>

Yet, again, none of Donuts' 307 applications has this question completed.<sup>24</sup> It is conceivable that Donuts would explain that – because its applicants were formed as limited liability companies they do not officially have "corporate officers," and therefore no disclosure was required. Such an explanation would, however, seem to fall squarely within the injunction in §1.2.1(o) of the Guidebook against an applicant's failure "to provide a good faith effort to

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<sup>17</sup> Guidebook, §1.2.1.

<sup>18</sup> Guidebook, Attachment to Module 2.

<sup>19</sup> Public sections of Donuts' applications, available at <http://gtldresult.icann.org/application-result/>.

<sup>20</sup> MarketWatch.com, June 11, 2012 "Demand Media to Participate in Historic Expansion of Generic Top Level Web Domain Name Extensions."

<sup>21</sup> Guidebook, Attachment to Module 2.

<sup>22</sup> Public sections of Donuts' applications, available at <http://gtldresult.icann.org/application-result/>.

<sup>23</sup> Guidebook, Attachment to Module 2.

<sup>24</sup> Public sections of Donuts' applications, available at <http://gtldresult.icann.org/application-result/>.

disclose all relevant information relating to items (a) – (m)” and constitute a ruse to avoid the disclosures required by the rules.

33. The failure to be fully forthcoming in Donuts’ gTLD applications serves simply to underscore and provide further evidence of the bad faith that Demand Media Group has so richly displayed over its operating history. The fact that Donuts is now engaged in similar conduct *vis-à-vis* ICANN’s gTLD application process should not come as a surprise.

### VIII. DEMAND MEDIA IS A WELL-KNOWN DISTRIBUTOR OF MALWARE

34. In 2010, ITBusinessEdge reported on the findings by HostExploit that Demand Media was the single worst registrar with respect to malware, with nearly twice the number of incidents as the second-worst offender.<sup>25</sup> This “worst in class” award covers malicious software that:

“[...] fundamentally disregards how users might choose to employ their own computer. Examples of such software include spyware, malware, rogues, and deceptive adware. It commonly appears in the form of free screensavers that surreptitiously generate advertisements, malicious web browser toolbars that take browsers to unexpected web pages and keylogger programs that transmit personal data to malicious third parties.”

35. Demand Media’s founder and president, Richard Rosenblatt, is no stranger to malware. Prior to starting Demand Media, he was the CEO of Intermix Media, and reached a settlement agreement with New York State Attorney General’s office<sup>26</sup>, stating in part:

“In the filing, the Attorney General’s office said it documented at least 10 individual sites from which Intermix or its agents were distributing spyware with no warning. It contends that Intermix was responsible for dispensing more than **3.7 million malicious programs** to New Yorkers alone during the investigation, along with millions of other consumers.”<sup>27</sup> (*emphasis supplied*)

Amazingly, Donuts has applied for the top-level domain .security – as if this past record had no significance whatsoever.

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<sup>25</sup> <http://www.itbusinessedge.com/cm/community/news/sec/blog/hostexploit-demand-media-home-to-badware/?cs=42714>; <http://www.spamfighter.com/News-14948-New-Report-On-Top-Badware-Networks-And-Service-Providers.htm>.

<sup>26</sup> [http://news.cnet.com/2100-7348\\_3-5688609.html](http://news.cnet.com/2100-7348_3-5688609.html).

<sup>27</sup> [http://news.cnet.com/2100-7348\\_3-5688609.html](http://news.cnet.com/2100-7348_3-5688609.html).



## **IX. ADDITIONAL ISSUES FOR GAC CONSIDERATION**

36. The Governmental Advisory Committee (“**GAC**”) is cautioned to take special note of the fact that, though not listed as a participant in Donuts’ \$100,000,000 offering, it is logical to assume that since an employee – Graham Stirling – of Veddis Ventures has a seat on Donuts’ Board of Directors<sup>28</sup>, Veddis Ventures and/or Veddis Venture’s principals are, in fact, among Donuts’ equity investors. Veddis Ventures’ founder and leader is Vikrant Bhargava, a founder of Party-Gaming, Plc (now a part of Bwin.Party Digital Entertainment Plc as the result of a March 2011 merger<sup>29</sup>), the operator of PartyPoker.com, which operated illegal gaming sites in the United States.<sup>30</sup> According to publicly available information, Vikrant Bhargava was intimately involved in, and profited extensively from, Party Gaming since its beginning.<sup>31</sup>

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<sup>28</sup> At least as of April 29, 2011 based on Donuts, Inc.’s Form D filing of that date, Filer ID Number 0001518802. <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001518802>.

<sup>29</sup> [http://en.wikipedia.org/wiki/Bwin.Party\\_Digital\\_Entertainment](http://en.wikipedia.org/wiki/Bwin.Party_Digital_Entertainment).

<sup>30</sup> From <http://www.gamblingsites.com/history/partygaming/>:

“In a press release on October 2nd, 2006, Party Poker said: ‘The Company will suspend all real money gaming business with U.S. residents, and such suspension will continue indefinitely, subject to clarification of the interpretation and enforcement of US law and the impact on financial institutions of this and other related legislation....’

In April 2009, Party Gaming signed a non prosecution [sic] deal with the Department of Justice, where the group admitted that it had targeted US citizens prior to the UIGEA – an act that went against US gambling laws. Party Gaming agreed to pay the sum of \$105 million over a period of four years.”

<sup>31</sup> From [http://en.wikipedia.org/wiki/Anurag\\_Dikshit](http://en.wikipedia.org/wiki/Anurag_Dikshit):

“At age 26, (Anurag) Dikshit was asked by Partygaming founder, American Ruth Parasol, to write the company’s betting software. His programme enabled gamblers around the world to play one another in poker. After seeing first hand Anurag’s impressive skills with programming he was given a large number of shares in the company to continue working with PartyGaming.

In 2000, Dikshit hired a friend from his alma mater, Vikrant Bhargava, to begin working at PartyGaming with him and others.

Despite PartyGaming being one of the first online gaming companies to pull out of the US market, in December 2008, Dikshit agreed to cooperate with the U.S. Justice Department in an investigation of PartyGaming. Dikshit entered the plea to one count of online gambling in violation of the Federal Wire Act and agreed to forfeit \$300 million.”

37. This is exactly the type of information that full and honest Question 11 disclosure is designed to elicit from applicants so that ICANN can perform meaningful due diligence and the public can provide meaningful comments – in all instances, but particularly when the applicant Donuts, has applied for the TLDs .casino, .gaming, and (yes) .poker; as well as .soccer, .futbol, .football, rugby, .basketball and .cricket, all sports for which PartyGaming/Bwin offers online bookmaking.<sup>32</sup>
38. Furthermore, Donuts has applied for equally sensitive strings in the healthcare industry, including .health, .doctor, and .medical despite a very poor background regarding illicit pharmaceutical names. In particular, Giga Om has reported that eNom knowingly profited from the sale of domain names to distributors of illegal pharmaceuticals.<sup>33</sup>
39. According to a report of watchdog site Knujon, cited in the above article (a study which covers the period in which Paul Stahura was a director of Demand Media and chief executive of the eNom subsidiary that was directly involved in these activities):
- “more than 4,000 ‘rogue Internet pharmacies’ use eNom’s registration services, which the firm says is **seven times as many as use any other registrar**. eNom has become an accessory to violation of the criminal statutes listed above, by virtue of knowingly continuing to permit registration of these sites, and refusing to suspend the domains once being put on notice. In other words, the firm says, **‘eNom has become an arm of illicit international drug traffic.’**” (*emphasis supplied*)
40. Surely this is an issue of utmost import to the GAC. For the stewardship of key health domains including .health, .healthcare and .medical to be granted to Mr. Stahura’s new controlled entity “Donuts” without significant further due diligence (notwithstanding the clear UDRP and other reasons for disqualification) would certainly expose the governing bodies to serious question.

## X. CONCLUSION

41. The eligibility requirements set forth in the Guidebook are designed to protect the domain name system, the rights of intellectual property holders, and domain name users.

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<sup>32</sup> <https://www.bwin.com/sportsbook.aspx>.

<sup>33</sup> <http://gigaom.com/2010/06/21/demand-media-subsiary-accused-of-enabling-illegal-drug-sales/>.

42. As described above, Demand Media Group and its key executives are, by ICANN's established eligibility guidelines, unsuited and ineligible to participate in the new gTLD program.
43. As described above, Donuts and its key executives are, by ICANN's established eligibility guidelines, unsuited and ineligible to participate in the new gTLD program.
44. Based on the foregoing evidence, all of which is publicly available, ICANN can and should reject the applications from Donuts and its subsidiaries, Demand Media and its subsidiaries, and their respective affiliated companies.

As the foregoing reflects, a recitation of the facts – no less the implications – regarding Demand/Donuts applications require more than the 3500 characters that is the prescribed limit for comments. By the same token, the undersigned understands that its comments must satisfy the requirements prescribed. As a result, we would be obliged if Ms. Chalaby, Mr. Jeffrey or a member of their staffs could be in touch with us to advise how best to approach this issue. It would also be important if we could receive advice as to whether our comments should be entered into the ICANN system for each of Demand/Donuts' 333 applications or if another approach is appropriate.

In closing, we are hopeful that the foregoing will prove useful to ICANN in connection with its Background Screening process, and we invite you to be in touch with the undersigned if there are questions or concerns with which we could assist.

Yours truly,



Jeffrey M. Stoler

## Exhibit A

### Subsidiaries of Demand Media, Inc.

Acquire This Name, Inc.  
Afterdark Domains, Inc.  
Arab Internet Names, Inc.  
Asiadomains, Incorporated  
Big house Services, Inc.  
Dagnabit, Incorporated  
Demand Media (Netherlands) B.V.  
Demand Media International Holdings Limited  
Demand Media Europe Limited  
Demand Media Sweden AB  
Domain Rouge, Inc.  
Domainnovations, Incorporated  
Dropoutlet, Incorporated  
eNom Canada Corp.  
eNom Corporate, Inc.  
eNom GMP Services, Inc.  
eNom World, Inc.  
eNom, Incorporated  
eNom1, Inc.  
eNom1008, Inc.  
eNom1009, Inc.  
eNom1010, Inc.  
eNom1012, Inc.  
eNom1013, Inc.  
eNom1014, Inc.  
eNom1033, Inc.  
eNom1034, Inc.  
eNom1035, Inc.  
eNom1036, Inc.  
eNom1037, Inc.  
eNom1038, Inc.  
eNom2, Inc.

eNom3, Inc.

eNom371, Incorporated

eNom373, Incorporated

eNom375, Incorporated

eNom377, Incorporated

eNom379, Incorporated

eNom381, Incorporated

eNom383, Incorporated

eNom385, Incorporated

eNom387, Incorporated

eNom389, Incorporated

eNom391, Incorporated

eNom393, Incorporated

eNom395, Incorporated

eNom397, Incorporated

eNom399, Incorporated

eNom4, Inc.

eNom403, Incorporated

eNom405, Incorporated

eNom407, Incorporated

eNom409, Incorporated

eNom411, Incorporated

eNom413, Incorporated

eNom415, Incorporated

eNom417, Incorporated

eNom419, Incorporated

eNom420, Incorporated

eNom421, Incorporated

eNom423, Incorporated

eNom425, Incorporated

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eNom457, Incorporated  
eNom459, Incorporated  
eNom461, Incorporated  
eNom463, Incorporated  
eNom465, Incorporated  
eNom467, Incorporated  
eNom469, Incorporated  
eNom5, Inc.  
eNom623, Inc.  
eNom625, Inc.  
eNom635, Inc.  
eNom646, Inc.  
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eNom663, Inc.  
eNom666, Inc.  
eNom672, Inc.  
enoma1, Inc.  
eNomAte, Inc.  
eNomAU, Inc.

eNombre Corporation  
eNomEU, Inc.  
eNomfor, Inc.  
eNomMX, Inc.  
eNomnz, Inc.  
eNomsky, Inc.  
eNomTen, Inc.  
eNomToo, Inc.  
eNomV, Inc.  
eNomX, Inc.  
Entertainment Names, Incorporated  
Extra Threads Corporation  
FeNomINAL, Inc.  
Fushi Tarazu, Incorporated  
Gunga Galunga Corporation  
Hot Media, Inc.  
Indirection Identity Corporation  
Internet Internal Affairs Corporation  
Kingdomains, Incorporated  
Mark Barker, Incorporated  
Mobile Name Services Incorporated  
Name Nelly Corporation  
Name Thread Corporation  
NameJet, LLC  
Nerd Names Corporation  
Nom Infinitum, Inc.  
One Putt, Inc.  
Out of the Box S.A.  
Pluck UK Limited  
Postal Domains, Incorporated  
Private Domains, Incorporated  
Retail Domains, Inc.  
SBSNames, Incorporated  
Searchnresq, Inc.  
Secure Business Services, Inc.  
SicherRegister, Incorporated

Sipence, Incorporated  
Small Business Names and Certs, Incorporated  
SssassS, Incorporated  
The Internet Chef, Inc.  
Traffic Names, Incorporated  
Travel Domains, Incorporated  
Vedacore.com, Inc.  
Whiteglove Domains, Incorporated  
Whois Privacy Protection Services, Inc.



**Adverse UDRP Rulings Against Demand Media Group**

**2004**

- *BB&T Corporation v. Enom Domain aka EnomInternational Corp*  
<http://domains.adrforum.com/domains/decisions/341277.htm>  
**finding of bad faith**

**2006**

- *Sharelook Beteiligungs GmbH v. Enom Partner*<sup>34</sup>  
<http://www.wipo.int/amc/en/domains/decisions/html/2005/d2005-1001.html>  
**finding of bad faith**
- *Tandy Leather Company, Inc. v. eNom's Club Drop c/o Steve Brown*  
<http://www.adrforum.com/domains/decisions/611760.htm>  
**finding of bad faith**
- *The Royal Bank of Scotland Group plc, Direct Line Insurance plc, and Privilège Insurance Company Limited v. Demand Domains, c/o C.S.C.*  
<http://domains.adrforum.com/domains/decisions/714952.htm>  
**finding of bad faith; finding of typosquatting**

**2007**

- *Peek & Cloppenburg KG v. Demand Domains*  
<http://www.wipo.int/amc/en/domains/decisions/html/2007/d2007-0019.html>  
**finding of bad faith; finding of typosquatting**
- *Paxar Americas, Inc. v. eNom, Inc.*  
<http://domains.adrforum.com/domains/decisions/980114.htm>  
**finding of bad faith**
- *Instituto del Fondo Nacional de la Vivienda para los Trabajadores v. Demand Domains, Inc. Whois Privacy Protection Service Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2007/d2007-0917.html>
- *Vein Clinics of America, Inc. v. Demand Domains, Inc.*  
<http://www.adrforum.com/domains/decisions/1094605.htm>

**2008**

- *Maverick Multimedia, Inc. v. Demand Domains, Inc.*  
<http://domain.adrforum.com/domains/decisions/1112068.htm>

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<sup>34</sup> We note that eNom and Young Nah were joint respondents in this case but eNom verified that it was the administrative, billing and technical contact for the domain name at issue when the WIPO Arbitration and Mediation Center sent its verification request. No further action was taken by any respondent in the matter.

- *AXA SA v. Demand Domains, Inc./Whois Privacy Protection Service, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2007/d2007-1382.html>  
**finding of bad faith**
- *Chivas Brothers Limited v. Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2007/d2007-1789.html>  
**finding of bad faith**
- *Ami James v. Demand Domains*  
<http://domains.adrforum.com/domains/decisions/1106240.htm>  
**finding of bad faith**
- *Davis Vision, Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1142731.htm>  
**finding of bad faith**
- *Port Aventura, S.A. v. Demand Domains, Inc./Whois Privacy Protection Service, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-0176.html>
- *Micro Motion Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1153703.htm>
- *American Hunter, Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1177285.htm>
- *China Unionpay Co., LTD. v. Demand Domains, Inc.*  
<http://www.udrpsearch.com/adndrc/cn0800208>
- *Davis + Henderson, Limited Partnership v. Whois Privacy Protection Service, Inc./Demand Domains Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-1162.html>  
**finding of bad faith**
- *American Airlines, Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1224762.htm>  
**finding of bad faith; finding of typosquatting and cybersquatting**
- *Aventis Pharmaceuticals Holdings Inc. Aventis Pharmaceuticals Inc. Sanofi-aventis v. Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-1465.html>
- *Tokyu Corporation v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-1406.html>
- *Sanofi-Aventis v. Demand Domains, Inc./Whois Privacy Protection Service*  
<http://www.wipo.int/amc/en/domains/decisions/html/2008/d2008-1484.html>  
**finding of bad faith**

## 2009

- *The American Automobile Association, Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1241641.htm>
- *Caja de Ahorros Monte de Piedad de Madrid v. Acquire This Name, Inc., Matt Overman*  
<http://www.wipo.int/amc/en/domains/decisions/html/2009/d2009-0411.html>

- *Russian Standard Bank Joint Stock Company v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2009/d2009-0732.html>
- *Cafepress.com, Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1273216.htm>
- *SCI Services, Inc. v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1277774.htm>
- *AIDA Cruises German Branch of Societa di Crociere Mercurio S.r.L v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2009/d2009-1006.html>
- *BHP Billiton Innovation Pty Ltd. v. Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2009/d2009-1068.html>  
**finding of bad faith; finding of typosquatting**
- *Credit Industriel et Commercial S.A. v. Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2009/d2009-1184.html>  
**finding of bad faith**

## 2010

- *Texas Lottery Commission v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1318449.htm>  
**finding of bad faith**
- *BHP Billiton Innovation Pty Ltd v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/text/2010/d2010-0657.html>  
**finding of bad faith; finding of typosquatting and cybersquatting**
- *Spirits Marque One, LLC v. Demand Domains, Inc.*  
<http://domains.adrforum.com/domains/decisions/1325235.htm>  
**finding of bad faith**
- *Successories.com, LLC v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/text/2010/d2010-0753.html>  
**finding of bad faith; finding of typosquatting and cybersquatting**
- *Ezeego One Travels and Tours, Ltd. v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.udrpsearch.com/wipo/d2010-1347>  
**finding of bad faith**
- *Easy Gardener Products, Inc. v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/search/text.jsp?case=D2010-1185>  
**finding of bad faith**
- *Asahi Breweries Ltd. v. Whois Privacy Protection Service, Inc./Demand Domains, Inc.*  
<http://www.wipo.int/amc/en/domains/decisions/html/2009/d2009-1481.html>  
**finding of bad faith**

## 2011

- *Pepkor IP (Proprietary) Limited Translink Services S.a.r.l. v. Domain Name Administrator/Demand Domains*  
<http://www.udrpsearch.com/wipo/d2010-1723>  
**finding of bad faith**
- *Universal American Corp. v. Whois Privacy Protection Service, Inc./Whois Agent*<sup>35</sup>  
<http://domains.adrforum.com/domains/decisions/1392665.htm>  
**finding of bad faith; finding of typosquatting**

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<sup>35</sup> *Universal American Corp.* is included due to the fact that the respondent in that case, Whois Privacy Protection Service, Inc./Whois Agent, was represented by Christina G. Raocha, Demand Domain's in-house corporate counsel.

# **EXHIBIT AC-54**

# We Customize our Services to Meet Your Needs



## Brand Protection

Defend and protect your brand online. The FairWinds Advisory Brief provides a concise analysis of all domains registered with your key brand names across all TLDs. Evaluate your presence online through our domain name audit process.





## Domain Name Management

Develop effective domain registration strategies to maximize your reach while simultaneously protecting your brand and trademarks online. Our experienced personnel will manage your domain name program and oversee your registrar partner.





## New gTLDs

Capitalize on new and emerging opportunities in the new gTLD space. Let us guide you through the development of a Strategic Plan to maximize efficiency and effectiveness of your new gTLD and ensure the communications and marketing strategy aligns with brand goals.



## UDRP / URS

Take legal action to recover infringing domain names containing your trademarks with UDRP or URS. FairWinds has a long history of success having won over 99% of UDRP filings on behalf of our clients to-date.

# **EXHIBIT AC-55**

## gTLD services

Services – Feasibility consulting –  
Application management – Advice  
and consultancy – New gTLD  
launch planning and strategy –  
Validation, verification and registrar  
services – Front-end registry  
services – Dot Brand services



### Managing your new gTLD application

In “round one”, we managed 73 of the 75 applications that were awarded the maximum score of 100% from the ICANN evaluators.

Valideus offers an application management service to prepare and submit an application designed to exceed the requirements of the ICANN appointed evaluators. We provide each client with a Project Manager dedicated to ensuring that key

ICANN application requirements are very complex – guidance on the entire application process spans hundreds of pages, with 50 questions to be answered covering detailed technical, financial, business model, operational and policy requirements. Applicants must also contract with providers for technical registry operations, data escrow and other services.



## gTLD services

Services – Feasibility consulting –  
Application management – Advice  
and consultancy – New gTLD  
launch planning and strategy –  
Validation, verification and registrar  
services – Front-end registry  
services – Dot Brand services

<p>application management process</p>	<p>the application process:</p> <ul style="list-style-type: none"> <li>– <i>Project management:</i> The output of the Initiation Workshop will be a project plan that details all tasks, timings, roles and responsibilities, contingencies, critical issues, key milestones and deadlines. Regular review meetings will also be scheduled.</li> <li>– <i>Application type:</i> should you submit a Community-based or a Standard application? What are the requirements and relative merits of each type?</li> <li>– <i>String selection:</i> How do you select an eligible character string that stands the best chance of being approved? Should you apply for the name of your company, a leading brand or even a descriptive term? Do you need to commission an expert legal opinion or trade mark search to support your</li> </ul>	<p>providers. We can assist your technical and legal experts as they interpret the ICANN registry operator contract and compliance requirements. We will help you to select technical providers that offer you the best support through a formal procurement process.</p> <ul style="list-style-type: none"> <li>– <i>Tailored responses:</i> We have assessed all 50 questions. We know which ones carry the points that you must score. We will draft answers and prepare supporting documents for you.</li> <li>Objections, Disputes and Contention: working with your attorneys, we will advise on strategies to overcome third-party objections and resolve any contention.</li> <li>– <i>Auctions:</i> Even if you are successful in passing the evaluation process, it is possible that you may face an auction for your selected</li> </ul>
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## gTLD services

Services – Feasibility consulting –  
 Application management – Advice  
 and consultancy – New gTLD  
 launch planning and strategy –  
 Validation, verification and registrar  
 services – Front-end registry  
 services – Dot Brand services

include?), Name masking,  
 Renewal frequency,  
 response to malicious  
 behaviours etc. How can  
 you reflect these policies in  
 your registry's terms  
 and conditions? How will  
 these impact your business  
 plans?

- *Business model:* We will advise and assist in the preparation of the required Financial, Technical and Operational plans over the three years following delegation of your domain by ICANN into the world root of the Internet. These will feature detailed budgets covering staffing mix and levels, IT and infrastructure, ICANN compliance, marketing and legal expenditure with appropriate reserves and allowances for changes in scale.

of registry operations. With our registry experts, we will walk you through this process to ensure that your string is successfully delegated into the world root of the internet.

– *Migration of your gTLD into your own*

*infrastructure:* When you are ready to activate your registry, we have strategies and experts to help you with a smooth migration.



### gTLD services

Services – Feasibility consulting –  
Application management – Advice  
and consultancy – New gTLD  
launch planning and strategy –  
Validation, verification and registrar  
services – Front-end registry  
services – Dot Brand services

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# **EXHIBIT AC-56**





# A Different Take on New TLDs from the CEO of a Well Established Company With a Big Footprint in Both .Com AND New TLD Camps

**Source:** DN Journal May/June Newsletter

<http://www.dnjournal.com/newsletters/2012/may-june.htm>

## DN Journal

ICANN's plans to roll out an unlimited number of new TLDs has, for the most part, divided people into two distinct camps. On one side there are the traditionalists who believe the original extensions, led by the undisputed king, .com, will continue to reign while hundreds of new gTLDs die on the vine. On the other side are those who believe the introduction of so many new gTLDs at once will finally break .com's stranglehold on the public's consciousness and lead to widespread use of alternate extensions.

We have heard all of the arguments from both sides of the fence, so we went looking for someone who might have a more balanced view - someone with a stake in both .coms and new TLDs who could weigh in on the pros and cons of new TLDs for both camps. That led us to Ben Crawford, the CEO at CentralNIC, a company that owns the world's best portfolio of two-letter .com domain names, including such geographically oriented gems as US.com, UK.com, EU.com and NO.com. CentralNIC will also be very involved with new TLDs as you will learn in our interview.

Years ago CentralNic began using their top tier .com domains as the foundation for a new sub-domain based namespace of their own, selling names like newyork.us.com, london.uk.com, etc. So, alternative naming conventions are ingrained in their DNA, just as .com is. Here is what Ben had to say about the hottest topic on the Internet today.

**DNJournal:** As CEO of a company that came up with its an innovative way to expand name space, we were wondering how you felt about the introduction of an unlimited number of new TLDs and how you think those will impact CentralNic's business of selling sub-domains of premium .coms. Do you think the new alternatives will be more attractive than the .com options CentralNic currently offers or do you think the long-established .com extension will insulate you from that new competition?

**Ben Crawford:** You're right that CentralNic has been an innovator for sixteen years. Starting from an initial insight that domains ending .uk.com are a viable alternative to domains ending .co.uk, we have built a portfolio of 27 geographic domain extensions, such as .US.COM, .EU.COM for Europe and .CN.COM for China, as well as .LA for Los Angeles.

We expect our domain extensions to stand their ground against the new TLDs. In many cases our extensions are simply better than the proposed alternatives. For example, I believe that .com.de and .de.com are better extensions for Germany than any of the proposed German province or city name TLDs, because they cover the whole country and they combine the worlds' two most successful domain extensions. And obviously when TLDs like .nyc, .miami and .paris begin to educate consumers about city TLDs, our .LA domain will benefit enormously (as no-one applied for any Los Angeles-related new TLDs).

**DNJournal:** To expand on that question, who do you see as the likely overall winners and losers in the domain industry as a result of the introduction of so many new TLDs?

**Ben Crawford:** The main losers are the people who missed out on the new gTLD round because, unlike successful domain investors like Frank Schilling, they couldn't understand the value of TLDs, or unlike Google themselves, they believed that new TLDs wouldn't rank on search engines. Other losers will include anyone who entered the round with inadequate funding and patience – as there will be a much greater investment of time and money required before anyone sees a commercial return. I'm happy to say that winners will include owners of premium .com domains, as an expansion of the domain market will continue driving up values.

One challenge the entire domain industry will need to contend with is the potential that Google will win a large number of their 101 applied-for TLDs and start giving the second level domains away for free. They already give away free third (and fourth) level domains and site-building software through their Get Business Online programs around the world, so we have every reason to believe they will do the same with their new TLDs. After all, a world where every small business has a website is the perfect world for a company that derives 96% of its revenues from online advertising.

In my view, it will actually benefit the domain industry to have the resources of Google supporting businesses in obtaining their own domain names and websites rather than relying on Facebook pages. As we've seen with the email market, Google and other huge providers of free email services haven't stopped companies investing billions in paid email services, and I believe the same holds true for domains.

On a side note, CentralNic has been developing an upmarket email service using our premium .com domains, selling the best email addresses in the world to people who value quality and can afford to pay for it. So for instance my email address ben@us.com is not only a hugely valuable networking tool (because nobody ever forgets it), but also quite the status symbol. Someone once asked me if I'd been awarded my email address by the President!

**DNJournal:** While CentralNic is heavily invested in .com I know that the company is also positioned to benefit from new TLDs by providing backend services to new registry operators. I understand that you have already signed agreements to do so with some operators. What can you tell us about that business?

**Ben Crawford:** "Backend services" is really only the tip of the iceberg of what CentralNic provides. We have developed and operate our own registry engine which already supports 27 domain extensions and is above-ICANN specification in every way. We also provide global domain distribution and cash collection via 1,500 integrated registrars and their 100,000 resellers. And we offer in-house strategic advice, sales and marketing services, as well as financing, and we are the world's only certified carbon neutral registry.

We expect to experience a very high rate of growth thanks to new TLDs. CentralNic is the registry service provider for 60 new TLD applications – which I'm proud to say is more than any other company headquartered in Europe. Our clients fall into two categories – our widely-copied DotBrand Solutions offering brought us clients from across three continents applying to get their own brands as TLDs - including several multi-billion dollar businesses like Saudi Telecom and Kuwait Finance House. Plus, we are the registry services partner for a number of very savvy entrepreneurs applying for about 40 different domains to be sold through our registrar channel.

**DNJournal:** Did CentralNic give much thought to applying for their own new TLDs to augment the many great .com domains you hold? What were the pros and cons in your mind of taking the company in that direction?

**Ben Crawford:** Of course we gave the subject a great deal of thought. Many of the applications we are supporting are on a close partnership or revenue share basis with our clients. But with regard to making cash investments, we decided it would be wiser for us to come into the next round of funding for TLD applicants, when it will be clear what the competitive landscape looks like. I am pleased that we made that decision and confident that we will be hugely value-adding investors in some very successful TLDs. So if there are any Applicants reading this looking for some additional investment, give me a call.

**DNJournal:** With so many new TLDs coming on line it look likes getting "shelf space" is going to be one of the biggest challenges that new registry operators will have to overcome. How do you think they can get the visibility they need and what are the other key hurdles they will have to overcome to become profitable?

**Ben Crawford:** Obviously the actual string is only a small part of what makes a TLD succeed or fail. Most of the TLDs applied for by people who aren't CentralNic clients will be unprofitable, even domains that achieve millions of registrations. The main reasons will be because they are paying too much for registry services. Also anyone using a back-end company that isn't already fully integrated with registrars and selling domains globally will suffer a massive disadvantage. Many will also find out they have to pay much more than they budgeted on sales and marketing to achieve their desired sales figures from registrars – because in a highly competitive wholesale market, the retailers call the shots.

So, if you want profits from your TLD, I would advise you to bring it to CentralNic. We could turn a profit on every single non-brand domain applied for with ICANN, as our marginal cost for launching new domains is very low compared to anyone else's. We launched four new extensions in the last two years, so we also have more recent launch experience than any other company.

**DNJournal:** In closing, are there any final thoughts you would like to share?

**Ben Crawford:** I guess I would add that CentralNic is a strong advocate of and believer in the future of .com – after all, we are owners of an amazing portfolio of .com domains ourselves, but we are also very aware of the great value companies find in our alternative domains, like ACTIVIA.US.COM, AVON.UK.COM, and PALMOLIVE.EU.COM. And registrants will also find terrific value in new TLDs like .WIKI, .INK, .FEEDBACK, .CONTACT and so on.

One of the main benefits our alternative domains and new TLDs offer is availability. Compared to .com and the major country codes, we have millions more premium-quality domain names available at retail prices, and millions more coming. Which means our customers can get the names they want – whether it's their business name, keywords that their target audience searches for, or just the name they want.

And getting the name you actually want is not just a "nice-to-have" in business. In fact, Dennis Engel, the CEO of the UK's leading SEO consultancy, Web Marketing Group, recently announced their conclusion that CentralNic's extensions "represent just about the only remaining opportunity to get your target phrase into the domain, which can really help shorten the SEO process."

The way we look at it, .com is like the world's best restaurant, but they've sold out of every dish on the menu. So come and try one of our restaurants instead – we'll serve you exactly what you want!

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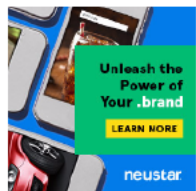
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## DoJ says new gTLD private auctions might be illegal

Kevin Murphy, March 19, 2013, 19:36 24 (UTC), Domain Registries

**Companies hoping to resolve their new gTLD contention sets via private auction are about to get a rude awakening: according to the US Department of Justice, they might be illegal.**

Portfolio applicant Uniregistry, the company founded by domainer Frank Schilling, said today that the DoJ has told it that:

arrangement by which private parties agree to resolve gTLD string contentions solely to avoid a public auction present antitrust issues.

The company contacted the department last October to get a "business review" decision, basically asking the DoJ for an assurance that it would not be prosecuted if it participated in a private auction.

The DoJ refused to give that assurance.

Uniregistry counsel Bret Fausett told DI that private auctions might be seen as "bid rigging", an illegal practice in which competitors fix the awarding of contracts.

Schilling said that Uniregistry asked the DoJ for its advice because "we don't want to go to jail".

According to the company:

On March 18, 2013, Uniregistry was informed that the Department of Justice has declined to issue a business review of various private gTLD contention resolution mechanisms. In making its decision, the Department emphasized that no private party, including ICANN, has the authority to grant to any other party exemptions to, or immunity from, the antitrust laws. The decision means that the Department of Justice reserves its right to prosecute and/or seek civil penalties from persons or companies that participate in anti-competitive schemes in violation of applicable antitrust laws.

New gTLD applicants are now being advised to consult their own lawyers before participating in a private auction.

The news will come as a huge blow to companies such as Right Of The Dot and Cramton Associates, which have been at the

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The .org deal may be dead and buried but calls remain for PIR to lose its contract

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Domain industry likely to suffer from coronavirus as ICANN slashes budget by 8%

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forefront of pushing the private auction concept to applicants.

It's also going to be a massive blow to any company that had banked on getting a pay-off to withdraw their applications following a private auction.

The benefit of private auctions — over the ICANN-managed auctions of last resort — is that the losing applicants get a share of the winning applicant's winning bid.

In an ICANN auction, all the money goes to ICANN, which has promised to use to money to fund worthy causes.

Uniregistry has issued a press release on its talks with the DoJ here ([pdf](#)).

Related posts (automatically generated):

[Right Of The Dot gets legal opinion](#) [new gTLD auctions not illegal](#)

[Uniregistry doing private new gTLD auctions? Company deals with Donuts on five strings](#)

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## COMMENTS (24)

### George Kirikos

March 19, 2013 at 7:58 pm

Such a shame if folks who were counting on getting paid out by others in contention sets end up empty-handed instead ...NOT!

This "bid rigging" situation also crops up when folks conspire on other domain auctions (e.g. SnapNames or NameJet), saying "I won't bid against you for Example.com, and you don't bid against me for Example.net, and we'll both end up paying less "

[Reply](#)

### Donuts Inc.

March 19, 2013 at 8:16 pm

Publishing the actual letter from the DOJ would be responsible and helpful to the full community, vs relying on one company's interpretation or spin.

[Reply](#)

### Donuts Inc.

March 19, 2013 at 8:28 pm

To be clear, we mean the letter recipient should make it available to the community. Not implying DI had withheld it.

[Reply](#)

### John Berryhill

March 19, 2013 at 8:32 pm

The business review letter process has two terminal states – (1) the DoJ issues a written communication stating whether or not they would be inclined to prosecute, or (2) they state that they will not issue one. In this instance, the DoJ informed Uniregistry telephonically that they will not be issuing a written communication in response to Uniregistry's request for a review under 28 CFR § 506.

[Reply](#)

Dan:

This seems like a SSAD state of affairs (had to be done..) Is there any precedence for ICANNs roll being expanded via... [read more](#)

Theo Geurts:

Reminds me somewhat of the case of Microsoft Ireland vs the US DOJ [https://en.wikipedia.org/wiki/Microsoft\\_Corp.\\_v.\\_Uni...](https://en.wikipedia.org/wiki/Microsoft_Corp._v._Uni...) [read more](#)

Volker:

The new domain honestly looks like alphabet soup. Who is going to remember that string. The earlier one was better, alth... [read more](#)

Konstantinos Zournas:

LOL! Nice one... They tried to "fix" it and brought more attention to it.... [read more](#)

gpmgroup:

The problem is the very flawed agreement between ICANN and its contracted new gTLD registries being foisted on legacy gT... [read more](#)

Jean Guillon:

FairWinds Partners which offers the same kind of Corporate domain name management services (including new gTLDs) operat... [read more](#)

Bob Banker:

It was a bank error. They agreed to not go public with the "error" after further investigation.... [read more](#)

convergence:

leading edge... [read more](#)

Voice Acting:

If you are sitting around all day at home, "Hey, I want to start a business! Let me buy a domain name."... [read more](#)

Kyle-K:

Makes you wonder how much this was helped along by the promotional giveaway done by one of the largest registrars in Aus... [read more](#)

parse:

Moroccan Dirham... [read more](#)

Dan:

Have any examples of supposed "innovation" in the new gTLD space actually panned out?... [read more](#)

John:

Excluding all forms of competition is a violation of US competition laws. ICANN's agreement with the registry operators... [read more](#)

gpmgroup:

Every one in ICANN knows (or should know) that domains are not substitutable the cost to move i.e. design, stationery, s... [read more](#)

Mark Thorpe:

ICANN never walks a straight line and tells the whole truth, so them saying the entire Board stands by this decision, bu [read more](#)

John:

Where are the statements from the other ICANN board members? Who attended these secret meetings? Jones Day and JJ li... [read more](#)

Avri Doria:

I have not worked for either P R or Donuts, or any other contracted party, since before I joined the Board. This was a p... [read more](#)

DomainBoss:

Hundreds of thousands a year in huge salaries and fun at public expense. Then these guys have the nerve to call ICANN... [read more](#)

DomainBoss:

I am just glad that this Anti-Public deal was finally rejected. ICANN has done first good thing in their entire exis... [read more](#)

DomainBoss:

There is hardly any place for place TLD in domaining as new GTDs like these are failing more and more.... [read more](#)

DomainBoss:

It is ICANN's moral and ethical duty to transfer the control of .ORG registry away from disgraced ISOC/P R combo to anot... [read more](#)

To show new focus on registry, Uniregistry dumps "registry" from its brand. Um

No ICANN tax relief for Chinese registrars

ICANN declares coronavirus a "natural disaster" to protect expired domains

Ethos clarifies .org price rises, promises to reveal number of censored domains

End of the road for Neustar as GoDaddy U-turns again and buys out its registry biz

ICANN to consider cancelling ICANN 68 tomorrow

Coronavirus: more delay and free domains for gay

CentralNic seeing no impact from coronavirus

ICANN expects "significant" budget impact from coronavirus

ICANN's number two Cyrus Namazi quits. Probably due to sexual discrimination claims.

ICANN grants Verisign its price increases, of course

ALL .za domains have to link to government coronavirus web site

Namecheap and others banning coronavirus domains

Go here to help fight against coronavirus abuse

As it releases free download, DomainTools says 68,000 dangerous coronavirus domains have been registered

No .com price increases this year. Thanks, coronavirus!

US officials gunning for coronavirus domains

Nominet to intercept dangerous coronavirus domains

An open question to the domain name industry about coronavirus

US senators tell ICANN to reject .org deal

More ICANN events cancelled for May

More domain industry response to coronavirus

.org decision delayed another month

Delay .org deal because of coronavirus? Gimme a break

Not every coronavirus domain registrant is a douchebag

Roundup: domain industry starts to respond to coronavirus pandemic

At ICANN 67, nobody knew you're a dog

## Michael Berkens

March 19, 2013 at 8:41 pm

Kevin

A few points.

First of all this is not the letter from the DOJ its a PR put out by one of the applicants with their interpretation of a letter or a conversation which is quite different.

Second if you take the verbiage attributed to the DOJ literally then its not just private auctions at issue but any dealings between competing applicants which puts the DOJ at odds with the ICANN Guidebook

The ICANN Guidebook says:

### 4.1.3 Self-Resolution of String Contention

Applicants that are identified as being in contention are encouraged to reach a settlement or agreement among themselves that resolves the contention. This may occur at any stage of the process, once ICANN publicly posts the applications received and the preliminary contention sets on its website.

Applicants may resolve string contention in a manner whereby one or more applicants withdraw their applications. An applicant may not resolve string contention by selecting a new string or by replacing itself with a joint venture. It is understood that applicants may seek to establish joint ventures in their efforts to resolve string contention.

However, material changes in applications (for example, combinations of applicants to resolve contention) will require re-evaluation. This might require additional fees or evaluation in a subsequent application round. Applicants are encouraged to resolve contention by combining in a way that does not materially affect the remaining application. Accordingly, new joint ventures must take place in a manner that does not materially change the application, to avoid being subject to re-evaluation."

The PR put out by Uniregistry says:

The Department of Justice further advised that arrangements by which private parties agree to resolve gTLD string contentions solely to avoid a public auction present antitrust issues

So its not just private auctions that are effected but any arraignments, sales, deals , trading mergers, any activity between parties that would "present" antitrust issues.

So what ICANN labelled the ICANN auction as the method of last resort according to the PR would be the only method and since ICANN is the one that suggested otherwise, they are the first ones to be in violation of federal law since they are the promoters of an alternative method of resolution

Reply

### Kevin Murphy

March 19, 2013 at 8:47 pm

What makes you think there's a letter?

Reply

## Michael Berkens

March 19, 2013 at 8:57 pm

Well Uniregistry asked for an opinion letter, and I was told very recently a letter was coming.

Logic and sense would dictate if one asks the government for a opinion letter and the government responds that it is refusing to issue an opinion letter then that is the answer that gets broadcast to the community.

To put out a press release which purports to summarize someone's phone conversation with someone at Justice is irresponsible and can only be seen for what it is an attempt by one applicant to scare all other applicants off from doing anything other than going to an ICANN auction, which goes against ICANN own guidebook and I think places the whole program legality in jeopardy

Reply

### Frank Schilling

March 19, 2013 at 9:05 pm

The "program" is going to be just fine Mike. Private auctions, not so much. Whether ICANN encourages non-specific "private resolution" in the Guidebook, does not change how such schemes might be considered under the law. ICANN will not be the judge, and cannot grant immunity. If the ICANN Guidebook stated that ICANN didn't care if people robbed banks, it would not have the effect of legalizing bank robbery. The discussions Uniregistry has had

Mogreen:

Hmmm - wonder why Avri Doria voted in favor of the sale Avri Doria is a research consultant. Her professional activist... [read more](#)

John:

So Jon Nevett is telling everyone "P R is no longer for sale to any other party" If that was the case – why did Jon N... [read more](#)

Jack:

.org now needs a new steward. PIR doesn't care at all about .org registrants and was willing to throw all non profits... [read more](#)

Rob:

If I were P R, I would raise prices for a .org to \$ 19.99 immediately. ISOC lost out on a huge endowment fund. The... [read more](#)

Chris Bell:

Surely at an internet convention the name given to us at birth is our fake name, while the name we made up ourselves is ... [read more](#)

Theo Geurts:

Since ICANN participation is open to everyone and their dog, anyone can apply to a WG or a public session or IRT. Settin... [read more](#)

Steve GOBIN:

LOL... [read more](#)

Owen:

The earliest reference re: government ID I could find was ICANN61: "All attendees will be required to present valid gove... [read more](#)

John:

Given the nature of these allegations, I find it concerning ICANN does not show this particular request on their website... [read more](#)

John:

Why was this particular request not published on ICANN's DIDP Requests and Responses" page? How many other requests t... [read more](#)

lifesavings.online:

Vaguely related: President Trump is using http://share.djt.app to promote campaign. It forwards to his .com but that ... [read more](#)

Owen:

ICANN started requiring government IDs to obtain name badges several years ago- perhaps it was ICANN57 in Hyderabad?... [read more](#)

Alfonso Bedoya:

"The only reason the DIDP (pdf) is in the public domain at all is that Sudowski copied it to the mailing list of the Emp... [read more](#)

David:

Do it with any other termination but not .Com Net .Org They shouldn't be a privatization for them.... [read more](#)

Rubens Kuhl:

I was sure it was a rick-roll, but I was wrong.... [read more](#)

Antony Van Couvering:

Oh, the ironies... Some may recall that ICANN was set up in response to another Internet governance effort, the gTLD... [read more](#)

Brad Mugford:

No, the "dangerous precedent" was handing over a legacy extension to a brand new private equity company with no track re... [read more](#)

John Berryhill:

Here: <https://www.youtube.com/watch?v=UO1T9dkWCL8...> [read more](#)

Rubens Kuhl:

Where can I find the Ethos statement in full ?... [read more](#)

Domenclature.com:

Ouch!!... [read more](#)

John Berryhill:

The full Ethos statement is much better than the excerpt above, especially the part about "wicked thieving Hobbitesse... [read more](#)

Chris Bell:

Both ICANN and the Attorney General did the right thing, by defending the interests of the registrants eventually. I...

[GoDaddy cancels in-person investor day over coronavirus fears](#)

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[Ethos volunteers for .org pricing handcuffs](#)

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[Is the .co rebid biased toward Afllias? Yeah, kinda](#)

with the DoJ and the contention resolution mechanisms pencilled in the NEW gTLD DAG seem to be fundamentally at odds with one another. There is no intended spin here. If the answer were as clear as you believe, then the DoJ would not have a problem issuing an opinion to that effect. We sought this review for our own reasons. You are free (and encouraged) to seek your own.

[Reply](#)

### Nigel Roberts

March 20, 2013 at 10:46 am

Irrespective of the merits (and on a first skim, I think Frank's comments and their position appear both reasonable and objective) this issue highlights a fundamental misunderstanding by some in the ICANN process of the place of multistakeholder model.

I've been involved in ICANN since before it existed (I was a participant in the FWP, which by a tortuous route led to ICANN's creates). I've observed a view that seems to consider ICANN Policy formation as being equivalent to legislation.

Strangely, not only are legally qualified people not exempt from it, but some of the worst offenders are lawyers .. who seem to think ICANN policy can (for example) override binding EU law, or fundamental Constitutional or Convention rights.

There are occasional examples of this prior to the newGTLT programme, but the real lesson of this, is that the programme is so large that it is causing these issues to pop up with alarming, but predictable regularity.

[Reply](#)

### Colin Campbell

March 19, 2013 at 9:00 pm

Is the DOJ confused as to what is actually taking place? ICANN is offering a private auction amongst those in contention which is being made public so all can see the results vs. an open auction where anyone can bid. This is a private matter that needs to be resolved privately or using the ICANN mechanism.

[Reply](#)

### michael berkens

March 19, 2013 at 9:23 pm

Frank

As I told you from the beginning before the letter was even drafted, that you would not get a written opinion letter from the DOJ on this issue.

At the end of the day, I was right you did not get an opinion letter back.

So you went to the next level and sent out a Press Release (although it should be noted I didn't receive one at thedomains.com) of your councils interpretation of a phone call with someone in Justice.

i think its very irresponsible regardless of the motivation to release such a statement.

Having released it however I don't think you can pick and chose and decide everything is OK except no private auctions again the PR says justice says any "arrangements by which private parties agree to resolve gTLD string contentions solely to avoid a public auction present antitrust issues"

That goes completely against the guidebook.

And yes if ICANN told people to rob banks they would have liability if people went ahead and robbed banks because ICANN told them they had to as part of the process

[Reply](#)

### Frank Schilling

March 19, 2013 at 9:33 pm

We got plenty Mike.. we took names and we took notes. I think the responsible thing to do was go public with this. So we did. I do think other forms of contention resolution, such as round robins, cash buyouts etc are also off the table. If ICANN told you to jump off a bridge, and you did, would they have liability? I'm not so sure. But if the police are going to arrest you for the stunt. I think sharing this info is a good thing. Everybody judge as you please.

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[read more](#)

### Mark Thorpe

"Ethos responded angrily almost immediately" No one feels bad for you.... [read more](#)

### Konstantinos Zournas:

Yeah, I forgot to include Michele Neylon to my list of useful idiots... Sorry about this. <https://onlinedomain.com/2...> [read more](#)

### Ciera Hutson:

Wow. This article. It's just wrong- let me count the ways..... [read more](#)

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Which one company in the world will benefit the most from this rebate ? Yes the same company asking for it (Godaddy... [read more](#)

### Richard Funden:

By Gabthars hammer, what a savings!... [read more](#)

### Jack:

The .ORG deal is DEAD. Otherwise ICANN will be smashed by the California Attorney General and it's the last (bad) dec... [read more](#)

### Mark Thorpe:

The .ORG deal should already be rejected by now!... [read more](#)

### Samit:

I'll be extremely surprised if the sale doesn't go through. Public comment and objections are being ignored for every... [read more](#)

### Bub:

Not sure domain investors are opposed to Ethos. But a slew of major nonprofits, some senior and respected politicians, t... [read more](#)

### Brad Mugford

A better show of "solidarity" would be for ICANN to side with the vast majority of stakeholders and quit making decision... [read more](#)

### Konstantinos Zournas:

Yes, let's look at the \$30-40 million and leave the \$2-3 billion untouched.... [read more](#)

### Brad Mugford:

Looks like ICANN might need more shady kickbacks, like in the Verisign .COM extension... Brad... [read more](#)

### Michiel Henneke:

As the author of the original piece I'd like to add: most entrepreneurs going online now are working local, regional or ... [read more](#)

### Ron Andruff:

My personal view, from experience and observation: This action (resign before your fired) was LOOOOONNNNGGG over due. Th... [read more](#)

### Chris:

A lot of existing businesses have also been unable to make money from their stores, while there has been a large increas... [read more](#)

### James Gannon:

Went off without a hitch for the record... [read more](#)

### Voice Acting:

People got ideas, they got time, and they are home. A great combination for domain registrations.... [read more](#)

### John:

But the key issue is that there is no "balanced consensus" in the ICANN multi-stakeholder model anymore. ICANN is no lo... [read more](#)

### Acro

What an elite group of privileged bureaucrats!... [read more](#)

### John Berryhill:

Once again, it is time to shift gears from.... "If ICANN doesn't do (insert demand here), then government authorities... [read more](#)

### Rubens Kuhl:

Most EU ccTLD models have all the features BC, PC and GAC don't like, including treating legal and natural persons the ... [read more](#)

### Konstantinos Zournas:

There is now a new deadline: May 4. This is also a very important point: "My office is also concerned that the .ORG ... [read more](#)



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### George Kirikos

March 19, 2013 at 9:46 pm

Mike: What ICANN says is irrelevant. It can't rewrite anti-trust laws, or indemnify those participating in a scheme that's illegal. Saying "you sort it out amongst yourselves" in the guidebook was naive and simply idiotic, as that doesn't give violators a "get out of jail card" when the feds show up at their door.

If ICANN believes their scheme is legal, have them provide some form of indemnity I expect they won't.

The irony is that the DOJ \*did\* provide proper guidance on how new gTLDs should have been handled, in the 2008 letter from Deborah Garza. It stated plainly "that ICANN evaluate bids from the perspective of the benefits they provide consumers, not merely the amount bidders are willing to pay to ICANN for the right to operate the gTLD. ICANN's request for bids should expressly call for bids to specify an initial maximum price that would be charged by the operator for domain registrations, as well as limitations on price increases over time."

In other words, a competitive tender. And they also wanted competitive bidding for RENEWALS, rather than having perpetual presumptive renewal by the registry operator.

Of course, ICANN ignored the advice of the DOJ. ICANN wants the money for itself, they don't want to maximize benefits for consumers.

If those in contention were bidding competitively to see who would run the registry at lowest cost to the consumer, there wouldn't be a need to "sort it out amongst each other" they'd simply bid the lowest they could against one another, and not have to fork over any cash to ICANN.

[Reply](#)

[lifesavings.online:](#)

A lot of it is about a loan. I wrote so during the very earliest days on one of these blogs. Someone's back is against... [read more](#)

[Chris:](#)

At ICANN they love to reinvent the wheel. But within the EU there are already at least 27 GDPR compliant whois models in... [read more](#)

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We need whois Law enforcement as stated Why should icann be the only ones to know? They aren't doing anything to shut... [read more](#)

[Observer:](#)

So you're saying that someone who is now working out of their home due to this pandemic situation can't acquire an expir... [read more](#)

[Rubens Kuhl:](#)

Because that's the foreseen moment to exit and cash out.... [read more](#)

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hmm im not sure the harm to a possible potential new owner will compare to the loss of long time names to current owners... [read more](#)

[Green Jobs:](#)

This is hilarious... thanks for sharing!... [read more](#)

[Adam:](#)

Late for April Fool's but love it.... [read more](#)

### michael berkens

March 19, 2013 at 9:49 pm

If the DOJ felt strongly about it, securely about it and thought it important enough they would have issued an opinion, they did not and I think this opinion is worth only the paper its written on.

[Reply](#)

### Rubens Kuhl

March 19, 2013 at 10:12 pm

DoJ just didn't what Uniregistry hoped, which was issuing a clear statement either that private auctions are allowed or that they are not allowed. Their position doesn't add much.

And considering what has been asked to DoJ, it was very unlikely that it would answer at all. So the question is whether Uniregistry is doing a fail-safe and not engaging in private auctions because of this, or if Uniregistry prefers not to engage in private auctions as a business strategy but felt the industry wouldn't like this position. In this case, DoJ is the scapegoat to that strategy.

Two options, pick one to fuel up your risk assessment when choosing whether or not to engage in private auctions.

[Reply](#)

### George Kirikos

March 19, 2013 at 10:36 pm

I wonder if any applicants who are in contention sets will "blow the whistle" on other applicants who've approached them with anti-competitive proposals ...it'd be a way to knock out that applicant, letting the DOJ do the dirty work.

[Reply](#)

### Rubens Kuhl

March 20, 2013 at 4:39 am

DoJ won't probably be fast enough to kill a contender before ICANN staff recommends a gTLD to delegation, so it probably could only make that string vacant for a future round.

[Reply](#)

[Ethos promises to keep .org for many many many many years](#)

[Amid .org controversy, Cerf predicts the death of all domains](#)

[#SaveDotOrg to hold public web conference tomorrow with Ethos execs](#)

[As pricey .new launches, Google reveals first set of big-name users including rapper Drake](#)

[Three more dot-brands fizzle out. Total now 69, dudes](#)

[Are ISOC's claims about .org's history bogus?](#)

[Criminal uk suspensions down this year](#)

### Rolf Larsen

March 20, 2013 at 7:26 am

Let the best application win, and avoid the ICANN auction or private deals 😊

No seriously, this issue is a PR stunt and is not worth the attention given here.

[Reply](#)

#### NotCom Tom

March 20, 2013 at 4:37 pm

The GAC may already be picking winners in many contention sets. Their list of potentially objectionable applications is a month overdue.

If you are the recipient of GAC advice, auction venue doesn't matter.

If you did not submit PIC's , this debate may be moot.

[Reply](#)

### gTld Observer

March 21, 2013 at 2:40 am

Give it up, Frank. Face it, the gTld concept was stupid from the getgo, a losing proposition from day 1. Cut your losses now before they get exponentially worse. Take whatever refunds you can salvage of your Uniregistry investment and buy a good, short, generic .com with it. Otherwise, if you insist on plowing forward, you will be wasting time, effort and money arranging the right to sell worthless product that no one will ever want or use.

[Reply](#)

#### Frank Schilling

March 21, 2013 at 7:18 pm

gTld Observer: You are the owner of an AM radio station in an FM and Satellite World. New TLDs are absolutely the future of naming. .COM is still going to be strong. (Uniregistry uses a .com). No one new GTLD will supplant .com, but new names will be the majority of all domains registered within 10 years. You don't see it now because nothing has happened yet. When all these 500 new generics are live in the root, there will thousands of new applications for round 2. The Web is changing and you need to take your head out of the sand or you are going to miss the opportunity of your lifetime. I made a similar statement about domains in general 10 years ago and I was right. I am right about this one too.

[Reply](#)

### Karen Bernstein

March 22, 2013 at 7:41 pm

I'm just curious about Mr. Berryhill's contention that he (or Mr. Faucett) received a phone call from the DOJ. This is contrary to the procedure laid out in the governing statute.

According to 28 CFR Sec. 50.6(10):

Simultaneously upon notifying the requesting party of and Division action described in paragraph 8, THE BUSINESS REVIEW REQUEST, AND THE DIVISION'S LETTER IN RESPONSE shall be indexed and placed in a file available to the public upon request. (Emphasis added.)

So, why not show the public your request for business review? It's going to be made public soon anywhere and according to the statute there MUST have been a written response.

I could not find any procedural mechanism in this statute that discusses telephone calls being an acceptable form of communication in declining to conduct a business review.

According to the statute, any request for a business review and the DOJ response will be publicly available 30 days after the DOJ responds either "yes" or "no."

[Reply](#)

### michael berkens

March 23, 2013 at 1:28 pm

It should be noted that Lexology a legal publication published a story yesterday on this subject and that story headline was accurate and captured the only story from this:

"DOJ Antitrust Division refuses to issue review letter on legality of private auctions to resolve string contention sets"

Yes that's the story the rest is just spin

<http://www.lexology.com/library/detail.aspx?g=3984895a-617f-4a79-bbff-25fed40ccf0b>

[Reply](#)

**Kevin Murphy**

March 23, 2013 at 9:23 pm

Interestingly enough, that story is actually an op-ed by counsel for the Association of National Advertisers.

The ANA has already threatened to sue ICANN over the new gTLD program on at least one occasion.

If anyone is going to test this antitrust uncertainty out in court, I'd put these guys on the short-list.

Oh, and the book chapter referenced in the op-ed states:

---

Guidance provided by ICANN, for example, encourages private discussions between or among those entities that have applied for the same or very similar TLDs. However, there is every reason to believe that the antitrust laws will apply to any such discussions, so companies should exercise extreme caution before sitting down to talk, with actual or potential competitors about, for instance, jointly developing a bidding strategy for any auction that might follow (or to avoid such an auction) or agreeing to any market allocation or to a venture to operate jointly a particular TLD. Such discussions could be fine under certain circumstances and potentially extremely problematic in others.

---

[Reply](#)

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# **EXHIBIT AC-58**

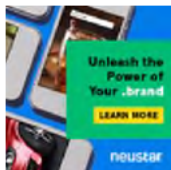


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- Spring Break redux - CANN picks Cancun for 2023 meeting
- CANN's .org decision was NOT unanimous, and it was made in secret
- Donuts kicks down .place fences after attempt at innovation
- .org sale officially dead
- Afilias promotes .vote domains amid US vote-by-mail controversy

**Donuts loses five of the first six new gTLD auctions**

Kevin Murphy, June 13, 2013, 09 23 07 (UTC), Domain Services

The full results of the first six new gTLD auctions are now known. Donuts lost five of them, raising millions of dollars in the process.

Here are the winners of last week's auctions, which were managed by Innovative Auctions:

- [.club](#) — .CLUB Domains.
- [.co.eg](#) — XYZ.COM.
- [.luxury](#) — Luxury Partners.
- [.photography](#) — Donuts.
- [.red](#) — Afias.
- [.vote](#) — Month Registry

Five of the six were a two-way battles between Donuts, which has applied for 307 gTLDs, and one other applicant. Each of the losing applicants has now withdrawn its application with ICANN.

The exception is [.club](#), a three-way fight that included Merchant Law Group. Neither losing application has been withdrawn with ICANN yet, but the result is [well-known](#).

Innovative revealed last week that the round raised \$9.01 million total. The winning bids for each auction were not disclosed.

Given that Donuts managed to lose five out of the six, it's a fairly safe assumption that most of that money will have gone into its war chest, which can be used in future auctions.

Of the five applications that has now withdrawn, only [.red](#) had already passed its Initial Evaluation, so the company will have also clawed back a \$130,000 ICANN refund on each of the other four.

The auctions mean that we now know with a high degree of certainty which companies are going to be running these six gTLDs.

Most of them have not yet passed IE, but with the success rate so high to date I wouldn't expect to see any failures. None of them are subject to objections or direct GAC Advice.

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[Six private new gTLD auctions raise \\$9m](#)

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Coronavirus could cause "high risk of widespread outages", CANN says

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No CANN tax relief for Chinese registrars

CANN declares coronavirus a "natural disaster" to protect expired domains

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Private gTLD auctions really will be private

Donuts withdraws its .vote bid, raising questions about new gTLD auctions

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Tagged .club, .college, .luxury, .photography, .red, .vote, donuts, ICANN, innovative auctions, new gTLDs

## COMMENTS (14)

### Danny

June 13, 2013 at 2 40 pm

It is interesting, but that was expected, thanks for the article, cheers

Reply

### zack

June 13, 2013 at 10 27 pm

It's interesting that the winner of .red wouldn't have taken over the Donuts application, given the priority number. This is not disallowed by CANN and presumably it wouldn't have to go through a full evaluation since the winning company is already in the program.

Reply

### Donuts Inc.

June 13, 2013 at 10 32 pm

Donuts won the bidding for .PHOTOGRAPHY. According to the auction agreement terms, we'll be the sole remaining applicant for that TLD. Final bids are confidential.

Some are speculating that we or other bidders are intentionally losing auctions merely to collect from winning bidders. Speaking for Donuts, our strategy is to acquire gTLDs. We were very active in the auctions — we placed bids totaling more than \$8 million over the course of this round.

Each TLD, however, has its own unique circumstances. We're resourced to win all auctions, private or CANN, but at the same time have made careful judgments about values of contested strings. We'll avoid getting carried away and bidding beyond reasonable valuation assessments.

For the record, we're still standing behind the applicant auction as the best means of resolving contention. They are a fair and efficient method to solve competition for resources.

Reply

### Avri Dorla

June 14, 2013 at 9 49 am

I am glad to read that it is working out as expected. Always relatively happy when my friends do well.

I still think it is the wrong way to go in the global public interest. Though I understand the imperatives many businesses live under, I see such an opportunity lost to fund some real capacity building in developing economies.

My view still runs to the notion that auctions that don't serve the global public interest are a poor option

<http://avri.doria.org/post/52245688637/private-auctions-the-latest-game-for-getting-rich-off>

Reply

### Ray Marshall

June 15, 2013 at 4 40 am

To your point Avri, the losers in the private auctions are effectively selling public spectrum that never belonged to them in the first place simply by having submitted an application. If the auctions were handled by CANN, at least the money could be put to use for the benefit of the public.

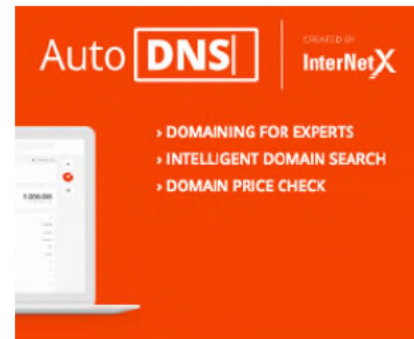
Reply

### Paul Stahura

June 15, 2013 at 8 06 pm



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### Voice Acting

If you are sitting around all day at home, "Hey, want to start a business. Let me buy a domain name..." [read more](#)

### Kyle-K

Makes you wonder how much this was helped along by the promotional giveaway done by one of the largest registrars in Aus... [read more](#)

### parse

Moroccan Dirham... [read more](#)

### Dan

Have any examples of supposed "innovation" in the new gTLD space actually panned out?... [read more](#)

### John

Excluding all forms of competition is a violation of US competition laws. CANN's agreement with the registry operators... [read more](#)

### gpmgroup

Every one in CANN knows (or should know) that domains are not substitutable the cost to move i.e. design, stationery, s... [read more](#)

### Mark Thorpe

CANN never walks a straight line and tells the whole truth, so them saying the entire Board stands by this decision, bu... [read more](#)

### John

Where are the statements from the other CANN board members? Who attended these secret meetings? Jones Day and JJ li... [read more](#)

### Avri Doria

I have not worked for either P R or Donuts, or any other contracted party, since before I joined the Board. This was a p... [read more](#)

### DomainBoss

Hundreds of thousands a year in huge salaries and fun at public expense. Then these guys have the nerve to call CANN... [read more](#)

### DomainBoss

I am just glad that this Anti-Public deal was finally rejected. CANN has done first good thing in their entire exis... [read more](#)

### DomainBoss

There is hardly any place for .place TLD in domaining as new GTDs like these are failing more and more.... [read more](#)

### DomainBoss



number of censored domains

End of the road for Neustar as GoDaddy U-turns again and buys out its registry biz

CANN to consider cancelling CANN 68 tomorrow

Coronavirus more delay and free domains for .gay

CentralNic seeing no impact from coronavirus

CANN expects "significant" budget impact from coronavirus

CANN's number two Cyrus Namazi quits. Probably due to sexual discrimination claims.

CANN grants Verisign its price increases, of course

ALL .za domains have to link to government coronavirus web site

Namecheap and others banning coronavirus domains

Go here to help fight against coronavirus abuse

As it releases free download, DomainTools says 68,000 dangerous coronavirus domains have been registered

No .com price increases this year. Thanks, coronavirus

US officials gunning for coronavirus domains

Nominet to intercept dangerous coronavirus domains

An open question to the domain name industry about coronavirus

US senators tell CANN to reject .org deal

More CANN events cancelled for May

More domain industry response to coronavirus

.org decision delayed another month

Delay .org deal because of... coronavirus? Gimme a break

Not every coronavirus domain registrant is a douchebag

Roundup domain industry starts to respond to coronavirus pandemic

At CANN 67, nobody knew you're a dog

GoDaddy cancels in-person investor day over coronavirus fears

WE'RE ALL GONNA DIE in other news, CANN 67 was... "muted"

Facebook WILL sue more registrars for cybersquatting

CANN chair "all options open" on .org deal

The community already granted .org to P R which has already made close to a billion dollars and continues to make more than \$70M "per year", every year, for the non-profit SOC exactly for such purposes, Avri. CANN wisely decided for resources to stay within the applicant community so that they can better innovate and compete with each other and the legacy operators which is where the real public benefits are generated – through innovation and competition.

Reply

### Colin Campbell

June 16, 2013 at 8:23 pm

As a .club applicant made the decision to enter a private auction for the following reasons

1. It was a well thought out efficient method developed by Cramton. Trust me I tested everything.
2. Under a loss scenario, I would be rewarded for the substantial time and financial investment made over the last 18 months.
3. Under a win scenario, I am happy to know that the funds I paid will be used by other entrepreneurs to continue to support the development of the new gTLD industry.

I believe under an CANN auction scenario there will simply be too many losers. Under a private auction scenario everyone is either compensated for their efforts or get the chance to launch a name.

Colin

Reply

### Ray Marshall

June 17, 2013 at 7:19 am

In general, when an asset is put up for auction, the losers don't get a penny of the proceeds. Why? Because they never had title to the asset. When you look at the tax code, you tend to come across the term "consideration". What consideration are the losers giving in exchange for the proceeds of the private auctions? Clearly, they are not handing over title to the generic domain names. Since the private auctions involve the winners obtaining title of the generic domain names from CANN, it stands to reason that the proceeds from such auctions should go to CANN and not to the losers.

Reply

### zack

June 17, 2013 at 6:34 pm

If you use that argument then as an auction loser I am just getting a "gift" or non-taxable cash from other contenders to walk away from the potential to secure the rights to manage a TLD. Cool, then whatever I get via a private auction should have no tax consequences to me, right?

Yea, good luck with that... don't think the IRS is going to see it that way.

Reply

### Ray Marshall

June 18, 2013 at 12:39 am

The illusion of giving title to the winners for something that is coming from CANN is probably of no concern to the IRS so long as it gets its cut. Feel free to ask the IRS if that's keeping you up at night.

Reply

### zack

June 18, 2013 at 7:48 pm

Not keeping me up... actually understand the IRS rules, was just pointing out that your argument doesn't stand up.

Reply

### Ray Marshall

June 18, 2013 at 9:25 pm

Zack, you don't understand my argument since you are talking about taxes. If you believe the emperor has clothes, then who am I to stop you from buying and wearing a pair of non-sense.

Reply

It is CANN's moral and ethical duty to transfer the control of .ORG registry away from disgraced SOC/PR combo to another... [read more](#)

Mogreen

Hmmm - wonder why Avri Doria voted in favor of the sale Avri Doria is a research consultant. Her professional activities... [read more](#)

John

So Jon Nevett is telling everyone "P R is no longer for sale to any other party" if that was the case – why did Jon N... [read more](#)

Jack

.org now needs a new steward. P R doesn't care at all about .org registrants and was willing to throw all non profits... [read more](#)

Rob

If I were P R, I would raise prices for a .org to \$19.99 immediately. SOC lost out on a huge endowment fund. The... [read more](#)

Chris Bell

Surely at an internet convention the name given to us at birth is our fake name, while the name we made up ourselves is... [read more](#)

Theo Geurts

Since CANN participation is open to everyone and their dog, anyone can apply to a WG or a public session or RT. Settling... [read more](#)

Steve GOB N

LOL... [read more](#)

Owen

The earliest reference re government D could find was CANN61 "All attendees will be required to present valid gove... [read more](#)

John

Given the nature of these allegations, find it concerning CANN does not show this particular request on their website... [read more](#)

John

Why was this particular request not published on CANN's D DP Requests and Responses" page? How many other requests t... [read more](#)

lifesavings.online

Vaguely related President Trump is using http://share.djt.app to promote campaign. I forwards to his .com but that ... [read more](#)

Owen

CANN started requiring government Ds to obtain name badges several years ago- perhaps it was CANN57 in Hyderabad?... [read more](#)

Alfonso Bedoya

"The only reason the D DP (pdf) is in the public domain at all is that Sudowski copied it to the mailing list of the Emp... [read more](#)

David

Do it with any other termination but not .Com .Net .Org They shouldn't be a privatization for them.... [read more](#)

Rubens Kuhl

I was sure it was a rick-roll, but I was wrong.... [read more](#)

Antony Van Couvering

Oh, the ironies... Some may recall that CANN was set up in response to another internet governance effort, the gTLD-... [read more](#)

Brad Mugford

No, the "dangerous precedent" was handing over a legacy extension to a brand new private equity company with no track re... [read more](#)

John Berryhill

Here <https://www.youtube.com/watch?v=UO1T9dkWCL8...> [read more](#)

Rubens Kuhl

Where can I find the Ethos statement in full?... [read more](#)

Domenclature.com

Ouch ... [read more](#)

John Berryhill

The full Ethos statement is much better than the excerpt above, especially the part about "wicked thieving Hobbitses ste... [read more](#)

Chris Bell

Could .org debate bring back the glory days of CANN public forums?

The latest industry C-suite musical chairs

Poblete to replace Disspain on CANN board

Chinese registrars ask CANN to waive fees due to Coronavirus

Most languages won't be available at CANN 67

Domain ncite turns 10 today. What the fuck have done with my life?

Ethos volunteers for .org pricing handcuffs

Yep. CANN cancelled Cancun

The Queen has beef with Prince Harry's domain name

CANN wants to take your temperature before letting you into CANN 67

CANN might cancel Spring Break over Covid-19 fears

Verisign shits on domainers, again

9,000 people tell CANN they don't want .com price increases. Here's what some of them said

Covid-19 t's official, domainers are faster than journalists

CA will help you support .com price increases (but doesn't want you to)

.gay hires pop star equality campaigner as spokesperson

Watch climate change denier on why she trusts .org more than .com

Ethos' .org pricing promise may be misleading

Hacking claims resurface as .hotel losers force CANN to lawyer up again

CANN refuses to release more info on .org deal

Possibly the strangest new gTLD acquisition yet

California .org probe — existential crisis or blessed relief for CANN?

As Cancun looms, CANN bans China travel because of Coronavirus

XYZ expands gTLD stable as L'Oreal exits the domain game

s the .co rebid biased toward Afllias? Yeah, kinda

Amazon governments vow revenge for "illegal and unjust" CANN decision on .amazon

SaveDotOrg to protest outside CANN HQ. #lol

Ten years ago predicted Oscar winners wanted a .movie gTLD. Was right?

**zack**  
 June 19, 2013 at 9 01 pm  
 Fair point... guess not many of us ordinary folk understand your analogies

Reply

**Ray Marshall**  
 June 20, 2013 at 4 33 am  
 Perhaps you should think before attacking one's perspective

Reply

ADD YOUR COMMENT

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Both CANN and the Attorney General did the right thing, by defending the interests of the registrants eventually. ... [read more](#)

**Mark Thorpe**  
 "Ethos responded angrily almost immediately" No one feels bad for you.... [read more](#)

**Konstantinos Zournas**  
 Yeah, forgot to include Michele Neylon to my list of useful idiots... Sorry about this. <https://onlinedomain.com/2...> [read more](#)

**Ciera Hutson**  
 Wow. This article. t's just wrong- let me count the ways..... [read more](#)

**Andrew**  
 Which one company in the world will benefit the most from this rebate ? Yes the same company asking for it (Godaddy... [read more](#)

**Richard Funden**  
 By Gabthars hammer, what a savings ... [read more](#)

**Jack**  
 The .ORG deal is DEAD. Otherwise CANN will be smashed by the California Attorney General and it's the last (bad) dec... [read more](#)

**Mark Thorpe**  
 The .ORG deal should already be rejected by now ... [read more](#)

**Samit**  
 ll be extremely surprised if the sale doesn't go through. Public comment and objections are being ignored for every... [read more](#)

**Bub**  
 Not sure domain investors are opposed to Ethos. But a slew of major nonprofits, some senior and respected politicians, t... [read more](#)

**Brad Mugford**  
 A better show of "solidarity" would be for CANN to side with the vast majority of stakeholders and quit making decision... [read more](#)

**Konstantinos Zournas**  
 Yes, let's look at the \$30-40 million and leave the \$2-3 billion untouched.... [read more](#)

**Brad Mugford**  
 Looks like CANN might need more shady kickbacks, like in the Verisign .COM extension... Brad... [read more](#)

**Michiel Henneke**  
 As the author of the original piece 'd like to add most entrepreneurs going online now are working local, regional or ... [read more](#)

**Ron Andruff**  
 My personal view, from experience and observation This action (resign before your fired) was LOOOOONNNGGG over due. Th... [read more](#)

**Chris**  
 A lot of existing businesses have also been unable to make money from their stores, while there has been a large increas... [read more](#)

**James Gannon**  
 Went off without a hitch for the record... [read more](#)

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 People got ideas, they got time, and they are home. A great combination for domain registrations.... [read more](#)

**John**  
 But the key issue is that there is no "balanced consensus" in the CANN multi-stakeholder model anymore. CANN is no lo... [read more](#)

**Acro**  
 What an elite group of privileged bureaucrats ... [read more](#)

**John Berryhill**  
 Once again, it is time to shift gears from.... " f CANN doesn't do (insert demand here), then government authorities... [read more](#)

**Rubens Kuhl**  
 Most EU ccTLD models have all the features BC, PC and GAC don't like, including treating legal and natural persons the ... [read more](#)

**Konstantinos Zournas**



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[Amid .org controversy, Cert predicts the death of all domains](#)

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There is now a new deadline May 4. This is also a very important point "My office is also concerned that the .ORG ... [read more](#)

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A lot of it is about a loan. wrote so during the very earliest days on one of these blogs. Someone's back is against... [read more](#)

**Chris**

At CANN they love to reinvent the wheel. But within the EU there are already at least 27 GDPR compliant whois models in... [read more](#)

[lifesavings.online](#)

We need whois. Law enforcement, as stated. Why should icann be the only ones to know? They aren't doing anything to shut... [read more](#)

**Observer**

So you're saying that someone who is now working out of their home due to this pandemic situation can't acquire an expir... [read more](#)

**Rubens Kuhl**

Because that's the foreseen moment to exit and cash out... [read more](#)

**page howe**

hmm im not sure the harm to a possible potential new owner will compare to the loss of long time names to current owners... [read more](#)

**Green Jobs**

This is hilarious... thanks for sharing ... [read more](#)

**Adam**

Late for April Fool's but love it.... [read more](#)

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Something is for sure they're coming with a .BRAND new gTLD offer for Round 2 (at least). Good point, there's space for... [read more](#)

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**John**

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**Jack**

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**Observer**

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**Camino**

Good for you We know each other (business with BR) so it's crystal clear to me what you do for a living. Thank you..... [read more](#)

As pricey .new launches,  
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big-name users including  
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Three more dot-brands  
fizzle out. Total now 69,  
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CANN board meets to  
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# **EXHIBIT AC-59**

## **Donuts Launches Domain Namespace Expansion with 307 gTLD Applications, More Than \$100 Million in Funding**

***Applicant will significantly widen Internet identity competition and choice; Founders add industry veterans to executive team and break ground with new registry services provider***

June 05, 2012 10:44 AM Eastern Daylight Time

BELLEVUE, Wash.--(BUSINESS WIRE)--Donuts Inc., a registry for new top-level domain names, has moved assertively to expand Internet namespace with 307 applications for new and varied generic top-level domains (TLDs) in various character sets. The expansion will bring significant new industry competition and fresh choices for Internet end-users who need better, more specific domain names for their products and services.

The company's efforts are funded by more than \$100 million in capital from multi-billion dollar private equity and venture funds. Donuts executives say they intend to deploy capital—and raise additional funding if necessary—to secure and operate each applied-for TLD.

*Donuts effort will expand currently constrained namespace*

The now-concluded application period for new Internet names follows the Internet community's six-year, multi-stakeholder effort to expand consumer choice and competition in top-level domain options beyond .COM, .NET and other extensions. The current namespace—the fulcrum of commercial online navigation—is badly constrained, and consumers and businesses need new options for Internet identities.

"Finding a usable Internet address is a real problem. There are more than 125 million total names in the top five TLDs, with three fourths of them in .COM alone," said Donuts CEO Paul Stahura. "The Internet was opened for worldwide use almost 20 years ago, and we've had only 22 generic names made available since then. We're overdue for expansion."

Stahura also anticipates strong competition to the currently dominant .COM extension. "This expansion is going to be disruptive in a positive sense. There's no question competition is coming to .COM and other TLDs—how much of the market the new TLDs will take from them is what remains to be seen."

*A well-resourced company*

Donuts has raised significant capital—more than \$100 million—from notable sources, including:

- [Austin Ventures](#)
- [Adams Street Partners](#)
- [Emergence Capital Partners](#)
- [TL Ventures](#)
- [Generation Partners](#)

- Stahurricane (Stahura's investment fund)

Donut has further obtained a senior secured revolving credit facility with Comerica Bank, one of the United States' premier banking organizations.

Stahura said Donuts is ready to raise additional funding should circumstances warrant. "Our investors are very optimistic about both this opportunity and our plan," he said.

"Donut has a compelling approach to TLD expansion," said Christopher Pacitti, General Partner of Austin Venture. "Paul has put together the strongest team in the industry, and that team has identified the optimum approach to securing and operating TLD, preventing actual choice to end user, and protecting right holder. Donut is going to be a formidable presence in Internet namespace growth."

#### *Groundbreaking partnership with Demand Media*

After exhaustive analysis, Donuts selected Demand Media Europe Limited, a wholly-owned subsidiary of Demand Media, Inc (NYSE DMD), a digital registry service provider, based on its superior technology solution, support structure and overall ability to meet Donuts' requirements.

"Donuts has developed a well-considered and strategic approach for expansion of the namespace," said Taryn Naidu, Executive Vice President of Demand Media. "We have built a strong partnership with the Donut team and believe by working together, we can most effectively help end-users and deliver on the promise of ICANN's new gTLD program."

Donuts Chief Operating Officer Richard Tindal added: "We are confident in Demand Media's technical capability and count them as a valued partner. Their commitment to operational security and stability backs the assurance we've given to our investors and the marketplace."

#### *Industry veterans join executive team*

Donuts was founded by Paul Stahura, Richard Tindal, Jonathon Nevett and Daniel Schindler—four industry veterans with extensive experience in registry and registrar operation and industry governance, and who have successfully launched TLDs, built industry-leading companies, and brought value and choice to the domain name marketplace.

The company has rounded out its executive team with three hires, all effective on May 1, 2012, and each with domain name industry experience.

- Kevin Wilson has been named Chief Financial Officer. For almost four years, until January 2011, Wilson was CFO for the Internet Corporation for Assigned Names and Numbers (ICANN, the industry's policy development organization), and previously held financial leadership positions in varied industries, including Internet, technology, financial services, real estate and others.
- Mason Cole, an executive from SnapNames and Oversee.net and a leader in ICANN policy development, has been appointed Vice President of Communications and Industry Relations. Cole is a 12-year veteran of the domain name industry.
- Alvaro Alvarez, formerly with the firm of Perkins Coie LLP, Donuts' outside counsel, has been named Vice President and General Counsel. Alvarez has worked with Donuts since its incorporation in 2010 and on domain industry matters since 2007.

In addition, Stella Luu has been appointed as Research Associate, responsible for industry research and analysis. A graduate in Physics from the University of Washington, Luu's previous experience includes positions with the law firm of Saalfeld Griggs and the University of Washington's General Clinical Research Center.

#### *Commitment to rights protections*

Donuts is mindful of the intellectual property rights of others and has struck a careful balance between consumer and business safety and open access to second-level names. The company has consulted with international law enforcement and IP interests to bring nearly two dozen new rights protection mechanisms that raise user safety to a new level.

Further, Donuts is committed to addressing potential abuse in new TLDs and will aggressively deal with sources of problem behavior with new forceful mechanisms that far exceed the powerful protections afforded in the introduction of new TLDs.

#### *Principle of open Internet*

Donuts will operate inclusive TLDs and agrees that no entity or group of entities have exclusive rights to generic terms at the top level, nor do they at the second level.

Donuts will be further inclusive in its registration policies and, in order to avoid harm to legitimate registrants, will not artificially deny access, on the basis of identity (without legal cause), to a TLD that represents a generic form of activity and expression. Donuts believes there are superior ways to minimize the potential abuse of second-level names.

Stahura said Donuts is prepared for arguments for needless restriction, either at the registry or registrant level. "We have resources set aside for handling objections by parties who, for whatever reason, believe only they are equipped to administer a generic term," he said. "The Internet is an engine of information, ideas and commerce, and one that's not restrictive unnecessarily. Donuts intends to preserve that openness for all users, not operate a 'by invitation only' section of the Internet."

#### *Launch follows National Donut Day*

Coincidentally, Donuts' public launch closely follows last Friday's [National Donut Day](#), a U.S. commemoration established in 1938 by the Salvation Army to thank the many women who served donuts to U.S. soldiers during World War I. Donuts has made a contribution to the Salvation Army to mark the occasion, and has designated the day as an annual company holiday.

#### *Entry into evaluation period as next step*

On June 13, ICANN will reveal the identities of applicants and the TLDs for which each is applying. Stahura expects to see a large number of applications from well-known companies worldwide.

"Namespace expansion will help the Internet continue its evolution toward specificity for users, some of them altogether new to the Internet," Stahura said. "Donuts will play a significant role in making that expansion stable, secure and inclusive for all end-users and consumers."

#### **About Donuts Inc.**

Donuts is a domain name registry that is widening competition and choice in Internet identities through hundreds of new top-level domain name choices, securely operated in multiple languages and character sets. Donuts is headquartered in Bellevue, Wash., with offices in Los Angeles, Calif. and Washington, D.C. For more information, please visit [www.donuts.co](http://www.donuts.co).

## Contacts

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[mason@donuts.co](mailto:mason@donuts.co)

# **EXHIBIT AC-60**



## Stay informed about the acquisition of Public Interest Registry

by Ethos Capital

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# Radix Announces .Website Launch Timeline

By **Radix** (Sponsored Post)

Jun 16, 2014 11:50 AM PDT | Views: 9,742

[Print](#)

.Website will become the first all-purpose domain extension available for registration when it launches into Sunrise on June 24, 2014. Radix, .website's registry and the largest new gTLD registry based in Asia, released a complete launch timeline for .website today, outlining a Landrush start date of Aug. 26, 2014 and a General Availability start date of Sept. 17, 2014.



.website is one of many new gTLDs (generic top-level domains, or "right-of-the-dots," like .org, .com or .biz) recently approved for registration. New gTLDs create an alternative to .com, which has cornered the domain name market for the last 10 years. While most new gTLDs launched so far are niche extensions, presenting "new dot" options for geographic regions, cultural groups or vertical markets, .website offers open registration to every user, for any application, making it the first extension that competes in the same market as .com.

"We're very enthusiastic to launch .website, because it's a strong mass market new gTLD that has immense potential," said Radix Founder, Bhavin Turakhia. "We're

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already working closely with channel partners across the globe who've shown keen interest in pioneering the development of the .website extension."

There are more than 113 million .com domain names registered, according to current market research, making it extremely difficult to secure a first-choice .com domain name. In fact, 65 percent of all checks for .com domain name availability fail and half of all customers buying a new domain name have to try two or more times to register a name of their choosing. The frustratingly limited .com space makes new domain options like .website a top priority in the digital marketplace, and for Radix.





During Sunrise, trademark owners may register their trademark and brand .website domain names. Landrush is a priority registration period for registering keyword-rich and quality .website domains before they become available on a first-come, first-serve basis in General Availability.

### About .website:

.website is Radix's flagship extension, offering a truly generic new gTLD offering open use to all users, for any application, spanning industries, communities, cultures and languages. .website is one of the top three generic new gTLDs favored by small business owners, existing domain owners and white collar executives, according to market research, and it perfectly embodies and symbolizes a customer's online identity.

**RADIX** *About Radix – Radix is one of the world's largest nTLD portfolio registries with 9 new extensions that include .ONLINE, .STORE, .TECH, .WEBSITE, .SPACE, .PRESS, .SITE, .HOST, and .FUN; as well as 1 re-purposed ccTLD, .PW. Through these extensions, Radix is empowering business owners to get short, memorable and descriptive domain names which can be used for a website, email address, or a variety of other internet addressing purposes. To learn more, please visit: <http://www.radix.website> or connect on [@radixregistry](#). [Visit Page >](#)*

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# **EXHIBIT AC-61**

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# So you want to apply for a new gTLD in the second Round of the ICANN new gTLD program?



By **Jean Guillon**  
New gTLDs "only".

September 24, 2014 | Views: 16,212 | Comments: 13



New domain names are now on the market and you start to realize that you may have missed the train by not submitting your own new gTLD application. So why not get your part of the cake and consider applying for your own new Top-Level Domain in the second Round of the ICANN new gTLD program? Why not become a "Registry" and sell domain names... to the world?

## New gTLD Service Providers will tell you all about it

There are many offers on the market: those from back-end Registries (technical platforms), those from Registrars, those from expensive Law firms and those from new gTLD consultants. Just like you, everyone wants his part of the cake but you will need to ask yourself one thing: if you apply, will you be the one to earn money and what is your exact objective?

Here is a list of service providers with an offer to apply for a domain name extension, I also suggest to ask your Accredited Registrar, he probably has one too:

### Back End Registries:

CentralNic:  
<https://www.centralnic.com/services/newtlds>  
(based in UK and other countries)

Open Registry:  
<http://www.openregistry.com/>  
(Luxembourg/France)

Verisign:  
[https://www.verisigninc.com/en\\_US/channel-resources/domain-](https://www.verisigninc.com/en_US/channel-resources/domain-)

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[registry-products/new-gtlds/index.xhtml?loc=en\\_US](http://registry-products/new-gtlds/index.xhtml?loc=en_US)

(based in the USA and other countries)

Neustar:

<http://www.neustar.biz/services/domain-name-registry>

(USA and other countries)

Afnic:

<http://www.afnic.fr/fr/produits-et-services/nouveaux-gtld-solutions-de-registre>

(France)

These are the first names to come to my mind but list is long and there are other major back-end Registry providers in Australia, Germany, Ireland, Cayman Islands and the USA. Existing ccTLDs (country code Top-Level Domains) often have an offer too.

#### **Registrars:**

eBrand Services:

<http://www.ebrandservices.com/solutions/dotbrand.html>

(Luxembourg/France)

SafeBrands:

[www.safebrands.com](http://www.safebrands.com)

(France/Hong-Kong/Canada)

Most other Corporate Registrars such as NetNames (UK), Prodomaines (FR) and Markmonitor (USA).

Retail Registrars such as GoDaddy or AlpNames don't have an offer yet but offering a customer to apply for its own .BRAND should become easier in the coming years and I heard offers coming from retail Registrars.

#### **Law Firms:**

They are more and more to offer to apply for a .BRAND but most sub-contract their offer to new gTLD specialists and it happens that the person you will be talking to makes vocabulary mistakes when providing consultancy services on new gTLDs: this is a bad sign. I won't list these here for the reason that they are too expensive and I believe it is just not their job (but I have an excellent name in Paris if necessary).

#### **New gTLD Consultants**

They are more and more on the market and some are really experienced: but what does "experience" mean? New gTLD Consultants can be an extra cost to your application but some really know how it works behind the scene. Some have submitted applications for their .BRAND clients, some have participated in

multiple new gTLD applications, some have created geo TLDs "all by themselves" and some have led projects for Registrars' clients. Some bla-bla a lot because they belong to working groups at ICANN while some don't even have a website but are worldwide super star for their capacity to submit applications.

New gTLD consultants have a good advice: they are able to tell you if your back-end registry is too expensive or if your law firm is fooling you, they also know "who is who" and you seriously need this if you want to avoid a bad experience: ICANN is a strange place. Some applicants really succeeded after hiring external consultants. Now, their experience includes the first Round of new gTLDs and many lessons were learnt: on the real potential of niche TLDs, on estimations, on how to fill-in certain questions of the application, on how much to gather to apply, on potential competitors, on confidentiality and what you should not say nor write, on how to take down a competitor, on the choice of submitting a generic or a community application, on the reasons why some new gTLD applicants are moving their project to another back-end Registry...

An independent consultant will be able to study your project and lead it from helping you select the right partners to selling domain names. It is an external eye I strongly recommend since applying for a new gTLD requires to work with different partners and as usual: some are good ones, some are bad ones.

### **You will hear everything that you want to hear**

Sales figures will be there and you will earn millions in the first year after your application has been delegated by the ICANN (note this can take longer than expected). There is a risk to have an objection, a GAC early warning, delays, etc... but "we now have the experience of the first Round and these risks are now very limited".

The fun thing about "Round 1" is that nothing worked the way it should have, except for a very few who, not only were already experienced, but who considered applying for a domain name extension which had a potential market and which made sense: [a club is a club](#) in many languages and there are many clubs in the world.

Many new TLDs have launched for months and have not yet reached the 1.000 registrations: do not expect to sell 100.000 new domain names in the first year of your application. This is a dream...

You can sell at a high price but it is risky; you can count on Premium domain names to generate fast cash or think your Pioneer Program will generate enough cash for you to reinvest it in your communication; you can make your domain names almost impossible to register, thinking your potential buyers will want to make the effort. We have had all these examples and lessons were learnt.

You will hear things like "we have launched dozens of TLDs for our clients" but your number one question should be: do I want to sell domain names to earn



money or do I want to launch an extension to offer a certain industry, group or market its own identity and no matter how long it takes? I believe it can take far longer than expected and launching a new gTLD comes with earning money: no sales, no visibility and vice versa. There are many ways and strategies for a first launch but you certainly do not want to launch a TLD which will end year one with less than 1.000 domain names registered. This is what is happening in Round 1 unfortunately. If you think Round 2 will be better, think twice, unless you are ready to give away domain names.

You will also hear things like "we are members of the GNSO working group" so we know what we are talking about. An ICANN insider tried to convince the French Government for the American .VIN new gTLD ("vin" means wine): look at the result today. Note that I could be wrong on this example and this would be the way in the end!

You will also hear things like "we have launched many TLDs in Round 1": look at the figures. Of course, criticizing others is easy and it is not what I am trying to do here (even if my sale figures dated 2010 on .WINE are still good). No, I want to focus on the fact that the first Round of the ICANN new gTLD program was the first Round, the approach for Round 2 should and will be different.

Did you expect so many new gTLD applicants in the first Round? No one did... applicants in particular.

### **There are things that you won't hear**

You won't hear things like these with your future partners but if you have hired a new gTLD consultant with no interest in the number of domain names sold, I suggest you ask him your partner's possible answer:

- "We launched TLDs but our figures were completely wrong";-
- "We lost clients because we forgot to explain to them that our role consisted in being a back-end Registry...only";
- "Accredited Registrars won't do it all for you";
- "We could be in conflict of interest" (note this can expose your application to problems);
- "We know about a competitor" (your partners may want to have you as a client, no matter if there is competition: the more competition and problems, the more money is required to solve them);
- "There will be an extra cost for facing an objection or a GAC Early Warning" (be careful with this one :-).

### **My advice**

Of course, I have my own experience and I can tell .WINE is a very good one:

1. [Don't tell the world](#) about your next .SEO project unless you are certain there won't be an Afilias like listening: it is what happened with .WINE;
2. Take the time to select your new gTLD service providers and don't tell a potential partner about which string (unless it is a .BRAND) you plan to submit an application for before you are certain he is the partner to work with. If a partner is not selected in the end, expect the entire industry to know about your project prior to the official publication by ICANN. Our industry is very small and NDAs guarantee nothing;
3. Do not let your back-end registry provider tell you all about it: he is the one to earn money every time you sell a domain name : he won't be the one to provide the cash for your communication, you will;
4. In any project, the rule is 50% of your budget in your communication;
5. A very personal one: I think short TLDs are better but simplicity and precision come first: I like the .INTERNATIONAL and .CONSULTING new gTLDs. What about .WED and .WEDDING? I go for .WEDDING;
6. Singular or plural? I go for singular;
7. Don't help any member of the GAC try to deal with you: run away from them unless you don't have the choice. The ICANN new gTLD applicant guidebook is a methodology provided by ICANN: stick to it and if you have a doubt with this: watch how .WINE issues are going to end;
8. If you can build your own team with experienced people you know and trust, then this is the best way;
9. A Community project started early enough with a good endorsement could make the difference in the second Round;
10. Do not enter the game with no money;
11. Be careful with nice looking Domain Name Associations: most of their members are new gTLD service providers who want one thing: your money;
12. This one is very personal: .com domain names are for domainers, the future is precision with new gTLDs.

### **Still want to apply?**

You have time in front of you, there is no hurry. Do not listen anyone tell you that 3%, even 1%, of a population will buy your new domain names because we still do not know about this and actual results show that it is not true. If you have an easy access to a specific group or industry and this industry has a relation with internet, then we may have a subject to talk about. I am interested in investing in a project in Round 2, we can talk about it.

---

By [Jean Guillon](#), New gTLDs "only".

CIRCLEID NEWSLETTER

## The Weekly Wrap

More and more professionals are choosing to publish critical posts on CircleID from all corners of the Internet industry. If you find it hard to keep up daily, consider subscribing to our weekly digest. We will provide you a convenient summary report once a week sent directly to your inbox. It's a quick and easy read.

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**VINTON CERF**

Co-designer of the TCP/IP Protocols & the Architecture of the Internet

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### COMMENTS

#### Singular or Plural

By [John Berryhill](#) - Sep 24, 2014 9:45 am PDT

*Singular or plural? I go for singular*

IMHO, there is no general rule here. Most days, I put on "pants" and "shoes", unless I'm in a hurry.

[Reply](#) | [Link](#) | [Report Problems](#)

# 1

#### Lol

By [Jean Guillon](#) - Sep 24, 2014 11:15 am PDT

It is a personal opinion really, I understand Plural too but I misunderstand both at the same time.

[Reply](#) | [Link](#) | [Report Problems](#)

# 2

#### Do you have inside information?

By [Alex Tajirian](#) - Sep 25, 2014 1:13 am PDT

Do you have inside information?

[Reply](#) | [Link](#) | [Report Problems](#)

# 3

#### What do you mean?

By [Jean Guillon](#) - Sep 25, 2014 1:17 am PDT

Inside information on what?

[Reply](#) | [Link](#) | [Report Problems](#)

# 4

#### **Inside information refers to information by "insiders"**

By [Alex Tajirian](#) - Sep 25, 2014 10:31 am PDT

Inside information refers to information by "insiders" that is not publically available and cannot be legally obtained. Without such information, a new gTLDs investor would not generate enough return to compensate for the inherent business risk.

[Reply](#) | [Link](#) | [Report Problems](#)

# 8

#### **I do.**

By [Jean Guillon](#) - Sep 25, 2014 11:03 am PDT

On .WINE, I have "a few ones"... Regarding conflicts of interest we probably all know the same things but as you state it: the legal aspect related to the publication of this info could be a problem for me. A funny article was recently published (in French) and there is an interesting Statement from Fadi Chehadé: "Un membre de notre conseil d'administration a offert à la France de réserver le «. vin», mais cette dernière nous a répondu que ce n'était pas nécessaire". It says that an ICANN Board Member offered the French Government to reserve the .VIN new gTLD but France refused: isn't this information kind of new to you? It is to me and I believe that there is a mistake in the article because if there is not, I see a serious problem in ICANN's famous transparency. The best part comes after: Fadi Chehadé explains that an American Entrepreneur submitted an application and...obtained it. Unless I missed something, I didn't know Donuts became the .VIN Registry.

Can someone confirm that so I can pick up my phone and call parties interested in Premium .VIN domains?

<http://www.lefigaro.fr/secteur/high-tech/2014/09/23/01007-20140923ARTFIG00032-un-controle-centralise-d-internet-serait-un-desastre.php>

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# 9

#### **"There are things that you won't hear"**

By [Jean William](#) - Sep 25, 2014 7:53 am PDT

#### **"We could be in conflict of interest" (note this can expose your application to problems)**

I would only add - the same question should be made to attorneys, as well.

*A great article with good points made, thank you!*

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# 5

### **Attorneys...in .WINE ?**

By [Jean Guillon](#) - Sep 25, 2014 8:25 am PDT

Actually, there is a very good one about an attorney on .WINE. I think a good project in Round 2 is to build your TLD with your own team. An external attorney can change side.

[Reply](#) | [Link](#) | [Report Problems](#)

# 6

### **Caveat Emptor**

By [Jean William](#) - Sep 25, 2014 9:15 am PDT

Thank you Jean,

I will check out the article on .WINE.

As a Small Business, we can testify that the right attorney on the right side is critical and can help keep the TLD venture focused on its mission, or lead it to ultimate failure (for a variety of reason). We have now internalized our legal team and leveraged their relations when necessary.

I wish I knew back then 5 years ago, what I clearly understand now.

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# 7

### **Huh?**

By [Adrian Kinderis](#) - Oct 01, 2014 12:33 am PDT

What makes someone a "new generic Top Level Domain specialist" exactly? How many TLD's have you run/ managed/ participated in? Is there an accreditation process?

Exactly what is the point of this blog? I'm confused?

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# 10

### **Very good question.**

By [Jean Guillon](#) - Oct 01, 2014 12:53 am PDT

A specialist is to me, a person with knowledge of the market and its players (back-end Registries, Law Firms taking applications for their clients...) and who is not making profit from selling a TLD solution in the long term. An external advice is always welcome and I seriously encourage potential applicants in Round 2 of the ICANN new gTLD program to come with questions regarding future partners and prior to investing money into one of them.

I launched .EU. The .EU is the ccTLD for the European Union and it now renews more than 3 millions domains a year. "ccTLD" stands for country

code Top-Level Domains.

Regarding my participation in TLDs, well there are a lot and I remember working on .PARIS a long time ago! I am also quite familiar with .WINE & .VIN :-)

Are you asking me if there is an accreditation process to apply for a new gTLD? (I am not sure I understand this question). If that is your question, there is one and I suggest you start [here](#).

The point of this post (but I have a blog [here](#) where you are welcome to post) is to explain that applicants in Round 2 should pay attention to what they are told.

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# 11

### What is wrong with the specialist receiving

By [Alex Tajirian](#) – Oct 01, 2014 11:41 am PDT

What is wrong with the specialist receiving an equity stake, and thus, an incentive to provide an unbiased assessment? However, such a compensation arrangement would be in conflict your criterion of someone “who is not making profit from selling a TLD solution”!

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# 12

### Gosh you got me!

By [Jean Guillon](#) – Oct 01, 2014 11:51 pm PDT

and...actually, it is what I do but most of the time it is a one shot and according to the need, I point to the correct service provider.

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# 13

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Anthony Rutkowski | Apr 27, 2020 7:26 AM PDT | Views: 7,153

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Göran Marby | Apr 22, 2020 4:16 PM PDT | Views: 4,046

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03.

**GoDaddy is paying \$218 million for Neustar's registry business**

POSTED UNDER [Domain Registrars](#)

# Survey: .Club and .Web domain names are favorites

BY ANDREW ALLEMANN — MARCH 12, 2015

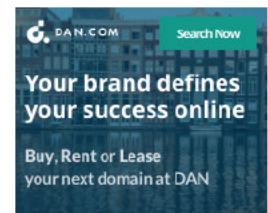
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COMMENTS

## .Club is In Da Club.

.Club is a favorite new top level domain name, according to this year's Domain Name Wire Survey.

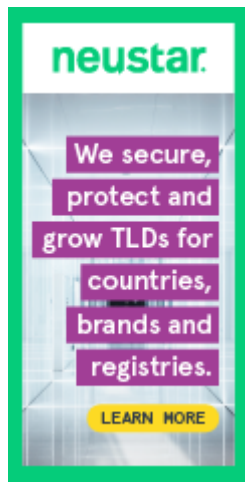
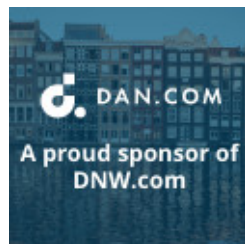
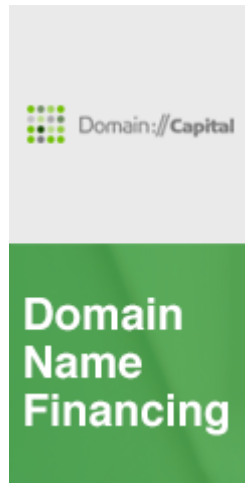
The survey asked which top new level domain name was the respondent's favorite, as well as which TLD they thought would get the most domain name registrations.



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.Club was the runaway answer to both questions. Its heavy marketing and early results (about 200,000 registrations to date) certainly put the domain top of mind.

Responses weren't limited to already-released domain names, and the unreleased .web domain name came in second on both questions. That domain might be a year or two away from availability.

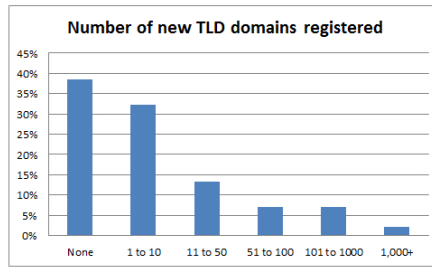
Third place was distant, with a handful of votes for .app, .nyc and .xyz.

Respondents were asked how many domain names, on average, they expect each new TLD to have after one year of availability. The median response was 10,000.

The majority of people who took the survey have registered at least one domain name under the new TLDs, and a handful have registered over 100:

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- 1. **.Club: An unprecedented look at a new TLD's financials**
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 Comments

Tags: .club, .web, new tlds, topstory

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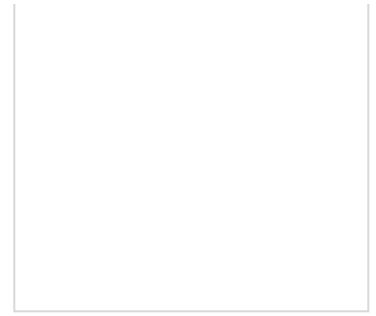
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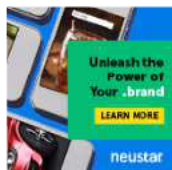


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- Google launches .meet gTLD after Meet service goes free during lockdown
- Aussie ccTLD surges under coronavirus lockdown

## You might be surprised how many new gTLDs have changed hands already

Kevin Murphy, July 1, 2015, 16:15:05 (UTC), Domain Registries

**At least 86 new gTLD registry contracts have changed hands since the end of 2013, I have discovered.**

ICANN calls the transfer of a Registry Agreement from one company to another an "assignment". Global Domains Division staff said in Buenos Aires last week that it's one of the more complex and time-consuming tasks they have to perform.

So I thought I'd do a count, and I discovered some interesting stuff.

### Donuts/Rightside

The biggest beneficiary of incoming assignments so far is of course Rightside, aka United TLD Holdco, which has so far taken over 23 of the gTLDs applied for by Donuts.

The two companies have had an agreement since the start that allows Rightside to take on as many as 107 of Donuts' original 307 applications.

Interestingly, Rightside sold .fan to AsiaMix Digital after Donuts had transferred the gTLD to it.

### Amazon

We also discover that Amazon is repatriating its gTLD contracts en masse.

So far, 21 gTLDs applied for by Amazon EU Sarl — the Luxembourg-based company Amazon uses to dodge tax in other European countries — have been transferred to US-based Amazon Registry Services Inc.

Amazon EU has made money losing new gTLD auctions.

Given the company's usual MO, I have to wonder whether Amazon Registry Services, under the US tax regime, plans to make any money at all from its new raft of gTLDs.

### Subsidiary changes

Speaking of tax, four gTLDs associated with the Hong Kong-based Zodiac group of applicants have been transferred to new Cayman Islands companies with similar names.

A bunch of the other assignments appear to be registries shifting contracts between various subsidiaries.

Spring Break redux! ICANN picks Cancun for 2023 meeting

ICANN's .org decision was NOT unanimous, and it was made in secret

Donuts kicks down .place fences after attempt at innovation

.org sale officially dead

Afilias promotes .vote domains amid US vote-by-mail controversy

After Zoom trolling, ICANN 68 will be password-protected

Despite Brexit, .eu actually returned to growth in Q1

ICANN whistleblower expects to be fired after alleging budget irregularities, bugged meetings

Portugal ccTLD says growth better than expected during pandemic

The .org deal may be dead and buried, but calls remain for PIR to lose its contract

"Dangerous precedent" as ICANN rejects \$1.13 billion .org buyout

ICANN may scrap its \$0.18 reg tax in coronavirus "solidarity"

Domain industry likely to suffer from coronavirus as ICANN slashes budget by 8%

Decision on .org deal may come sooner than you think

ICANN meeting got "Zoombomb" with offensive material

CentralNic does not expect big coronavirus impact as it posts almost-doubled revenue for 2019

Verisign expects to sell fewer domains because of coronavirus

Coronavirus lockdown is working out great for at least one registry

Coronavirus could cause "high risk of widespread outages", ICANN says

Free domains registrar gets FOURTH breach notice

Four more dot-brands join the gTLD deadpool

As ICANN meets to decide .org's fate, California AG says billion-dollar deal must be rejected

Whois privacy talks in Bizarro World as governments and trademark owners urge coronavirus delay

GoDaddy signs up 30 partners to lockdown-era marketing scheme

Kuala Lumpur meeting cancelled and ICANN 68 could be even trickier online

IG Group, a large UK derivatives trader, has assigned seven gTLDs (such as .forex, .markets and .spreadbetting) to newly created UK subsidiaries, for example.

Also, Ireland-based Afilias transferred the .green RA to a new Irish subsidiary, while Germany-based .srl applicant mySRL has sent its contract to a Florida-based sister company from the InternetX stable.

There are several other example of this kind of activity.

### Actual acquisitions

As best as I can tell, there have been only eight actual post-contracting acquisitions so far: .trust, .fan, .meet, .reise, .xn--ses554g, .rent, .theatre, and .protection.

The only one of those I didn't know about — and haven't seen reported anywhere — was .meet, which Afilias seems to have sold to Google back in February.

It should be noted that while I've counted 86 assignments, I may have missed some. At least one — XYZ.com's acquisition of .security from Symantec, does not appear have been completed yet, judging by ICANN's web site.

Related posts (automatically generated):

[Generics versus brands as two more gTLDs are sold](#)

[Donuts snatches four new gTLDs at auction, beating Amazon to .video](#)

[Eight more new gTLDs delegated](#)

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Tagged: .meet, acquisitions, ICANN, new gTLDs

### COMMENTS (3)

**Acro**

July 1, 2015 at 4:26 pm

Great research! Such "behind the scenes" transactions generate extra millions in capital shifting.

[Reply](#)

**Ruben Couto**

July 2, 2015 at 11:25 am

Interesting info!

[Reply](#)

**Joseph Peterson**

July 6, 2015 at 1:08 am

Thanks for doing that digging, Kevin. My own to-do list just got 1 item shorter.

It would be interesting to identify nTLDs in advance – the isolated registries or registry applicants – that seem poised or vulnerable for buyout.

That way, we'd have a hypothetical picture of the future consolidated nTLD landscape.

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Dan:

This seems like a SSAD state of affairs (had to be done...) Is there any precedence for ICANNs roll being expanded via... [read more](#)

Theo Geurts:

Reminds me somewhat of the case of Microsoft Ireland vs the US DOJ  
[https://en.wikipedia.org/wiki/Microsoft\\_Corp.\\_v.\\_Uni...](https://en.wikipedia.org/wiki/Microsoft_Corp._v._Uni...) [read more](#)

Volker:

The new domain honestly looks like alphabet soup. Who is going to remember that string. The earlier one was better, alth... [read more](#)

Konstantinos Zournas:

LOL! Nice one... They tried to "fix" it and brought more attention to it... [read more](#)

gpmgroup:

The problem is the very flawed agreement between ICANN and its contracted new gTLD registries being foisted on legacy gT... [read more](#)

Jean Guillon:

FairWinds Partners, which offers the same kind of Corporate domain name management services (including new gTLDs) operat... [read more](#)

Bob Banker:

It was a bank error. They agreed to not go public with the "error" after further investigation.... [read more](#)

convergence:

leading edge... [read more](#)

Voice Acting:

If you are sitting around all day at home, "Hey, I want to start a business! Let me buy a domain name."... [read more](#)

Kyle-K:

Makes you wonder how much this was helped along by the promotional giveaway done by one of the largest registrars in Aus... [read more](#)

parse:

Moroccan Dirham... [read more](#)

Dan:

Have any examples of supposed "innovation" in the new gTLD space actually panned out?... [read more](#)

John:

Excluding all forms of competition is a violation of US competition laws. ICANN's agreement with the registry operators... [read more](#)

gpmgroup:



Five SAFE ways to buy and sell domains during the coronavirus pandemic

To show new focus on registry, Uniregistry dumps "registry" from its brand. Um

No ICANN tax relief for Chinese registrars

ICANN declares coronavirus a "natural disaster" to protect expired domains

Ethos clarifies org price rises, promises to reveal number of censored domains

End of the road for Neustar as GoDaddy U-turns again and buys out its registry biz

ICANN to consider cancelling ICANN 68 tomorrow

Coronavirus: more delay and free domains for gay

CentralNic seeing no impact from coronavirus

ICANN expects "significant" budget impact from coronavirus

ICANN's number two Cyrus Namazi quits. Probably due to sexual discrimination claims.

ICANN grants Verisign its price increases, of course

ALL .za domains have to link to government coronavirus web site

Namecheap and others banning coronavirus domains

Go here to help fight against coronavirus abuse

As it releases free download, DomainTools says 68,000 dangerous coronavirus domains have been registered

No .com price increases this year. Thanks, coronavirus!

US officials gunning for coronavirus domains

Nominet to intercept dangerous coronavirus domains

An open question to the domain name industry about coronavirus

US senators tell ICANN to reject org deal

More ICANN events cancelled for May

More domain industry response to coronavirus

org decision delayed another month

Delay org deal because of coronavirus? Gimme a break

Not every coronavirus domain registrant is a douchebag

Roundup: domain industry starts to respond to coronavirus pandemic

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Every one in ICANN knows (or should know) that domains are not substitutable the cost to move i.e. design, stationery, s... [read more](#)

Mark Thorpe: ICANN never walks a straight line and tells the whole truth, so them saying the entire Board stands by this decision, bu... [read more](#)

John: Where are the statements from the other ICANN board members? Who attended these secret meetings? Jones Day and JJ li... [read more](#)

Avri Doria: I have not worked for either P R or Donuts, or any other contracted party, since before I joined the Board. This was a p... [read more](#)

DomainBoss: Hundreds of thousands a year in huge salaries and fun at public expense. Then these guys have the nerve to call ICANN... [read more](#)

DomainBoss: I am just glad that this Anti-Public deal was finally rejected. ICANN has done first good thing in their entire exis... [read more](#)

DomainBoss: There is hardly any place for place TLD in domaining as new GTDs like these are failing more and more.... [read more](#)

DomainBoss: It is ICANN's moral and ethical duty to transfer the control of .ORG registry away from disgraced ISOC/PIR combo to anot... [read more](#)

Mogreen: Hmmmm - wonder why Avri Doria voted in favor of the sale Avri Doria is a research consultant. Her professional activit... [read more](#)

John: So Jon Nevett is telling everyone "P R is no longer for sale to any other party" If that was the case - why did Jon N... [read more](#)

Jack: .org now needs a new steward. PIR doesn't care at all about org registrants and was willing to throw all non profits... [read more](#)

Rob: If I were PIR, I would raise prices for a .org to \$ 19.99 immediately. ISOC lost out on a huge endowment fund. The... [read more](#)

Chris Bell: Surely at an internet convention the name given to us at birth is our fake name, while the name we made up ourselves is ... [read more](#)

Theo Geurts: Since ICANN participation is open to everyone and their dog, anyone can apply to a WG or a public session or IRT. Settin... [read more](#)

Steve GOBIN: LOL... [read more](#)

Owen: The earliest reference re: government ID I could find was ICANN61: "All attendees will be required to present valid gove... [read more](#)

John: Given the nature of these allegations, I find it concerning ICANN does not show this particular request on their website... [read more](#)

John: Why was this particular request not published on ICANN's DIDP Requests and Responses" page? How many other requests t... [read more](#)

lifesavings.online: Vaguely related: President Trump is using http //share.djt.app to promote campaign. t forwards to his com but that ... [read more](#)

Owen: ICANN started requiring government IDs to obtain name badges several years ago- perhaps it was ICANN57 in Hyderabad?... [read more](#)

Alfonso Bedoya:



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Ethos volunteers for .org pricing handoffs

Yup. ICANN cancelled Cancun

The Queen has beef with Prince Harry's domain name

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Verisign shits on domainers, again

9,000 people tell ICANN they don't want .com price increases. Here's what some of them said

Covid-19: t's official, domainers are faster than journalists

ICA will help you support .com price increases (but doesn't want you to)

gay hires pop star equality campaigner as spokesperson

Watch: climate change denier on why she trusts .org more than .com

Ethos' .org pricing promise may be misleading

Hacking claims resurface as .hotel losers force ICANN to lawyer up again

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Possibly the strangest new gTLD acquisition yet

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"The only reason the D DP (pdf) is in the public domain at all is that Sudowski copied it to the mailing list of the Emp... [read more](#)

David:  
Do it with any other termination but not .Com .Net .Org They shouldn't be a privatization for them.... [read more](#)

Rubens Kuhl:  
I was sure it was a rick-roll, but I was wrong.... [read more](#)

Antony Van Couvering:  
Oh, the ironies... Some may recall that ICANN was set up in response to another Internet governance effort, the gTLD-... [read more](#)

Brad Mugford:  
No, the "dangerous precedent" was handing over a legacy extension to a brand new private equity company with no track re... [read more](#)

John Berryhill:  
Here: <https://www.youtube.com/watch?v=UO1T9dkWCL8...> [read more](#)

Rubens Kuhl:  
Where can I find the Ethos statement in full ?... [read more](#)

Domenclature com:  
Ouch!... [read more](#)

John Berryhill:  
The full Ethos statement is much better than the excerpt above, especially the part about "wicked thieving Hobbitses ste... [read more](#)

Chris Bell:  
Both ICANN and the Attorney General did the right thing, by defending the interests of the registrants eventually. I... [read more](#)

Mark Thorpe:  
"Ethos responded angrily almost immediately" No one feels bad for you.... [read more](#)

Konstantinos Zournas:  
Yeah, I forgot to include Michele Neylon to my list of useful idiots... Sorry about this. <https://onlinedomain.com/2...> [read more](#)

Ciera Hutson:  
Wow. This article. It's just wrong- let me count the ways..... [read more](#)

Andrew:  
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Richard Funden:  
By Gabthars hammer, what a savings!... [read more](#)

Jack:  
The .ORG deal is DEAD. Otherwise ICANN will be smashed by the California Attorney General and it's the last (bad) dec... [read more](#)

Mark Thorpe:  
The .ORG deal should already be rejected by now!... [read more](#)

Samit:  
I'll be extremely surprised if the sale doesn't go through. Public comment and objections are being ignored for every... [read more](#)

Bub:  
Not sure domain investors are opposed to Ethos. But a slew of major nonprofits, some senior and respected politicians, t... [read more](#)

Brad Mugford:  
A better show of "solidarity" would be for ICANN to side with the vast majority of stakeholders and quit making decision... [read more](#)

Konstantinos Zournas:  
Yes, let's look at the \$30-40 million and leave the \$2-3 billion untouched.... [read more](#)

Brad Mugford:  
Looks like ICANN might need more shady kickbacks, like in the Verisign .COM extension... Brad... [read more](#)

Michiel Henneke:  
As the author of the original piece I'd like to add: most entrepreneurs going online now are working local, regional or ... [read more](#)

Ron Andruff:

Is the co rebid biased toward Afilias? Yeah, kinda  
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My personal view, from experience and observation: This action (resign before your fired) was LOOOOONNNNGGG over due. Th... [read more](#)

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So you're saying that someone who is now working out of their home due to this pandemic situation can't acquire an expir... [read more](#)

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Because that's the foreseen moment to exit and cash out.... [read more](#)

page howe:  
hmm im not sure the harm to a possible potential new owner will compare to the loss of long time names to current owners... [read more](#)

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This is hilarious... thanks for sharing!... [read more](#)

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Late for April Fool's but love it.... [read more](#)

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But that happened more than a month ago!  
<https://domaingang.com/domain-news/unr-com-is-the-new-uni/>... [read more](#)

Jovenet Consulting:  
Something is for sure: they're coming with a BRAND new gTLD offer for Round 2 (at least). Good point, there's space for... [read more](#)

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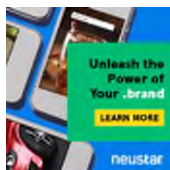
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# **EXHIBIT AC-64**

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**Afilias wants to buy your failed gTLD**

Kevin Murphy, July 7, 2015, 17:55:12 (UTC), Domain Registries

**Afilias is on an overt campaign to snap up struggling new gTLDs at bargain basement prices.**

"In the neighborhood of a dozen" gTLD operators responded seriously to Afilias' booth at last month's ICANN meeting in Buenos Aires, (pictured), Afilias chief marketing officer Ronald LaPante told Domain Incite in an interview today.

The company could potentially buy up tens of gTLDs over the coming year, LaPante said.

"If a lot of these 500 struggles with less than 5,000 names in them start looking for a new owner, it's going to be a pretty active marketplace," he said.



"There are entrants in the market who either have found the markets not as they expected, or results are not what they need, or for whatever other reason they're coming to the conclusion that this isn't the business they should be in and they're looking for

options," LaPante said.

"There's been a cold splash of water in the face for a lot of people who didn't expect it, they're struggling with their very low revenues compared to what they might have expected," he said. "They're likely to be looking for options."

Afilias would be happy to take these contracts off the current owners' hands, for the right price.

"Frankly, we're not going to be paying huge prices for them," LaPante.

"We've run into a number of folks who still have fairly inflated opinions of what the struggling is worth," he said. "Some of these struggles are attractive, but they're going to need a lot more time to mature."

Afilias believes that the economies of scale it already has in place would enable it to turn a profit at a much lower registration volume, perhaps under 50,000 names, and that it has the

After Zoom trolling, CANN 68 will be password-protected

Despite Brexit, .eu actually returned to growth in Q1

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The .org deal may be dead and buried, but calls remain for P R to lose its contract

"Dangerous precedent" as CANN rejects \$1.13 billion .org buyout

CANN may scrap its \$0.18 reg tax in coronavirus "solidarity"

Domain industry likely to suffer from coronavirus as CANN slashes budget by 8%

Decision on .org deal may come sooner than you think

CANN meeting got "Zoombombed" with offensive material

CentralNic does not expect big coronavirus impact as it posts almost-doubled revenue for 2019

Verisign expects to sell fewer domains because of coronavirus

Coronavirus lockdown is working out great for at least one registry

Coronavirus could cause "high risk of widespread outages", CANN says

Free domains registrar gets FOURTH breach notice

Four more dot-brands join the gTLD deadpool

As CANN meets to decide .org's fate, California AG says billion-dollar deal must be rejected

Whois privacy talks in Bizarro World as governments and trademark owners urge coronavirus delay

GoDaddy signs up 30 partners to lockdown-era marketing scheme

Kuala Lumpur meeting cancelled and CANN 68 could be even trickier online

Five SAFE ways to buy and sell domains during the coronavirus pandemic

To show new focus on registry, Uniregistry dumps "registry" from its brand. Um...

No CANN tax relief for Chinese registrars

CANN declares coronavirus a "natural disaster" to protect expired domains

Ethos clarifies .org price rises, promises to reveal

patience and financial strength to wait for transactions to hit those volumes.

"We're very conservative in our volume estimates," LaPante said.

Afilias currently has 26 new gTLDs as back-end and 13 as contracted registry operator.

The company's basic approach for acquisitions where the seller's ongoing maintenance might be the Emergency Back-End Registry Operator, and where the fees associated with an auction might be a bit too rich.

When LaPante jokingly compared the proposal to the "We Buy Any Car" business model, he admitted that some registrars are less attractive than others.

gTLDs without restrictions or monitoring would be treated with much more caution — Afilias was not interested in .h.v, which failed to sell at auction recently, for example — and would be skeptical about registrars that have given away large numbers of free domains.

"We'd like to pick up strings that have good potential for a profitable amount of volume," he said.

Afilias quietly so did meet to Google earlier this year, but LaPante denied that Afilias is in the business of flipping gTLDs. When he could not get into details, he said the meeting deal was a "spec case".

As we discovered last week, [at least eight new gTLDs have changed ownership since signing the registry contracts](#). A few others have been acquired pre-contracting.

Related posts (automatically generated)

[Afilias to apply for Chinese .info](#)

[Afilias dumps .mail bid, and three other new gTLD withdrawals](#)

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## COMMENTS (4)

**Jon Nevett**

July 7, 2015 at 6:12 pm

Afilias isn't alone

[Reply](#)

**Adrian Kinderis**

July 7, 2015 at 11:57 pm

We'll buy your back end service provider

[Reply](#)

**Kevin Murphy**

July 8, 2015 at 1:08 am

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**Voice Acting**

If you are sitting around all day at home, "Hey, I want to start a business. Let me buy a domain name."... [read more](#)

**Kyle-K**

Makes you wonder how much this was helped along by the promotional giveaway done by one of the largest registrars in Aus... [read more](#)

**parse**

Moroccan Dirham... [read more](#)

**Dan**

Have any examples of supposed "innovation" in the new gTLD space actually panned out?... [read more](#)

**John**

Excluding all forms of competition is a violation of US competition laws. CANN's agreement with the registry operators... [read more](#)

**gpmgroup**

Every one in CANN knows (or should know) that domains are not substitutable the cost to move i.e. design, stationery, s... [read more](#)

**Mark Thorpe**

CANN never walks a straight line and tells the whole truth, so them saying the entire Board stands by this decision, bu... [read more](#)

**John**

Where are the statements from the other CANN board members? Who attended these secret meetings? Jones Day and JJ li... [read more](#)

**Avri Doria**

I have not worked for either P R or Donuts, or any other contracted party, since before I joined the Board. This was a p... [read more](#)

**DomainBoss**

Hundreds of thousands a year in huge salaries and fun at public expense. Then these guys have the nerve to call CANN... [read more](#)

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I am just glad that this Anti-Public deal was finally rejected. CANN has done first good thing in their entire exist... [read more](#)

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- [Delay .org deal because of... coronavirus? Gimme a break](#)
- [Not every coronavirus domain registrant is a douchebag](#)
- [Roundup domain industry starts to respond to coronavirus pandemic](#)
- [At CANN 67, nobody knew you're a dog](#)
- [GoDaddy cancels in-person investor day over coronavirus fears](#)
- [WE'RE ALL GONNA DIE in other news, CANN 67 was... "muted"](#)
- [Facebook WILL sue more registrars for cybersquatting](#)
- [CANN chair "all options open" on .org deal](#)

AR is interested in buying Afilias?

[Reply](#)

**Rubens Kuhl**

July 8, 2015 at 1 22 am

Actually, I thought some company from India would buy AR as it's now based there <https://www.ariservices.com/news-AR-%20opens-%20new-%20office-%20in-%20india-%20to-%20cut-%20costs.php>

[Reply](#)

**ADD YOUR COMMENT**

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It is CANN's moral and ethical duty to transfer the control of .ORG registry away from disgraced SOC/P R combo to another... [read more](#)

[Mogreen](#)

Hmmm - wonder why Avri Doria voted in favor of the sale Avri Doria is a research consultant. Her professional activities... [read more](#)

[John](#)

So Jon Nevett is telling everyone "P R is no longer for sale to any other party" if that was the case - why did Jon N... [read more](#)

[Jack](#)

.org now needs a new steward. P R doesn't care at all about .org registrants and was willing to throw all non profits... [read more](#)

[Rob](#)

If we were P R, we would raise prices for a .org to \$ 19.99 immediately. SOC lost out on a huge endowment fund. The... [read more](#)

[Chris Bell](#)

Surely at an internet convention the name given to us at birth is our fake name, while the name we made up ourselves is ... [read more](#)

[Theo Geurts](#)

Since CANN participation is open to everyone and their dog, anyone can apply to a WG or a public session or RT. Settling... [read more](#)

[Steve GOB N](#)

LOL... [read more](#)

[Owen](#)

The earliest reference re government D could find was CANN61 "All attendees will be required to present valid gov... [read more](#)

[John](#)

Given the nature of these allegations, find it concerning CANN does not show this particular request on their website... [read more](#)

[John](#)

Why was this particular request not published on CANN's D DP Requests and Responses" page? How many other requests t... [read more](#)

[lifesavings.online](#)

Vaguely related President Trump is using http://share.djt.app to promote campaign. I forwards to his .com but that ... [read more](#)

[Owen](#)

CANN started requiring government Ds to obtain name badges several years ago- perhaps it was CANN57 in Hyderabad?... [read more](#)

[Alfonso Bedoya](#)

"The only reason the D DP (pdf) is in the public domain at all is that Sudowski copied it to the mailing list of the Emp... [read more](#)

[David](#)

Do it with any other termination but not .Com .Net .Org They shouldn't be a privatization for them.... [read more](#)

[Rubens Kuhl](#)

was sure it was a rick-roll, but I was wrong.... [read more](#)

[Antony Van Couvering](#)

Oh, the ironies... Some may recall that CANN was set up in response to another internet governance effort, the gTLD-... [read more](#)

[Brad Mugford](#)

No, the "dangerous precedent" was handing over a legacy extension to a brand new private equity company with no track re... [read more](#)

[John Berryhill](#)

Here <https://www.youtube.com/watch?v=UO1T9dkWCL8...> [read more](#)

[Rubens Kuhl](#)

Where can I find the Ethos statement in full?... [read more](#)

[Domenclature.com](#)

Ouch ... [read more](#)

[John Berryhill](#)

The full Ethos statement is much better than the excerpt above, especially the part about "wicked thieving Hobbitese ste... [read more](#)

[Chris Bell](#)



Could .org debate bring back the glory days of CANN public forums?

The latest industry C-suite musical chairs

Poblete to replace Disspain on CANN board

Chinese registrars ask CANN to waive fees due to Coronavirus

Most languages won't be available at CANN 67

Domain incite turns 10 today. What the fuck have done with my life?

Ethos volunteers for .org pricing handcuffs

Yup. CANN cancelled Cancun

The Queen has beef with Prince Harry's domain name

CANN wants to take your temperature before letting you into CANN 67

CANN might cancel Spring Break over Covid-19 fears

Verisign shits on domainers, again

9,000 people tell CANN they don't want .com price increases. Here's what some of them said

Covid-19 t's official, domainers are faster than journalists

CA will help you support .com price increases (but doesn't want you to)

.gay hires pop star equality campaigner as spokesperson

Watch climate change denier on why she trusts .org more than .com

Ethos' .org pricing promise may be misleading

Hacking claims resurface as .hotel losers force CANN to lawyer up again

CANN refuses to release more info on .org deal

Possibly the strangest new gTLD acquisition yet

California .org probe — existential crisis or blessed relief for CANN?

As Cancun looms, CANN bans China travel because of Coronavirus

XYZ expands gTLD stable as L'Oreal exits the domain game

s the .co rebid biased toward Afilias? Yeah, kinda

Amazon governments vow revenge for "illegal and unjust" CANN decision on .amazon

SaveDotOrg to protest outside CANN HQ. #lol

Ten years ago predicted Oscar winners wanted a .movie gTLD. Was right?

Both CANN and the Attorney General did the right thing, by defending the interests of the registrants eventually. ... [read more](#)

**Mark Thorpe**  
"Ethos responded angrily almost immediately" No one feels bad for you.... [read more](#)

**Konstantinos Zournas**  
Yeah, forgot to include Michele Neylon to my list of useful idiots... Sorry about this. <https://onlinedomain.com/2...> [read more](#)

**Ciera Hutson**  
Wow. This article. t's just wrong- let me count the ways..... [read more](#)

**Andrew**  
Which one company in the world will benefit the most from this rebate ? Yes the same company asking for it (Godaddy... [read more](#)

**Richard Funden**  
By Gabthars hammer, what a savings ... [read more](#)

**Jack**  
The .ORG deal is DEAD. Otherwise CANN will be smashed by the California Attorney General and it's the last (bad) dec... [read more](#)

**Mark Thorpe**  
The .ORG deal should already be rejected by now ... [read more](#)

**Samit**  
I'll be extremely surprised if the sale doesn't go through. Public comment and objections are being ignored for every... [read more](#)

**Bub**  
Not sure domain investors are opposed to Ethos. But a slew of major nonprofits, some senior and respected politicians, t... [read more](#)

**Brad Mugford**  
A better show of "solidarity" would be for CANN to side with the vast majority of stakeholders and quit making decision... [read more](#)

**Konstantinos Zournas**  
Yes, let's look at the \$30-40 million and leave the \$2-3 billion untouched.... [read more](#)

**Brad Mugford**  
Looks like CANN might need more shady kickbacks, like in the Verisign .COM extension... Brad... [read more](#)

**Michiel Henneke**  
As the author of the original piece 'd like to add most entrepreneurs going online now are working local, regional or ... [read more](#)

**Ron Andruff**  
My personal view, from experience and observation This action (resign before your fired) was LOOOOONNNNGGG over due. Th... [read more](#)

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**Konstantinos Zournas**



CANN gets a new European chief  
New CEO to step into the lion's den at auDA  
Secrets of the .org deal revealed, but much info remains private  
Registrar terminated after what looks like domain hijacking  
NamesCon publishes full agenda for debut Austin conference  
.gay prices and availability revealed as registry promises to give 20% of revenue to charity  
Now .org critics actually want to take over the registry, blocking billion-dollar sale  
Verisign pays CANN \$20 million and gets to raise .com prices again  
CANN predicts shrinkage in new gTLD sector  
ASO uses super powers to demand CANN turn over .org buyout docs  
Now P R rubbishes .org "downtime" claims  
D Leaders Roundtable #4 — Big predictions for 2020  
Afilias denies .org will go down post-acquisition  
Palestine to release all one-character .ps domains, at a price  
P R thinks 20-year domain regs are a good idea  
Amazon beats South America Dot-brand contracts now signed  
Q3 industry growth driven by .tk, .com and .icu  
CANN throws out second .org appeal, so URS stays  
Warning (or threat?) prices must go up or .org will suffer DAYS of downtime  
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Guy gets 14 years for trying to steal a domain with a gun  
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**Green Jobs**  
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**Adam**  
Late for April Fool's but love it.... [read more](#)  
**Acro**  
But that happened more than a month ago  
<https://domaingang.com/domain-news/unr-com-is-the-new-un/>... [read more](#)  
**Jovenet Consulting**  
Something is for sure they're coming with a .BRAND new gTLD offer for Round 2 (at least). Good point, there's space for... [read more](#)  
**John**  
Why are price caps only in place for 7 years and not the full term of the contract? This makes no sense ... [read more](#)  
**Mark Thorpe**  
Reject the .ORG deal CANN and Goran Marby. Do the right thing for once ... [read more](#)  
**Mike**  
Did they sell it to the mafia, shakedowns online? There are thousands of extensions, extortion of existing .orgs esta... [read more](#)  
**John**  
What happens after 7 years? Ethos will be able to raise the price of each domain to \$85.00 USD or \$100.00 USD? There... [read more](#)  
**John**  
Take a step back for a second - what is the justification for doubling .Org fees over the next 7 years? Why such a dram... [read more](#)  
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Nobody want their 10% per year increase. Are they nuts ? \$19.35 for a .ORG in 2026 and then the sky is the limit, why ... [read more](#)  
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This provision doesn't make sense since it get's in the way of people who may have lost their job and need to start a ne... [read more](#)  
**Camino**  
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As pricey .new launches,  
Google reveals first set of  
big-name users including  
rapper Drake

Three more dot-brands  
fizzle out. Total now 69,  
dudes

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about .org's history bogus?

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Governments kill off another  
gTLD bid

Four big developments in  
the .org pricing scandal

D Leaders Roundtable #3  
— What did you think of  
CANN 66?

Petition launched to  
fight .org deal

CANN board meets to  
consider P R acquisition  
TODAY

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# **EXHIBIT AC-65**



## Expert roundup: What's next for the new TLDs in 2016?

2016-01-04

Happy new year! Looking back at 2015 it was an exciting year for the new top level domains (TLDs) such as .club, .link and .london. We reached 11M domain registrations, hundreds of new TLDs were released, celebrities and businesses adopted these new web addresses and the aftermarket sales increased. It can be discussed whether the new domain extensions had their break-through year. Personally I think there was immense progress on 2014, when it comes to awareness and usage, but I'm sure that there is a lot more to come. So what will happen with the new TLDs in 2016?

### **16 industry experts discuss the new TLDs in 2016**

This post will try to answer the question. We asked 16 leading industry experts to share their predictions for what's to come. We delve into various topics from the boom in the Chinese domain market to the development (or lack of) of the dot brands.

We got some great answers from a wide area of expertise ranging from representatives from the new TLD registries (Donuts, Neustar, Rightside, DotClub, DotBuzz, Dot Ski, Dot Tickets, nic.br), domain registrars (101Domain, Blacknight Solutions), domain investors (Konstantinos Zournas) and consultants in the fields of domain names, branding and SEO (Bill Hartzler, Joseph Peterson, Jean Guillon, Kathy Nielsen, Christa Taylor).

## The experts' seven new tld topics for 2016

Seven big topics were identified during the conversations. You can check some of the best quotes in the following infographic. In the following I have extracted some of the many quotes to give you an easy overview. For an in depth analysis of all the topics read the full interviews after this section.

# What's next for the new TLDs in 2016?

## WHAT'S NEXT FOR THE NEW TLDs IN 2016?



QUOTES BY 16 DOMAIN INDUSTRY INSIDERS

### +500

+500 new top level domains launched since 2013 incl. .club, .london and .golf.

### 11 Million

11M domain registrations until end 2015. That's **one every five seconds.**



### ACQUISITIONS



"Most new TLDs have unsupportable business models and economics, and we will see the first wave of consolidation"

*Gary Fisher, Accent Media*



"I anticipate additional consolidation in the domain name industry"

*Mason Cole, Donuts Inc.*



### NEW TLD LAUNCHES



"Highly contended new TLDs should enter general availability during 2016"

*Michele Neylon, Blacknight Solutions*



"I'm on record as saying that .web will be a great new gTLD...My prediction for the top release in 2016"

*Joe Alagna, 101domain.com*



"The New gTLD program is about more options and better left.right combinations. I would prefer credit.cards over creditcards.web any day of the year"

*Konstantinos Zournas, OnlineDomain.com*



### DOT BRANDS





"No brand has yet truly stepped up and embraced their .Brand web address...I'll stick my neck out and predict that in 2016 we'll finally see that happen"

*Jeff Sass, .CLUB Domains*



"In 2016, Google will move from google.com to search.google. From gmail.com to mail.google. calendar.google.com to calendar.google"

*Sean Ottey, Rightside*

The  
Chinese  
Domain Market

## THE CHINESE DOMAIN MARKET



"Aftermarket prices for domains in China will reach a plateau or even correct downward at some point during 2016...New TLDs will be hit much harder than established extensions"

*Joseph Peterson*



"...All of a sudden Chinese investors get all interested in a TLD, and not because of specific business development targeted at China"

*Rubens Kuhl, nic.br*

MARKETING



AWARENESS

## MARKETING AND AWARENESS



"In 2016, I strongly believe we will start to see ads using new domain names in the street of Europe"

*Jean Guillon, Jovenet Consulting*



"New gTLDs that bundle additional services such as an 'easy setup' website will boost traction while cultivating further growth"

*Christa Taylor, DotTBA*



"Some of the industry will be shifting to a more commercial focus from the previously held policy and technical concerns"

*Tony Kirsch, Neustar*



"New models will emerge and gain traction, more specific and targeted to the industries and niches they represent"

*Kathy Nielsen, DigitalStrategies.Marketing*

NEXT  
ROUND

## NEXT ROUND



"We still won't know when round 2 will begin"

*Rob Rozicki, Dot Ski*

THE  
NUMBERS  
GAME

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## THE NUMBERS GAME



"I could easily see us reaching the 25M registrations in 2016"

*Bill Hartzler, Globe Runner*



"New top level domain registrations soar toward 100 million as mass brand adoption, development and education efforts gain traction"

*Bill Doshier, DotStrategy*

## 1. Acquisitions in the domain industry

In 2015 we started to see the industry consolidate with a couple of huge acquisitions: Afilias bought 101Domain, Neustar acquired AusRegistry and CentralNic took over Instra. The experts agree: "Expect more deals in 2016". "In 2016 I suspect we'll see one or two new TLD registries fail and be acquired by either one of the portfolio applicants or a big backend operator such as Afilias or Neustar" (Michele Neylon). "Verisign will start buying new gTLD registries" (Rob Rozicki). "Most new TLDs have unsupportable business models and economics, and we will see the first wave of consolidation as registries start going bust and getting snapped up by the stronger players" (Gary Fisher). "I anticipate additional consolidation in the domain name industry" (Mason Cole). "In 2016, industry consolidation occurs through numerous registry acquisitions" (Bill Doshier).

## 2. New TLD launches

We're still waiting for some of the most anticipated TLDs: .shop, .blog, .app, .web.... They will appear in 2016 according to the experts. Especially .web has been followed with interest, since this is Rick "The Domain King" Schwarz' favourite in the new TLD space.

"Highly contended new TLDs should enter general availability during 2016" (Michele Neylon). "I believe remaining gTLDs in contention will sell for record amounts" (Mason Cole). "I'm on record as saying that .web will be a great new gTLD, so I suppose I should stick with that as my prediction for top release in 2016" (Joe Alagna). ".Web is a good extension but the future of New gTLDs does not depend on .web and .web is not going to be a game changer...The New gTLD program is about more options and better left.right combinations. I would prefer credit.cards over creditcards.web any day of the year" (Konstantinos Zourna

## 3. The future of Dot Brands

Barclays Bank went all-in and skipped their .com for Dot Brand in 2015. They can now be found at Home.Barclays. There were small bleeps from other dot brand owners, but nothing as significant. Will 2016 be the year of Dot Brand? Answers were very disperse, but many believed that something big will happen. "Many of the big brands finally unveil more public uses of their extensions and it'll be fun to see what they come up with" (Michele Neylon). "No brand has yet truly stepped up and embraced their .Brand web address as a highly visible call to action in major ad campaign. That's the move that has the potential to be a real "twerking moment" for our industry, and I'll stick my neck out and predict that in 2016 we'll finally see that happen" (Jeffrey Sass). "I predict we'll see a greater volume of brands moving to use their TLDs as they recognise the value of owning their own digital ecosystem" (Tony Kirsch). "I think that you'll see many more sites go live with .brands as their marketing departments catch up to the value of short, catchy

domains for landing pages and campaigns" (Rob Rozicky). "I suspect that we'll see at least two dozen launch their Dot Brand TLDs during 2016" (Bill Doshier). "Luxury trademarks who invested so much money in their .BRAND will "wake up" and start to demonstrate their capacity to innovate using their new domain names" (Jean Guillon). "In 2016, Google will move from google.com to search.google. From gmail.com to mail.google. calendar.google.com to calendar.google" (Sean Ottey). "I'm sure we'll see many of the dot brand applicants forwarding to their primary sites this year but I have a feeling that true adoption is going to take much more time" (Joe Alagna). "In the brand arena, financial organisations will keep being the early adopters, but in 2016 we will probably see media groups (BBC, NHK etc.) start moving as well" (Rubens Kuhl). ".Brands will begin to launch at a faster pace and be more public with their use of new domains" (Kathy Nielsen).

## 4. The Chinese domain market

The Chinese domain boom was under the radar until Michael Berkens on the 27th Oct. published the post [I Spend Over 2 Hours a Day Answering Offers From China](#). From that day on the Chinese domain market went crazy, especially when it comes to .com domains. However we also saw a surge in new TLD registrations. What impact will the Chinese market have on new TLDs in 2016? "I'll predict that in 2016 China remains a very strong and important market for .CLUB and other new domain extensions" (Jeffrey Sass). "Aftermarket prices for domains in China will reach a plateau or even correct downward at some point during 2016, preceded by a deceleration in the pace of speculative registrations. In a downturn, new TLDs will be hit much harder than established extensions" (Joseph Peterson). "In 2016, I could see the Chinese domain investors continuing to invest in more domains, especially in certain new gTLD domains" (Bill Hartzer). "I have no doubt that the Chinese domain awakening will continue throughout the coming year" (Joe Alagna). "2016 will feature some instances of the China unknown where all of sudden Chinese investors get all interested in a TLD, and not because of specific business development targeted at China" (Rubens Kuhl). "A few TLDs seem to be surfing this Chinese wave – notably .TOP, .WIN, .WANG, .XYZ, and .CLUB. Crucially, those are now the top 5 nTLDs by volume. That said, those counts are swollen with near free giveaways, which at full price may not be renewed" (Joseph Peterson).

## 5. New TLD marketing and awareness

It's acknowledged that there still is a huge awareness gap in the market, when it comes to the new TLDs. Will 2016 be the year when everyone goes all-in on marketing the new extensions? "Some of the industry shifting to a more commercial focus from the previously held policy and technical concerns" (Tony Kirsch). "I expect to see more new domains in print, online and in broadcast media" (Mason Cole). "Strong TLDs that are easily understood by registrants or have been sufficiently promoted so registrants recognize the TLD will continue to grow and receive the greatest, and most deserved, benefits from industry growth...New gTLDs that bundle additional services such as an 'easy setup' website will boost traction while cultivating further growth." (Christa Taylor). "In 2016, I strongly believe we will start to see ads using new domain names in the street of Europe" (Jean Guillon). "New models will emerge and gain traction, more specific and



targeted to the industries and niches they represent" (Kathy Nielsen). "Registries will increasingly seek out promising online projects and offer to back them. That will mean branding them with premium nTLDs for the sake of co promotion possibly even support beyond a free domain" (Joseph Peterson).

## 6. What about the next round of nTLD applications?

When will ICANN open up the window for the next round of applications? "We still won't know when round 2 will begin" (Rob Rozicki). "ICANN announces top level domain registry application round two is postponed spurring a malady referred to as RHAA" (Bill Doshier).

## 7. The numbers game

2.5M registrations at the end of 2014. 11M at the end of 2015. How many new TLD registrations at the end of 2016? "I could easily see us reaching the 25M registrations in 2016" (Bill Hartzler). "I suspect that we'll see double digit growth in the new gTLD space in 2016" (Joe Alagna). "I predict that by the end of the 2016 the 80/20 rule will apply with the top 20% of new gTLDs receiving 80% of both revenues and registration volumes" (Christa Taylor). "New top level domain registrations soar toward 100 million as mass brand adoption, development and education efforts gain traction" (Bill Doshier).

## Predictions from the domain industry insiders

### Michele Neylon, CEO and founder at Blacknight Solutions

*In 2016 I suspect we'll see one or two new TLD registries fail and be acquired by either one of the portfolio applicants or a big backend operator such as Afilias or Neustar. That's assuming of course that the registry(s) in question is viable under a revamped marketing plan and focus. To date some of the new TLD operators have made some very strange assumptions about how their TLDs would be adopted and what price point the market would bear. We've also seen that many of TLD operators haven't been investing in marketing their extensions with the exception of .club and one or two others. The end result of these false assumptions and lack of investment has been lacklustre adoption by the public. Some of the more highly contended new TLDs should enter general availability during 2016. Domain extensions like .blog and .app are more likely to garner attention from mainstream media and the general public than many of the existing domain choices on the market. Being able to offer a .blog domain name to a business or individual is an easy sell, as the domain extensions speaks to its purpose. A lot of big brands have acquired their own TLDs. Up until now most of them have done very little with them, with the exception of Sony and one or two others. 2016 could be the year that many of the big brands finally unveil more public uses of their extensions and it'll be fun to see what they come up with. I don't, however, think that big brands are going to switch all of their online presence over to new TLDs. What we should see is a greater usage of new TLDs for specific campaigns and scenarios. Whether this will have an impact*

*on the wider usage and adoption of new TLDs is hard to say, though it definitely won't have a negative impact.*

## Konstantinos Zournas, domain investor at OnlineDomain.com

*It seems that the latest domain name buying spree from Chinese buyers has taken over the whole domain name industry. The whole .com vs New gTLDs debate has been put a bit to the side with domain investors focusing on "liquid" domains, shorts and numerics, wholesale prices and portfolio sales. But the Chinese phenomenon has taken over New gTLDs as well with a lot of .club numeric domain names being registered and many registry and secondary market sales happening in the past 2 months. The [Sold.Domains](#) website is reporting all these public New gTLD domain sales. Rick Schwarz has been vocal lately mostly praising .web and not paying attention to most of the other New gTLDs except those with high numbers. Although he makes some valid points I don't fully agree with him. .Web is a good extension but the future of New gTLDs does not depend on .web and .web is not going to be a game changer. .Web is contested and it is more than certain that the high auction price paid for the extension will lead to more reserved domain names and more expensive renewals. The New gTLD program is about more options and better left.right combinations. I would prefer credit.cards over creditcards.web any day of the year. Even if .cards has 5,000 domain name registrations and .web has 500,000 or 1 million after its first year. The number of New gTLD domain name registrations does not determine the future of the New gTLD program. But it might determine the future of a few small registries. .Brands will help with a boost in awareness and credibility that the New gTLDs are lacking at the moment. The whole New gTLD program is not about finding the next .NET or the top 5 most registered extensions. It is about finding good domains that work no matter what the extension is. Even in New gTLDs most of the good or average domain names are either gone in seconds after launch or reserved by the registry. The domain name industry should focus on building a New gTLD secondary market that is easy to understand by end users, is centralized and has enough good options for people to choose from.*

## Kathy Nielsen, founder of DigitalStrategies.Marketing

*I've been very fortunate over the past several years to have participated in the planning and introduction of several new TLDs from a variety of angles and with greatly varying business objectives and goals. 2016 is going to be an easy year for predictions, the only difficult part is to narrow it to just three. I'll give it a shot, here are my picks.*

- 1. .Brands will begin to launch at a faster pace and be more public with their use of new domains. Brands that missed out on the first round will certainly take notice and start to investigate their own participation in round 2.*
- 2. Overall, registrations of new gTLDs will continue to grow exponentially, registries will continue to focus on promotions that encourage development and usage of domains and that will lead to more new gTLD sites going live and being used publically. Increased use results in increased public awareness.*
- 3. New models will emerge and gain traction, more specific and targeted to the industries and niches they represent. These are not always very visible to us in the domain name industry*

*as these registries are not marketing via the traditional domain name marketing channels. They are highly focused within their industries, reaching out, educating and showing the value they can provide directly to the end user. They are not focused on getting on the front page of the biggest registrars and marketing to a mass, generic audience. These industry focused TLDs very specifically and methodically define their audience and methods to reach them directly. Overall, the increased visibility will support a confidence with consumers - website visitors. With every public story of a new .brand in use or major company using a new TLD, the public perception and awareness should grow in a positive way. The alphabet.xyz story went a long way to support the new gTLDs in 2015 and almost everyone I asked, outside the industry, was aware of this naming story. There is still a long way to go and I believe we're in the very early stages, but new domains are starting to make a dent and will only go up from here! What will be the successful launch formula in 2016? Keep it simple. Your biggest ally in a launch is your reseller channel. Unless you have a built in audience of customers that will buy from you without question, and you can easily reach them, you will rely heavily on your reseller channel. It's not a one stop play. Resellers are not the only piece that you need. You must define your TLDs value to the consumer, and let them know what that value means to them. Without the registry marketing, directly or indirectly through your registrar partners, your domains will likely sit on the shelf. Let me step back briefly to address a point. I've talked to many new registries over the years that think it is easy to reach their ideal customer and sell directly. I can tell you that it is not. It is extremely difficult. I'm sure there are registries that have innovative models and can pull this off, but I just want to say that this is one of the biggest misconceptions I've seen with new registry launches. If your TLD has open registration policies, you need to work with and support your registrar partners. They are your global reach. Create a simple plan, then focus on that plan 100%. If you do not plan well, or try to accomplish a million different things with a complex plan, you will waste a lot of time, be scattered and your message will likely come across the same. Plan smart, know your target audience and simply focus. Words from my extremely well respected former colleague.*

## Jeff Fass, CMO at .CLUB Domains LLC

*When looking forward to 2016 (relative to the continued introduction of hundreds of new domain extensions), one thing remains clear. It is definitely a marathon and those who thought that new domains would sprint to success are having to re-think their approach to the race. 2015 was a great year and a lot of progress was made, but in some respects there were also not too many changes from 2014. In particular, the "dot Brands" continue to move very slowly and take baby steps, rather than dive headfirst into active, promoted use of their new domain extensions. Barclays Bank has been a leader. Sony experimented with **AssistMoney** **penny**.*

***Sony** and there are a few other examples here and there, but no brand has yet truly stepped up and embraced their .Brand web address as a highly visible call to action in major ad campaign. That's the move that has the potential to be a real "twerking moment" for our industry, and I'll stick my neck out and predict that in 2016 we'll finally see that happen. Ending the year with over 11 million registrations across the board is great progress, especially with the year-end burst of activity from China for a number of extensions, including .CLUB. The demand for .CLUB from China pushed us ahead of our 2015 goals both in registration numbers and premium name sales. We invested heavily to build relationships and a brand in China over the past two years, and when*

*the market opened up this year for short names and numerics we were ready. We also benefit from the fact that the word "Club," in English, is widely used and maintains its meaning in China (and globally). In 2016 we expect the demand in China to continue, but there will also potentially be a shift as registries begin to receive government approval for websites to be hosted in mainland China using their extensions. We expect .CLUB to be among the first Western registries to obtain such approval, and that will open up opportunities for small businesses and entrepreneurs to begin using new domain names and increase the value for domain investors while opening a broader marketplace. With that in mind, I'll predict that in 2016 China remains a very strong and important market for .CLUB and other new domain extensions. Lastly, there are still a number of potentially high profile new domain extensions that should come to market in 2016, and it will be interesting to see what happens when much anticipated names like .Shop, .App, and .web are put to use. They will be entering a market that, while certainly still in its infancy, has grown up a lot since the first waves of new extension releases. In particular, registrars are not as backlogged by weekly new releases. Merchandising methods are evolving, as are pricing models. Many different approaches to Sunrise and Landrush, and premium name sales have been tried, with varying results. If in 2014 we were newborns, and in 2015 we were infants, perhaps in 2016 we'll become toddlers and truly start taking our first big steps forward.*

## Joseph Peterson, Branding Consultant and writes about expired domains at DomainNameWire

*2016 will be a year of reassessment, of taking stock and cutting losses, of drawing conclusions, of sifting the wheat from the chaff. By now we have a sense for how the market will use these new domain endings, how much it wants them, and how slowly it absorbs them. New nTLDs may try the same tactics old nTLDs employed during their launches but with diminishing returns. Been there, done that. Domain investors as well as mainstream consumers are more discerning than before, given 2 years of experience. Frankly, domainers are tired of the parade of new TLDs, bored by lack of progress. Disagree? Then ask them! Quality > Quantity. As that realization begins to sink in, the domain industry will set about marketing TLDs more judiciously planting them where they'll thrive instead of scattering them indiscriminately upon the wind. Registries have wasted as much as 2 years selling nTLDs to domain speculators for the sake of short-term growth. If they're to succeed in the future, however, they'll need to convince entrepreneurs not domainers and see to it that quality domains are placed with the best projects. That means a perpendicular change of direction. Pessimistic as this sounds, I think nTLDs deserve to succeed more than they have done; and I expect to see them embraced during 2016 more than ever. Granted, my expectations are quite modest compared to registry claims. Nevertheless, I've made 6 optimistic predictions at the end of this write up. Year of the Goat Within the domain industry during the latter half of 2015, the nTLD program had its thunder stolen by an unprecedented surge in the Chinese domain market. Nobody saw it coming. Indeed, English keywords and European city names comprise a disproportionately large percentage of the new TLDs, indicating that the establishment had anticipated demand from the West but had neglected or misunderstood China. Yes, multiple extensions released since the beginning of 2014 do target China – utilizing Chinese characters, in fact. But to the dismay of these registries especially, Chinese domain buyers have persisted in using the Latin alphabet. Worse still, the Chinese have been hungriest for legacy suffices .COM, of course, but also .NET and even .CC. As a result, Verisign reported 4.1 million new .COM / .NET domains midway through its 4th quarter. A few TLDs seem to be surfing this*

*Chinese wave – notably .TOP, .WIN, .WANG, .XYZ, and .CLUB. Crucially, those are now the top 5 nTLDs by volume. That said, those counts are swollen with near-free giveaways, which at full price may not be renewed. And even a rate of 11 million nTLD domains accumulated over the course of 2 years begins to look like a snail's pace beside the giant stride taken by full-priced .COM / .NET in a single month. It's as if nTLD registries planned a party; but most of their invited guests went instead to another soiree, thrown by an unheard of host. Am I gloating? No, hardly. I would even characterize the recent situation in China as unsustainable and unstable. But let me emphasize: Something went right for the Chinese sector – something the nTLD program has been struggling to get right in the West ... and has so far failed at. Buried in this story of China are some important lessons for registries aiming at Western markets. 2 Years of Backwards Perceived reliable value is what matters. Sounds like a no brainer, doesn't it? But registries in a hurry to rack up domain registrations have missed the point. Value comes in 2 flavours: market value (which is what domain investors seek) and recognizable brand value (which is what entrepreneurs care about). The two march in tandem. Whichever TLDs are visibly used by a large number of quality brands, those are the TLDs with appreciable market value. In the long run, those are also the TLDs with enduring domain populations. Yet we've seen registries put the cart before the horse, tampering with registration volume directly through under-the-table schemes and \$1 promotions that encourage domainer speculation but scarcely even aim at end-user adoption. They've been racing against one another to claim headlines in the domain blogosphere, attempting to secure a large number of renewal subscriptions regardless of customer quality. In practice, this has meant targeting a domainer audience, while shirking the hard work of cultivating mainstream audiences. That's understandable. Domainers are more accessible, fewer, require less convincing, and buy more domains per person than bona fide end users. For short term profit, they're the obvious target. Many registries are operated by domainers who feel most comfortable marketing to their own community. Therefore they've plucked the low-hanging fruit and sown few seeds for future growth. Two years in, Frank Schilling still talks about an indefinitely far off future in which nTLD brands abound. Well, selling that dream of a future to domainers comes at the expense of putting nTLDs to use in the present. That's just 1 prominent example of a CEO concentrating on the reseller audience he's familiar with rather than cultivating end users. (They arrive unsolicited in order to buy premium domains, right?) Uniregistry is not alone in adopting this posture. Registries ought to be catalysts, encouraging the best online projects to adopt their TLD and add to its brand value. That would in turn elevate the TLD's market value, which incentivizes domain resellers to act as evangelists. Domainers would then find end users primed to adopt the TLD after seeing the success of earlier brands. In general, this hasn't happened. Perhaps 2016 will see a change for the better. Fatigue*

*When the Chinese domain market burst into flower during 2015, the seeds had been sown years earlier and taken root as prominent websites. In that sudden blossoming, domain investors worldwide felt a sense of excitement justified by a new opportunity for fast, large, easy sales. Bloggers finally had something to talk about other than first-day registration performance for the latest .HORSE trotting out of the gate. Let's face it, the industry was bored by the nTLD program after a year or 2 of repetitious rollouts and slower-than-expected end-user adoption. Domain investors, exhausted by the lack of sales, had begun to look elsewhere. Registries had tapped into their easiest customer base, domainers; and, after 2 years of experimenting in the red, domainers were tapping out. Recent nTLD growth has been driven by frothy China focused speculation. Many observers, myself included, believe this may prove no more solid than a bubble. Obviously, the exuberant buyouts of numerics and "CHiPs" in TLD after TLD cannot continue indefinitely. At some point, the trend will fizzle out. Registries can't be blamed for making the*

most of this sudden craze among domainers, but it's no substitute for a long-term strategy. Without end users to sell to, domainers will ultimately drop whatever has been registered so far. Quality Quantity The question of how many nTLD domains will be registered by the end of 2016, interesting as it may be, is of more concern to registries and registrars than to my registrant clients – the people actually buying domain names. Sure, we can all guess. But pulling numbers out of thin air isn't my style; building a predictive model on a foundation of data, girded in definite assumptions that would be. Without such a model, I see no real value in my forecast. Unless we discuss renewal rates for each individual TLD, timing of new TLD rollouts, variations in price structure, and the size of each TLD's plausible name space, then we have no basis for an estimate. Where volume is concerned, by far the 2 most important factors are (1) sale-price giveaways and (2) registry self reservations. During the past 2 years, many new TLDs were offered at deeply discounted prices – often under \$1 or even absolutely free. We also saw certain registries indirectly buy up large numbers of their own merchandise. Either they stuffed domains into customer accounts in order to inflate registration numbers, as we saw with .XYZ; or else they stocked up on inventory in order to conceal lack of demand and raise prices, which is the habit of Uniregistry. I stress these 2 factors because they affect registration volumes greatly yet arbitrarily. We cannot predict the whims of companies. Tomorrow some TLD might suddenly grow by half a million if domains are forcibly inserted in people's accounts. Tomorrow North Sound Names might cease to act as Uniregistry's left hand, or it might register a million items. Tomorrow AlpNames might discontinue its dirt-cheap specials on TLDs from Famous Four Media; or it might (theoretically) go further and grant renewals under \$1 on .SCIENCE, causing those to be renewed rather than drop. Such actions swing the numbers up or down so drastically that forecasting registration volume is almost a lost cause. Certainly, the numbers mean less than we expected they would 2 years ago. We ought to look at registration volume for particular nTLDs rather than an aggregate all nTLDs. The latter can only mislead us by concealing genuine success stories under a mound of market manipulation. A TLD ought to be judged in the context of its own price history, in light of its own age, and relative to the ideal size of its own name space. The same bare number of 100,000 would be a dismal failure for .WEB but an astonishing feat for a niche TLD like .CRICKET. Gaming the system only works for a short while. Eventually domainers catch on and disregard talk of volume because heavily manipulated numbers correlate badly with their investment return. Many end users do care about TLD popularity. But to the extent that registration volume matters, that's mainly a conservative argument steering us toward established suffixes like .COM / .ORG / .NET and local ccTLDs. In any case, consumers tend to gauge TLD popularity – appropriately enough – by the websites they've actually visited and not by claims about vast numbers of unseen domains. That's common sense. During 2014 or 2015, consumers might have believed they were about to be left behind by the "New TLD revolution". But after 2 years of hyperbole from the domain industry, 2 years in which new extensions promised to be game changers, the game hasn't changed. Henceforward, nTLDs must be sold on their merits; and end users marketing quality brands must lead the way. Predictions 1. nTLD domains will feature more prominently in the expired domain market. This will occur naturally as renewal dates pass by, coordination between registries and market places improves, and domainers learn what to watch for. Currently my weekly articles at DomainNameWire rarely include nTLD domains because notable auctions simply aren't happening. By year's end, I think it will be a rare week that doesn't show at least 1 nTLD result. I predict we'll see at least half a dozen 4-figure expired domains during 2016. New TLD registrations spike initially, but such interest is short-lived. Later, the expired domain market tells us all which domains are being abandoned and which remain resilient.

*What cannot be sold at auction in this way holds no wholesale value among domainers, and that doesn't bode well for retail prospects. Attention will turn to the expired market. After all, a year of second thoughts means far more than Day 1's hasty optimism. 2. Registries will increasingly seek out promising online projects and offer to back them. That will mean branding them with premium nTLDs for the sake of co-promotion – possibly even support beyond a free domain. While the registry may attempt to portray such deals as sales, what matters most is seeing the TLD in action. 3. As reported on DNJournal, nTLD sales by domainers (as opposed to registries) will triple the figures of 2014 and 2015 combined. 4. Aftermarket prices for domains in China will reach a plateau or even correct downward at some point during 2016, preceded by a deceleration in the pace of speculative registrations. In a downturn, new TLDs will be hit much harder than established e tensions. As growth in this sector slows, domainers will return to nTLDs to look for opportunities. Registries that can point to end-user adoption and aftermarket sales will stand out. While I'm at it, here are a couple of private milestones that will (for me) represent a turning point in consumer awareness: 5. One of my clients will finally launch a new brand using an nTLD domain based on my recommendation, instead of insisting on .COM as most do. 6. For the first time, a client will hire me to negotiate the acquisition of an nTLD domain rather than to a .COM to match their earlier nTLD purchase.*

## Tony Kirsch, Head of Professional services at Neustar

*With a high volume of recent delegations and some big names moving already to activate their TLDs, 2016 is shaping up to be the year of the .brand. I predict we'll see a greater volume of brands moving to use their TLDs as they recognise the value of owning their own digital ecosystem. The unprecedented access to data and the ability to evolve thinking around branding and digital marketing is already prompting many brands to begin planning for their TLD's rollout, as well as creating interest and pressure in a second round amongst those who missed out in the first instance. Outside of this, I predict the domain name industry will start to gain wider, mainstream media coverage; as well as seeing some of the industry shifting to a more commercial focus from the previously held policy and technical concerns. Read also Tony's extensive post at CircleID called [🔗 2016 Predictions: What to expect for the next year in new TLDs](#).*

## Rob Rozicki, co-founder of Dot Ski

*Here are three predictions for 2016 when it comes to the new top level domains:*

- 1. We still won't know when round 2 will begin.*
- 2. Verisign will start buying new gTLD registries.*
- 3. Registration prices will rise. I don't think we'll reach 20 Million registrations by the end of 2016. Most TLDs that drive volume are already registered so there is not much left that can cause significant early volumes. We've also seen that unless a registry goes with a bargain bucket launch price the average volume of registrations at launches has been going steadily down. However we will see consistent growth in 2016 as new gTLDs drop the "new" and just become part of the domain ecosystem. Its not impossible to reach 20M in 2016 but I think it would also require registrars to put everything they have learnt on marketing and selling TLDs in their funnels into practice. I don't think there will be many (who will do as Barclays*

*Bank and drop .com for their dot brand). I do however think that you'll see many more sites go live with .brands as their marketing departments catch up to the value of short, catchy domains for landing pages and campaigns. I think those TLDs that have really tried hard to lay the right ground work in marketing and awareness will succeed. People are waking up to the world past .com and if you've done this right work to be in front of your target customers, success is not far behind. Chinese investors are great at showing a bump in numbers or for catchy premium name headlines but I'm not sure how much quality they bring to the space. To all be successful we need usage of new gTLDs on the internet. The more usage, the more exposure and the bigger the growth. I don't think there is anything concrete that will impact growth, I think that registries need to focus on building their TLDs. Simplicity is the winning launch strategy (for a nTLD registry). Over complication has a really negative impact on launches. Keeping it simple for the user and registrar will make them more attractive.*

## Gary Fisher, co-founder and co-CEO at Accent Media Limited (The .tickets registry)

- 1. I believe we'll see the first breakthrough brand with a new TLD in much the same way as amazon.com showed the potential for .coms in the mid 90s. My money is on [broadway.tickets!](#)*
- 2. Most new TLDs have unsupportable business models and economics, and we will see the first wave of consolidation as registries start going bust and getting snapped up by the stronger players.*

## Bill Hartzler, Senior Strategist at SEO agency Globe Runner

*In 2016, I could see the Chinese domain investors continuing to invest in more domains, especially in certain new gTLD domains. This investment will drive more US domain investors to reconsider their investments, and perhaps start investing in more new gTLD domains. We'll see more companies start to move their websites away from .com for a better, more descriptive new gTLD domain. And finally, I predict that we'll see more digital marketers finally realize that recommending that their clients move to a better, more descriptive new gTLD domain (away from a lengthy dot com). They'll start to realize that the right new gTLD is better for branding, and better for SEM and SEO.*

*I could easily see us reaching the 25M registrations in 2016, especially as we'll see more brands start to move to their own Dot Brand domain. Once we see major brands start to use and promote their own Dot Brand domain, consumers will start to "hear about" and embrace the new gTLDs. The average consumer doesn't even know that the new gTLD exists yet, and I think Dot Brand is going to be the turning point to tip it over the edge, making new gTLDs more "household names" like .COM, .NET, and .ORG are. There are several hundred Dot Brand applicants that have been approved, and it's just a matter of time before they start using and promoting their Dot Brand. I won't make any predictions as to which ones will be launching their Dot Brand in 2016, but I suspect that we'll see at least two dozen launch their Dot Brand TLDs during 2016. In the case of [.tickets](#), a premium pricing strategy works because of the particular industry and market. The*



*tickets industry as a whole is very competitive, and .tickets was perfect for that industry. With other new gTLDs, a certain industry hasn't been tied to the TLD, so it's made it more difficult to sell domains and get those domain owners to launch websites. I believe the key to having a successful new gTLD is encouraging website development. I believe a successful launch formula involves getting in front of your ideal domain buyer, not domain investors. Domain buyers who are actually going to move their site to a new domain on that nTLD or develop a new site on that domain. Once actual sites are being built and they start to be visible in an industry, others in the same industry, as well as competitors, will want to follow suit. The key to having a successful launch is connecting with domain buyers and explaining the benefits of owning a new gTLD domain.*

## Sean Ottey, Technical Evangelist at Rightside

*THE NEW WEB - Domains are more available and more descriptive now with the new domain extensions. Now it is time to make them more user-friendly and configurable by a larger part of the population. The 90's thinking of "a domain is a name for a server" is simply not true anymore. With many households starting up their own private network, naming of nodes, computers, routers, watches, toaster, etc. will come to the forefront of the populace in general. THE RISKY PREDICTION - In 2016, Google will move from google.com to search.google. From gmail.com to mail.google. calendar.google.com to calendar.google.*

## Mason Cole, VP Communications & Industry Relations, Donuts Inc.

*First, you'll see new uses for domain names. As more businesses adopt new gTLDs, you'll see innovative ways of putting the names to use, plus expanded usage in marketing and advertising. I expect to see more new domains in print, online and in broadcast media. Second, there still are several gTLDs in contention, and some of them are potentially very valuable. I believe remaining gTLDs in contention will sell for record amounts. Third, I anticipate additional consolidation in the domain name industry. We've already seen some of this in recent months -- Neustar acquiring AusRegistry, for example, and CentralNic acquiring Instra -- and I think we'll see more of that in 2016 as the industry sorts itself out. Finally, I observe that new gTLDs have breathed new life into the domain business at a time it was leveling off. I recall 2013 as a somewhat flat year in terms of investor interest in the industry, but we now see record attendance at NamesCon, ICANN and other industry events. This has been reflected in company valuations since then -- for example, pure-play registrar GoDaddy and pure-play registry Verisign are at record high share prices. 2016 will also be a record year for policy activity as we ramp into the new year.*

## Jean Guillon, New gTLD Consultant at Jovenet Consulting

*In 2016, I strongly believe we will start to see ads using new domain names in the street of Europe. We already see some in the US but they are relatively rare in Europe. As a person watching new gTLD figures on a daily basis, there are TLDs I am confident that will see their registration figures increase but some will probably die. I am pretty much impressed by the capacity of some Registries to install their domain names on the market and it appears that .CLUB is the best at demonstrating this, in China in particular: not only they sell their domain names but*

*they keep having new ideas in their pocket to be on top of the race. As an investor, I'd definitely want to team up with them for Round 2 of the ICANN new gTLD program.*

*I also like to predict that luxury trademarks who invested so much money in their .BRAND will "wake up" and start to demonstrate their capacity to innovate using their new domain names.*

*I am confident city TLDs will see their registration volumes increase too: geo TLDs are the best opportunity for local businesses. I am not against ".com" and 2016 is far too early to say that it is the end of this tension but many ".com" owners that I meet tell me: "hey, I didn't know about these new domain names but I definitely need mine"; so I guess new gTLDs are a fashion that will take time to install but...it will install.*

## Joe Alagna, V.P. Channel Development at 101domain.com

*I suspect that we'll see double digit growth in the new gTLD space in 2016. Awareness of new gTLDs is still very low. Applicants have been focused on acquisition and contention resolution in 2015 so in 2016, we should see a lot more investment in awareness. There will also be the effect of usage in the marketplace to grow awareness. As more and more end users build sites on vertically oriented gTLDs others will follow. I would venture to say that we may even double the number of registrations by the end of 2016. Although I believe that there is a great case for dot brand type usage, I think that the adoption is going to take longer than many expect. There will likely be some that will waver between convictions; should we go to our new brand-based gTLD or should we wait? These applicants are the largest in the world and have comprehensive .com websites where so many considerations will come into play. I'm sure we'll see many of them forwarding to their primary sites this year but I have a feeling that true adoption is going to take much more time. .Club did well because it is a truly useful ecommerce gTLD. As far as premium pricing strategies, I'm a fan as long as it is not completely unreasonable. I think that .law, .tickets, and .bank hit a proper balance. There are a few others recently that I think have taken "premium" too far out of bounds to achieve real success. In general, I think that most registries have taken the premium idea too far, holding back too many premiums, and pricing them too high. In my view this will hold back the success of new gTLDs in the long term. I believe we would gain more traction as an industry by interfering in the market less. To succeed, they need users and stakeholders that are committed to their TLDs. Those stakeholders come in the form of domain investors who bet on the success of their domains. If the registry holds back too many domains or prices them out of the market or tries to control end users too strongly, they lose that benefit. They don't have to price domains at \$5 or \$10 dollars a year to succeed; I think that depending on their goals, a price range in the range of \$50 to \$150 per year is acceptable. But then, don't hold back too many premiums or try to tell registrants what to do with their domains. Let the market work things out. I'm on record as saying that .web will be a great new gTLD, so I suppose I should stick with that as my prediction for top release in 2016. I have no doubt that the Chinese domain awakening will continue throughout the coming year. It's a big country and they are just starting to realize the value of digital real estate. The nature of our business is very conducive to continued success there. In fact, I believe that developing nations around the world will contribute to continued success of the domain name business. Having so many new choices and options available should contribute to that. Even though the world is more connected than ever before, there are large masses who still don't know how to use the Internet for their own benefit. I believe*

*that domain names will continue to grow as more Internet users migrate from consumers of information to creators of information. That transition is still in its infancy.*

## Christa Taylor, CEO at New gTLD consultancy DotTBA

*My first prediction is the concept that registrants will choose and pay for meaningful, relevant domain names will continue in 2016. Strong TLDs that are easily understood by registrants or have been sufficiently promoted so registrants recognize the TLD will continue to grow and receive the greatest, and most deserved, benefits from industry growth. I predict that by the end of the 2016 the 80/20 rule will apply with the top 20% of new gTLDs receiving 80% of both revenues and registration volumes. The concern of course, is how much revenue the remaining 80% of new gTLD businesses will earn and the potential impacts to their business. As 25% of new gTLDs have a yearly registration volume of ~2,500 and an average retail price of ~\$35 they are operating a loss. For these non-portfolio, new gTLD companies, it is a quest against time and selling their premium domain names to ensure sustainability. Thus, increased industry awareness and the utilization of any channels to promote the industry, including the use of ICANN auction funds of \$60+ million, would be beneficial to all new gTLDs. Secondly, new gTLD launches that gain a spot in the top 20% will have an emerging markets' component within their launch strategy. While they will have to endure increased regulatory issues with the Chinese government, other emerging markets such as India will begin to sprout. While it will take time to gather momentum, registries who have strategically poised their TLD will seize a dominant market position along with the associated revenues. New gTLDs that bundle additional services such as an 'easy setup' website will boost traction while cultivating further growth. Finally, consolidation and integration between registries, registrars and backend providers will further expand the breadth of their services and revenue streams. Similarly, new gTLD portfolio companies will improve their market position by focusing on expansion, gross margins and effectiveness within the marketplace while smaller or individual new gTLDs will reconsider their business plans and how best to proceed with the current market conditions. 2016 will undoubtedly be another interesting year for everyone within the new gTLD industry.*

## Bill Doshier, founder, dot strategy, Co., The .bu Registry

*New top level domain registrations soar toward 100 million as mass brand adoption, development and education efforts gain traction. Late 2016 - as new top level domain registration totals plow through 80 million strong - the domain.buzz focus is on which registry and domain registration will become the 100 millionth new top level domain registered. Bloggers feed the momentum with endless speculative posts, complete with the daily count to 100 million. Michael Berkens runs his most successful TheDomains.Com poll ever. Registry operators fuel the new registration energy by offering - BUY 1 DOMAIN GET 10 FREE!!! deals. All aspire to be a part of this 2016 industry event of the year. Acceptance of these cool, fun and meaningful new domains sweep the globe. New websites increase awareness, boosting 2016 registration totals exponentially. .nyc registration totals explode as City Hall opens new registrations to the world. Pre-launch - in those early application days - the idea of limiting .nyc registrations to residents of the five boroughs certainly seemed a just and noble cause. Supported by city government, this new massive digital undertaking provided as a service to the people looked great on paper. In 2016, New York City now operates one of the most valuable Internet properties ever. Attaching a governor to this most*

*dynamic of city based top level domains appears to be a small slip-up, perhaps occurring during a confusing application process. No big deal. Many new registry applicants would take a mulligan on their initial registry application. The good news is this will be corrected. NYC, recognizing the positive global potential of .nyc for both the City and its residents moves to open up .nyc domain registrations for all. A world of new business prospects and web developers anxiously wait. ICANN announces top level domain registry application round two is postponed spurring a malady referred to as RHAA. The continuing chaos that is ICANN forces the industry overseer to postpone top level domain application round two. New registry operators emboldened by this development, and the ongoing successes of 2016, hold tightly to their treasured registries and new opportunities. 'Registry Heightened Acquisition Anxiety' expands to epidemic status. The only known RHAA cure is registry ownership and the feel good opportunity to be a player in the new Internet age. In 2016, industry consolidation occurs through numerous registry acquisitions. Acquiring principals from outside the domain community make themselves and their desires known -driving offerings for all domain registries to new high multiples.*

## Rubens Kuhl, Product Marketing Manager at nic.br

*I see 2016 as a year when registries will look to cost efficiencies, either for them to survive the slow pace (compared to projections made at application time) or to invest more in marketing than what they invested in 2015. 2016 will also feature some instances of the China unknown where all of sudden Chinese investors get all interested in a TLD, and not because of specific business development targeted at China. In the brand arena, financial organisations will keep being the early adopters, but in 2016 we will probably see media groups (BBC, NHK etc.) start moving as well. You've heard the predictions of some of the leading experts in the domain industry. Let me know what you think in the comments. One thing is for sure: 2016 will be another exciting year for the new TLDs.*

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## The State of the Industry 2017: 17 Experts Dissect 2016 and Forecast What's Coming in the New Year

By Ron Jackson

Welcome to DNJournal's 13th annual State of the Industry Cover Story! As we do every January, we assembled a panel of leading experts from throughout the domain world to get their take on how the industry fared over the past year and its prospects for the new year ahead.

At this time last year we were in the midst of a phenomenal boom fueled by exuberant buyers based in **China**, however as the year wore on aftermarket prices came back to earth and settled in closer to historical norms.

Meanwhile, the **new gTLDs** put another year under their young belts but the jury remains out on their long term prospects. The debate on that topic continues to rage with true believers on one side who see success as inevitable and unmoved skeptics on the other, claiming the new TLD train has already gone off the rails.

You'll hear opinions on **both sides** of that question and several other timely topics from our distinguished panel of **17 experts**. We called on investors, developers, brokers, consultants, corporate leaders and attorneys in an effort to cover the industry's many bases. As always, we mixed past contributors with new ones to keep things fresh. So, let's get started by introducing this year's panelists (and thanking them in advance for taking taking time out of their busy schedules to share their thoughts us).



Image from Bigstock

### Our 2017 Panel of Experts



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**Row 1: (L to R):** Mike Mann (DomainMarket.com), Ilze Kaulins-Plaskacz (ExcellentDomains.ca), Braden Pollock (LegalBrandMarketing.com), Gregg McNair (PTL Group).

**Row 2: (L to R):** George Hong (Guta.com), Giuseppe Graziano (GGRG.com), Tessa Holcomb (Igloo.com), Alan Dunn (NameCorp).

**Row 3: (L to R):** Kate Buckley (Buckley Media Group), Monte Cahn (RightOfTheDot.com), Paul Stahura (Donuts Inc.), Jothan Frakes (NamesCon).

**Row 4:** Bill Sweetman (NameNinja), Scott Reynolds (Payoneer.com), Stevan Lieberman (Greenberg & Lieberman), Zak Muscovitch (DNAttorney.com).

**Row 5:** Phil Corwin (Legal Counsel, Internet Commerce Association).



## Mike Mann

### Domain Investor, Entrepreneur ([MikeMann.com](http://MikeMann.com)), Founder at [DomainMarket.com](http://DomainMarket.com)

We'll start with commentary from **domain investors** who make their money through buying, selling, monetizing or developing domains. One of the most well-known and outspoken people in that field is Mike Mann, the original founder of **BuyDomains.com** who now operates the **DomainMarket.com** sales platform. Mike has also been involved in some of the biggest domain acquisitions and sales of all time and he has been the subject of **two** DNJournal Cover Stories - **the first** in our first year of operation back in 2003 and **the second** in 2007. Mann has made his fortune with **.com** domains and has been one of the biggest critics of the hundreds of **new gTLD** challengers that have launched over the past couple of years.

"Google "**Mike Mann gTLDs**" to see my old predictions and if I hit the nail on the head so far!," Mann began. "The utter failure of the gTLD fad has been punctuated by the **.blog** launch, which had almost no consumer interest, even though it's one of the best, comparable to the other best, **.web .app .store** - but I don't see anyone using those so far either, or any of the thousand+ others, except scammers and spammers and long shot speculators."

"All **Fortune 500** companies still prefer **.Com**; plus America's other top executives and best marketers, and will never have a good cause to change, so won't," Mann opined. "There are seemingly endless **.Coms** for sale on the secondary market for fair prices. Plus longer or more creative **.Com** can still be registered super cheap, that are better brands than almost any gTLDs, and less expensive."





**Mike Mann**  
**Founder, DomainMarket.com**

".Com also has **consistent registration pricing** and history and companies and people and customer service and routing and brand recognition and branding value and a history of secondary market sites, apps and players."

"Other businesspeople around the world in random gTLD domains or country domains who want a professional international presence online will "fly to quality" and "risk aversion", and will want to be led to the "safest assets"...i.e., we will see an even greater flight to quality .Com with further acceleration of their professionally appraised values, and sales prices! (just the ones that really have true value today)."

"Any site or email address that really launches with a new gTLD domain or country code domain without owning the .Com will confuse the general public users and add more value for the owner of the corresponding .Com," Mann continued. "So CoolDomain.com owner becomes worth more if somebody mistakenly buys CoolDomain.sucks and builds a web presence."

"When the smartest people in the room at **Google** offices tried to convince me .soy was going to be the next big thing a few years back (ostensibly millions of Latinos would have to have it) I knew everyone was going to be hosed on gTLDs across the board. Of course they didn't hear me, and don't hear me currently, but what's new," Mann said.



**Mike Mann** (center) with Thought Convergence CEO **Ammar Kubba** (left) and **DivyankTurakhia** (who sold his company, Media.net, for \$900 million late last year) at a party Mann hosted at his suburban Washington, D.C. home during the 2009 Domain Roundtable conference. (Photo courtesy of Richard Meyer)

Asked about the **keys** for success in 2017 Mann said, "Getting better information and appraisals out there. Better leadership, best practices, web sites, and web apps at "co-opetitioning" companies."

"The gTLD "industry" will radically transform and consolidate and delete assets; and change their investor perspective and press narratives. We won't see or hear from some of the pissed off

investors and snake oil salesmen any longer. .Com will still be king and increasingly treasured. The Industry overall will **consolidate**. New players and apps and capital will compete to do so."

In closing Mann added. "Please see these cool sites for great free info to guide you forward [www.MakeMillions.com](http://www.MakeMillions.com), [www.MikeMann.com](http://www.MikeMann.com), [www.DomainMarket.com](http://www.DomainMarket.com) and [www.AppliedEvolution.com](http://www.AppliedEvolution.com). Check me out on social media and Google if you dare. If you can handle the truth. It's not always pretty but it usually pays!"

### Ilze Kaulins-Plaskacz Founder, [ExcellentDomains.ca](http://ExcellentDomains.ca)

**Ilze Kaulins-Plaskacz** is a veteran domain investor based in **Canada** who was profiled in our September 2015 [Cover Story](#). Ilze also started out as a new gTLD skeptic as well but her position has been gradually changing on that front.



**Ilze Kaulins-Plaskacz**  
**ExcellentDomains.ca**

"You don't need a crystal ball to see that the **new gTLDs** have made an **impact** on our industry and will continue to do so in 2017," Ilze said. "Anyone who knows me knows that I was never a fan of the new extensions. I feel **ICANN** has fragmented and diluted the market, without lending any significant marketing support. However, there seems to be a strong upward trend with the new gTLDs, but how long it will last cannot be predicted. There were **16 million** new registrations in 2016. How much is invested speculation by Domainers and how much is real demand by End-users? How much do heavy discounts skew the numbers?"

"The lack of promotion by ICANN could slow down the growth of these new extensions. If new registrations level out, or trend downward, all players will need to **re-evaluate** how long they will stay in the game. For Investors, renewals are expensive, and in my opinion, the Aftermarket is not really there to justify the risk. Speaking from the perspective of an Investor, if I were to take any risks on these new extensions, I would pick the most generic extension to flip, and I would make sure it was very, very short. In 2016 short, numeric domains continued to sell well and I expect that trend to continue in 2017."

"The good news is that I am seeing **many new faces** at the Domain Industry events. Breaking into the domain investment business takes cash, risk, and a sense of what the needs are of the general public, as well as other Investors. I am hoping that these new members of the domain community do not throw all their investment into one extension," Ilze said.

"I am still not seeing the general public embracing the new gTLDs except for perhaps country codes, and Geos. I have personally seen the prices paid for my Canadian country code, **.ca**, drop slightly since the introduction of the new gTLDs. I cannot be sure that the new extensions are the reason, (could be the economic climate, along with the terrible valuation of the Canadian dollar). The amount of sales inquires is still the same, but the new extensions give **more options** for the man on the street who wants to set up a website. First time buyers do not have to rely on a .com or dot "anything" if they can choose from hundreds and hundreds of new extensions for the cost of a registration fee. Hopefully, these new end-users are using the Radio Test, as well as taking in several other factors before purchasing a yet unproven extension."

"Although I still feel that **.com** is still King, overall, worldwide, and will continue to grow even stronger, these new extensions are having some impact. Although inquires for potential sales have continued to be strong, it is the **pricing** that suffers for Investors when there are too many choices. I see Sellers are dropping prices more and more instead of sitting on a high priced domain. All gTLDs are not the same so I believe the niche domains will suffer in the long run, while extensions while **.club** and **.vip** will grow. With the Chinese in the mix, there could be some opportunity here. **China** was the strongest player in 2015 but there was a tapering off in 2016. With the continued devaluation of the Yuan, I predict that Chinese investors will turn to the new affordable extensions for investment. It is reported that China's government has approved official licenses from "MIT", the

domain regulator in China. The lucky extensions are: .xyz .club .vip I predict that there will be many more extensions being approved for the Chinese market. More choice means more investment."

"I foresee that 2017 will have the larger players like **GoDaddy** and **Sedo** spending more time and money promoting the new gTLDs, which has sorely been lacking since their launch in 2014. What I have noticed is the on-going dominance in the Domain Investor market by GoDaddy. 2016 started with speculation about how much GoDaddy paid for **Mike Berken's** portfolio. Reports started out estimated as high as **\$35 million!** GoDaddy continued to show its aggressiveness in the domain market by also acquiring **NamesCon**, the premier domain show in **Las Vegas**. It will be interesting to see how they use the show as a domain selling platform in 2017. I expect a lot more new ccTLD sponsors as well as a larger, more diverse domain auction platform including lots of the new gTLDs."



**Ilze Kaulins-Plaskacz** receiving the **Women in Domaining Award** from TRAFFIC Co-Founder **Howard Neu** at the 2014 TRAFFIC East conference in Miami Beach.

"2016 also turned out to be a banner year for **disputes**. I am personally interested in the **UDRP/CDRP** process so I tend to enjoy reading the Complaints and results. According to **WIPO**, over 3,000 cases were settled, a **10% increase** from 2015. There is a full **23% increase** in domain disputes as one dispute can involve multiple domains. Although the .com continues to be the most popular extension, the following extensions were also part of a dispute: .cloud, .club, .date, .lol, .online, .shop, .site, .space, .store, .top, .vip, .website and .xyz. It would not be surprising to see 2017 surpass the stats of 2016 (and these stats do not include all the Trademark disputes handled by other entities, such as Arbitration). With more extensions, comes more Trademark Infringement. Some of the contributors of these disputes are overzealous Domainers hoping to hit the Lottery. The only thing they will get is a **Cease and Desist** demand letter threatening a lawsuit," Ilze cautioned.

"In conclusion, I still see .com being the most sought after domain, but I see the new extensions are **here to stay**. Maybe not all of them, but the ones that make sense...or not. (Case in point, .xyz) This industry changes so quickly and is so interesting, filled with so many friends, and so many opportunities, that it is my pleasure to be a part of it!"

**Braden Pollock**  
Owner, [LegalBrandMarketing.com](http://LegalBrandMarketing.com)

**Braden Pollock** (who was profiled in the November 2011 DNJournal [Cover Story](#)) has found success both as an investor in premium domains and as a developer who has turned some of those assets into popular websites. He is also frequently called upon to serve as a moderator at domain conferences staged around the world.

"A significant trend in 2016 was **GoDaddy's** continued acquisition spree," Pollock said. "The biggest being **Host Europe Group** (itself, a roll-up of companies), furthering their immense grip as the world's largest domain registrar as well as becoming a massive hosting provider. They have acquired other hosting companies, Word Press





**Braden Pollock**  
Owner, Legal Brand Marketing LLC

been a solid investment but this year we've seen a spike in sale prices. While premium nets/orgs softened over the preceding couple of years they began to rebound this past year."

Looking forward Pollock said, "I expect (and hope for) some breakout **.brand and gTLD ad campaigns** in 2017. Every year for the last few years we've predicted the same thing. Public awareness and adoption may be coming slowly but it's definitely coming."

"We'll continue to see one and two character domains selling well in the aftermarket, particularly across **non .com TLDs**. Expect to see high value .net, .org and gTLD sales in this category - probably into the Chinese market."

"As parking revenue declines, there may be **further consolidation of parking companies**. Additionally, parking providers will more aggressively employ alternative solutions such as zero-click and dynamic, interactive advertising powered by predictive behavioral analytics (that is, once they get out of their **Google** contracts). There will also be a move toward consolidated advertising platforms such as **City Brand Media** for geo domains and what **Legal Brand Marketing** does for lead generation."

### **Dr. Gregg McNair** Chairman & Founder, [Premium Traffic Ltd. Group](#)

**Dr. Gregg McNair** (who we profiled in our October 2009 [Cover Story](#)) has been far more than a domain investor. He has also been a major investor in several companies both in and outside of this industry, especially in the **domain monetization** field. While he wears many hats he is now most closely associated with the **Premium Traffic Ltd. Group** that he founded and serves as Chairman.



**Dr. Gregg McNair**  
Founder & Chairman

solution providers, VOIP companies, and much more. They're even in the conference business now, owning **World Hosting Days** and **NamesCon**. The on-going roll-up of domain marketplaces and private domain portfolios hits closest to home. It's virtually impossible to know how far GoDaddy's tentacles reach now. I would expect the acquisitions to continue. I've been saying this for a while; a big player is going to start **rolling up the registries**. I would not be surprised when GoDaddy starts buying up this space. They have deep enough pockets - and it would make perfect sense to acquire **Uniregistry, Donuts, Afilias or M+M**, etc. If you sell lots of widgets, it only makes sense to start manufacturing them too."

"Another trend this past year would be the increase in sales prices of **one and two word .coms**. Historically these names have always

"2016 was indeed a great year for those investors and organizations with a focus on new and emerging monetization opportunities," McNair said. "Our group successfully launched Premium Traffic Limited at **DomainFest Hong Kong**, during September, a move that combined all our different platforms into a single business."

"Since then we have made a couple of major acquisitions to broaden further the monetization options for traffic owners. If your PPC revenue is static or still in decline you are obviously missing out!"

"The continued **consolidation** of industry sectors and the scramble among gTLD registries for attention has resulted in a noisy distraction from which we believe only a few will emerge with anything like a rosy future," McNair predicted.

Regarding 2017, McNair said, "As more and more traffic moves away from established monetization modes I believe that we will continue to see **Google** and other search partners derive traffic and value in other related modes. The advertiser is King and knows generally what converts best and will pay accordingly. Therefore the convergence and combination of the domain, agency and brand

**Premium Traffic Group Ltd.**

sector will accelerate in a battle of survival. Of course the early movers carry the advantage and should maintain their edge over the followers."

"With respect to gTLDs I expect to see more **floundering registries to exit** and the aggregators like **Donuts** and **Uniregistry** to pick them up. However apart from a select number of registries it appears to me that many moons will pass before anyone makes a dime from gTLDs."

"We look forward to another amazing year and wish all our supporters and industry players, large and small, good health wealth and happiness in 2017."

### George Hong President & CEO, [Guta.com](http://Guta.com)

Moving on to the **brokerage** sector, **George Hong**, a native of **China** with a home in the **U.S.**, is intimately familiar with key buyers and investors on both sides of the Pacific, something that has put his company, [Guta.com](http://Guta.com), in a very strong position over the past couple of years. While the tidal wave of Chinese buying had receded Hong believes the country will remain a critically important player on the global domain stage.



**George Hong**  
President & CEO  
[Guta.com](http://Guta.com)

"2016 was all about **GoDaddy** and **China**," Hong said. "GoDaddy continued their domain name portfolios buying spree: the two most significant ones are from **DotComAgency.com** and **Elite Domains**. By buying portfolios as a whole and selling individual names to investors, GoDaddy not only pumped a great amount of cash into the domain aftermarket, but also stimulated trading activities."

"Other than spending money buying domain names, GoDaddy also spent a significant amount of money elsewhere. The biggest news would be the acquisition of **Host Europe Group (HEG)** which stands for a big step of GoDaddy into European market. Besides, they spent a fortune advertising on major Sports events (NFL, NBA, NASCAR, WWE, Poker and Ping Pong). Thanks to GoDaddy, many Chinese TV viewers firstly saw domain name commercials on nationally televised NBA or Ping Pong games. GoDaddy's advertisement campaigns help bringing **awareness** to the general public about GoDaddy and domain names. These are the main reasons that we think GoDaddy is the domain **company of year** for 2016 (as noted in an [article](#) we published)."

"After a **phenomenal** domain sales surging in late 2015 and early 2016, Chinese domain market **slowed down** later in 2016 though Chinese buyers were still actively buying and selling. China was still the number one country globally for domains purchasing. For example, when GoDaddy sold some domains from the DotComAgency.com and EliteDomains portfolios people tracked WhoIs changes and reported that most of the high value domains (such as 2 letter .com domains) were bought by **Chinese buyers**. [Guta.com](http://Guta.com) was proud to broker sales of some domains that include two letter .com, 3 number .com and 4 number .com."

"The Chinese domain industry rapidly changed in 2016 and I got to witness these changes real time after spending more than 8 months in China last year. Bulk domain investment, buying and selling categories of domain names in batch without knowing/caring the exact domain names ahead of time, is a trend that got people's attention in 2015 and continued in 2016. A few example of bulk domain investment categories are CHIP LLLL.com ("Chip" is an abbreviation of "Chinese Premium.") Chips typically describe valuable domain names that contain only premium letters, known as initials, which **exclude** the letters a, e, i, o, u or v.), CHIP LLLL.cn, CHIP LLLLL.com, CHIP LLLLL.cn, NNNNNN.com, 3/4 letter/number domains in certain new gTLDs. Bulk domain investment is easier than ever before. People don't need to have any prior knowledge of domain names to participate."

"Existing domain platforms came up with innovative ways to buy & sell domain in bulk while new domain platforms, specifically designed for bulk domain trading, came online one after another. Buying certain categories of domain names becomes as simple as buying stocks or bitcoins," Hong said. "As a result, more and more new investors and money are drawn to the domain market. At first, these contributed to the

phenomenal surge in late 2015 and early 2016. However as time went on, these exact same factors created major problems and concerns that led to the market slow down in 2016:

1. The domains involved in bulk domain investment typically are usually traded among investors and rarely used in commerce. In this case, a more appropriate term for bulk domain investment would be bulk domain **speculation**. Few people make huge ROI in a short period of time, while most people suffer



**George Hong at the Xiamen, China office he opened in 2015** (thanks to the China boom that year he moved to bigger offices soon after).

losses. The quick and huge ROI potential draws experienced domain investors' focus away from investing in premium domains to bulk domain speculation. The big losses cause people to lose confidence in the domain market as a whole.

2. Some new investors bring money in to make a quick profit. These people have extensive experience in trading stocks or other commodities and they are skilled at handling volatile market situation. There were **price manipulations**; there were pump and dump scams; while many seasoned domain investors' impression about domain market that it should be steadily increasing. All things considered, it is not a surprise that most experienced domain investors were caught off guard and lost money speculating.

Looking ahead to 2017 Hong said, "Bulk domain speculation is **here to stay**. Some people will find out the ways to make money by manipulating the market. On the other hand, many more people will lose money speculating. Seasoned domain investors will gradually realize that bulk domain speculation is a **gamble**, they will shift their money and focus back to what they were doing best before: buying undervalued premium domains and selling them for a profit."

"In early 2017, there will be a lot of opportunities to buy **undervalued premium domains** such as CVCV.com (consonant-vowel). Chinese buyers will keep buying premium domains, such as pinyin domains with good meanings, 2-3 letter .com, 3-4 number .com and other short domains as the CNY currency is devaluing and there are few other viable investment alternatives."

### **Giuseppe Graziano** Founder & Managing Director, Lisbon Media, [GGRG.com](http://GGRG.com)

While broker **Giuseppe Graziano** is based in **Lisbon, Portugal**, he has also been paying close attention to what is happening in China and began his commentary with that subject.

"For the niche I cover, which is **short, liquid .com domains** like LL, LLL, NN, NNN, NNNN, LN & NL 2016 was a year of transition," Graziano said. "After the drop in prices at the beginning of the year that extended throughout the summer, prices seemed to have reached a support level."

"To understand if the Chinese buying frenzy will resume, or the market will stabilize, let's analyze the factors that drove the increase in demand and subsequent surge in prices of 2014-2015:

1) The long term, sustainable demand of Chinese e-commerce giants and Internet companies.

It is fair to say that the first type of demand will stay constant as the Chinese internet space **continues to grow**. The Chinese consumer marketplace is a "go big or go home" game and companies that want to play in the same league as **Alibaba, Tencent** or **JD**, have to get a short





**Giuseppe Graziano**  
 Founder & Managing Director  
 Lisbon Media, GGRG.com

.com domain. Chinese consumers do not care for "boutique/independent" brands, but do trust large consumer brands. A short .com domain sends a "You can trust us" message to the public, and this is exactly the reason why record sales like **HG.com** for **\$3.75 million** will continue to happen.

2) The short term, speculative demand that came from Chinese domain investors.

The speculative short term demand is instead driven by: 1) profits 2) the availability and profitability of alternative investments. For what concerns the profits, in a bull market (as the one of 2014-2015), it was easy for investors to ride the upward trend. 2016 has shown though that the price of domain names can also go **down**, and many fair weather investors are less confident to jump in the market again.

Regarding the alternative investments available to Chinese investors, we have noticed an inverse correlation in performance caused most likely by funds allocation: the 2015 Chinese stock crash fueled the peak in prices of November 15. **Bitcoins** were surging again while the demand for domains flattened. As of January 5th, the People's Bank of China announced that bitcoins are to be treated a commodity and not as currency. This made the bitcoins drop 20% in a few hours. If you consider that the total market cap of Bitcoins is no more than **\$16 billion**, and that, according to [our quarterly report](#), the estimated value of the short liquid .com domains is **\$8 billion**, there is a chance that this might cause more money to flow back to domain names." Graziano said.



**Giuseppe Graziano (right) visiting George Hong at George's Guta.com office in Ximaen, China last year.**

Looking ahead Graziano added, "2017 appears to be an **uncertain year** from many angles. Besides a difficult political outlook, US, EU and China have kept printing money, in an effort to sustain the stagnant economies and improve trade deficits. It is a currency war to who can devalue their currency faster and there is a new tendency for investors to distrust paper currency which is at the whim of central banks. Europe will have 3 elections this year, including France and Germany. Some of the parties, like the National Front in France led by Le Pen are asking for an exit from the European Union if they were to win. If this were to happen, the euro zone might be **in danger of**

**collapse** and, as a result, the demand for alternative investments might increase as European investors look to hedge themselves. Will European investors also look at domain names as a place to invest?"

"If we look at last years, this is unlikely to happen. European investors have more investment options available to them as opposed to Chinese. As we noted on [our quarterly report](#), in Q3 only, over 6,000 liquid domains moved from US, Europe and rest of the world towards China."

"So how is this going to affect domains? Speaking about the niche I cover, I do not see any significant change in the **end user** demand, at least in the short to medium term. For what concerns the short term speculative demand, I think February (after Chinese New Year) will be key to see if the Chinese buying activity resumes. I would watch closely the bitcoins price charts. A decrease in the value of bitcoins might signify that money will be flowing again to domains. Large domain purchases from Chinese end users might also restore confidence."

"In terms of opportunities, there are certainly market inefficiencies that can still be exploited. For example domain with vowels are priced significantly lower than the "chips" - and the international end users do not necessarily favor the Chinese Premium letter as much as the Chinese investors do. The niche of LN/NL domains ([t5.com](#), [2h.com](#), etc) is priced significantly lower than the 2 letter category, although they are actually scarcer (520 vs 676) and present similar [development indexes](#).

Outside of my niche, here are a few more trends I see in 2017:

- Chinese investors who started investing in 2014-2016 will gradually gravitate more towards domains that have a higher chance to be sold to end users.
- Internet users are moving away from typing on a browser and onto speaking to a personal assistant on the phone. This trend is unlike to stop anytime soon and might likely damage the revenue of traffic domains and monetization companies.
- **India** is a place to watch with attention. Using **.cn** domains as comparables (being valued roughly at 25% of .coms), India has a **huge potential market** and a rising middle class - we might see the sales prices of premium English **.in** keywords go up sometimes soon."

### Tessa Holcomb Co-Founder & CEO, [Igloo.com](#)

**Tessa Holcomb**, who was profiled in our June 2015 [Cover Story](#), is another accomplished, veteran domain broker who is no stranger to seven-figure transactions. As one of the smartest and hardest working people in the space we always value her insight into current industry trends.



**Tessa Holcomb**  
Co-Founder & CEO, [Igloo.com](#)

"As an industry, one of our biggest challenges continues to be **pricing**, and even more so when there are such pronounced fluctuations in the market as there were between 2015-2016," Ms. Holcomb said. "The leveling off (to put it mildly) of the Chinese Market created an evident swing in the pendulum putting the ball back in the hands of buyers and resulting in competitive end-user sale prices and tremendous investment opportunities (as publicly noted [here](#) on DN Journal's 2016 Top 100 Sales Chart.)"

"Many owners turned down significant offers, holding out for numbers they had witnessed only months earlier while others cut their losses not knowing what the future would hold. Q4 has always been the strongest quarter for **Igloo** and 2016 was no different as prices steadily crept up throughout the end of the year. Stagnant buyers came back to the table with increased offers and sellers, previously unwilling to negotiate, responded positively creating a **win-win** situation for all."

"Although the number of companies using gTLDs is on the rise, over **90%** of Igloo's transactions in 2016 were still **.coms**. Startups with higher level funding and businesses of all sizes

continue to see the value in acquiring their one-word .coms and make up a large portion of our acquisition business along with domain investors buying both individual names and portfolios," Tessa said.

"2017 will be an **extremely busy year** bringing an onslaught of unanticipated activity and movement within the industry as a whole. More companies will come, go, join forces or change direction than in any year before. We'll see an increase in the number of transactions overall with owners, who don't normally sell, coming out of the woodwork and more investments being made either by existing players or new individuals or groups. With pricing continuing to fluctuate, we'll see **less Buy It Now Pricing**, especially on the higher end. We'll see more collaboration among established brokers and more common practices being shared. On this front, Igloo has created the **Premium Broker Network** as a more formal vehicle to help in the collaboration efforts between

trusted brokers, give higher end names more exposure at the right levels, and close more sales at these price points."

### Alan Dunn Managing Director, [NameCorp.com](#)

**Alan Dunn's** many years of successful **experience** as a domain investor, broker, consultant, researcher and writer has made him one of the most respected figures in the industry. He will be profiled in an upcoming DN Journal Cover Story.



**Alan Dunn**  
Managing Director  
**NameCorp**

When asked about the key stories of 2016 Dunn cut to the chase. "China—for a different reason this year. I think 2016 proved that the Eastern and Western markets for domain names are **completely different.**" Dunn said. "This realization has led many companies to rethink their overall strategy for the China market (which still has tremendous opportunity), and has also diminished a lot of noise from people who were only visitors in the industry looking to make a quick buck."

"**GoDaddy's** continued portfolio acquisitions were also quite important, but not just from a sales perspective. These acquisitions have given some industry veterans a chance to retire, and with retirement there is often a drop in shared knowledge. We also lost some great people this past year. While retirement and loss are both natural elements of industry evolution, I think that more people realized the need for a **long-term plan** this year than ever before."

With respect to 2017 Dunn said, "I think we all know demand for premium short .com domains will **continue to rise**, supply will continue to decrease and more competition will enter the market. (No surprises there, right?)."

"The biggest challenge for the domain name industry has been (and will continue to be) a **collective voice**. Last year, many companies changed direction, a result that I think can be attributed to either not having a plan or understanding the importance of marketing. This is not just limited to gTLDs, but also includes legacy companies that have failed to innovate or lead. In 2017, I hope that we can (collectively) change that."

"Milk has the famous "**Got Milk?**" campaign. Cotton Incorporated—which was founded in 1970 to support U.S. cotton farmers and importers in the research, development and promotion of cotton—has the amazing "The Fabric of Our Lives" campaign. **Domain names** are the **foundation** of the internet. Why do we not have a "Get Online" or "Get Your Name" campaign that promotes the education of the very product our businesses are built around? (But not sponsored by GoDaddy, who we all have to thank for making this industry where it is today.)"

"Whether it's .com, .org or the further maturity of new gTLDs, there is no doubt the industry (as a whole) is moving forward. Maybe, hopefully, 2017 will be the year we finally make progress together," Dunn concluded.

### Kate Buckley Founder & Principal, [BuckleyMediaGroup](#)

It has been a big year for **Kate Buckley**. A few days before this article came she brokered the **sale** of **Advance.com** for \$300,000 giving her two of the 20 biggest sales reported over the past year as she also sold **Rate.com** for the Castello Brothers last spring for \$725,000.

While the China market has cooled Kate said there are still the engine pulling the high end domain train. "Chinese investors now own **26%** of the 676 LL.coms," Kate noted. "They have money to tie up, and believe domain names are relatively secure. And they believe in **.COMs**. By my calculations, of the 676 LL.coms, half are in use, the Chinese are using or sitting on roughly a quarter, and investors are sitting on another quarter of them. There are probably 160 or so investor-owned LL.coms out there, which is not a lot. Seeing what happens with these remaining LL.coms could be interesting, I believe their value will continue to rise. I'm brokering one of them right now, in fact: **QO.com.**"



**Kate Buckley**  
Founder & Principal  
**Buckley Media Group**

"Additionally, this was another year that reinforced the fact that premium .coms do in fact have significant liquidity, and are highly sought after by businesses that desire greater reach and impact (not to mention consumer resonance) for their marketing and branding spend."

"**VR** (virtual reality) and **IOT** (the Internet of Things) are all fascinating to me right now. And it's reached the mass market tipping point. Some in the industry think this will hurt domains; I disagree. **Google** and **Amazon** are now promoting voice activated call-to-action services and devices like **Echo** and **Home**. Those words are actionable and will lead more and more customers to those businesses that have actionable and memorable web addresses. The future is still .com."

"Additionally, I believe that the continued proliferation of **new gTLDs** will perpetually raise the value of premium dot-com names. The reasons are many, but two of the most important are **1)** dot-com has a long term "trust" factor and **2)** the public always defaults to dot-com when trying to recall or share a domain name. Some believe neither is important because search engines like Google control the game, but the ability to immediately and accurately recall a company's brand will always be paramount to a business's success. It's basic branding and marketing. Furthermore, I believe that the new gTLDs will begin to be judged more on the bottom line (revenue), instead of the amount of registrations."

"The fact that **Fortune 500** Companies, without fail, invest in dot-coms and continue to do so drives this point home. As **Paul Graham**, venture capitalist and co-founder of the **Y Combinator** said, "The problem with not having the .com of your name is that it signals weakness." And, in fact, every single one of the top 20 Y Combinator companies by valuation have the .com of their name."

### **Monte Cahn** Founder & President, [RightOfTheDot.com](http://RightOfTheDot.com)

**Monte Cahn** has been involved in some of the biggest domain sales of all time and, as an original founder of Moniker.com, he has been doing it since well before DNJournal began over 14 years ago. Monte is still doing it today as Founder & President of **RightOfTheDot.com**, who stages the annual live domain auction at **NamesCon** and is also a well-known consultancy to **new gTLD** registry operators.



**Monte Cahn**  
Founder & President  
**RightOfTheDot.com**

"2016 saw some up and down roller coaster rides with the drastic swing in the Chinese markets which had direct effects on the overall domain industry and market," Cahn noted. "In some ways it was good by weeding out artificial sales and transactions from real transactions at real market values and prices. Speculators were liquidating and flipping domain assets when they couldn't liquidate or monetize other assets due to Chinese laws and markets, On a side and interesting note, **China** was responsible for **54%** of all **new gTLD** registrations in 2016."

"This was bad for folks buying higher than market and trying to flip out as well as those holding out too long waiting for that higher price that never came."

"On a more positive note, there were several buy outs of domain portfolios that were both good for buyer and sellers - **Godaddy** (NameFind), **Endurance**, and others on the good buying end, my good friend and former partner **Michael Berkens**, **Monster Worldwide**, **CentralNic**, **Anthos Chrysanthou / Emerge Media**, and others on the sellers end. Many questioned the per domain price per domain these portfolios were sold for but in my opinion



they were all win win transactions for both sides and put good spark in our industry when we needed materially valid and fair transactions for both buyers and sellers."

"Then there were some of the company to company buyouts and mergers and acquisitions involving some of our friends in the industry. Most notable was **Directi / Skenzo** founders **Divyank and Bhavin Turakhia** who later formed **Media.net** and built it to be one of the largest online **Yahoo/Bing** based ad platforms. They sold to a large Chinese consortium for **\$900MM** - announced in August of 2016. This couldn't have happened to nicer guys and well deserved for all their continued innovation, hard work and perseverance."

"In addition, several **new TLD** companies made strategic moves in acquiring other new TLD strings and companies. **Afilias acquired StartingDot domains .archi, .bio and .ski** in August. It was also discovered that Afilias was the second highest bidder for the public ICANN auction for the new TLD **.Web** which **Verisign** won through **Nu Dot Co**. I felt that bid and the company behind it validated that **.Web** could be the next **.Com** competitor and now compliment to **.Com**. After suing ICANN to try to stop the Verisign **.Web** deal, **Donuts** acquired **.Irish** at the end of the year. And **.Buzz** decided to put their TLD up for sale. I think some of the newer players in the new TLD space had a reality check and realized that unless you have big money behind you, a lot of experience, and / or efficiencies of scale, its hard to successfully launch new TLDs and successfully compete in a market that will take **5-10 more years** to survive." Cahn said.

"Meanwhile we started off 2016 with the largest industry trade show and domain auction at **NamesCon** with over 1,000 showing up in Vegas for great networking, content and close to **\$2 million** in domain auction sales. This kicked off a strong year in individual domain sales in both legacy TLDs and even new TLDs. Ironically NamesCon ended up being acquired by **WebHostingDays (WHD)** who was then acquired by **Godaddy** through its acquisition of **Host Europe Group** who owns WHD!"

"What I find so significant about 2016 is **how far we have come** since I started in 1995...and how much our industry has matured since its early starts. Yet we are still in our infancy with so much bright future ahead of us!"



**Monte Cahn** (standing at center) helping auctioneer **Wayne Wheat** run the 2015 **NamesCon Live Domain Auction**. They also did it in 2016 and will be returning yet again next week at NamesCon 2017 in Las Vegas.

"2017 will continue where 2016 left off," Cahn predicted. "I think there were be more strong domain aftermarket sales, more portfolio buyouts and more mergers that touch our industry in some way or the people that helped pioneer it. Although there will be challenges in the change of US political leadership, that is likely to be messy in many ways, I do feel that overall business will be **strong** as we move towards less political regulations, lower US tax rates over time, increase in employment. This will result in the start of more business opportunities and more individual and corporate wealth overall. This will only help overall business and our industry in the next year and beyond."

"Our next generation of internet / web users will be registering new and existing TLDs. There will be some more big new TLD primary and aftermarket sales along with legacy **.com** sales. Both will be raising the tide water **for all** and will be good for the entire industry. Existing **.com** speculators will continue to cross lines and register more new TLDs as more are registered world wide. More brands will start using their new TLD extensions and start building brand awareness on those extensions and again it will raise the tidewater for all."

"We will see more new TLD strings being acquired by some of the multi string holders and even by some new players wanting to get into the domain space. Some unlikely friends and competitors teaming up on some other interesting deals before the end of the year as well. 2017 will be a year of exciting and interesting times. We kick off this year with a record breaking crowd at NamesCon with close to **1,400** people in attendance and another successful RightOfTheDot / NameJet Live and Online auction!"

**Paul Stahura**  
Co-Founder & CEO, [Donuts Inc.](#)

**Paul Stahura**, the Co-Founder and CEO of the largest **new gTLD** registry operator, **Donuts Inc.**, sees an extremely bright future for new domain extensions - so much so that he has bet a good chunk of his personal fortune on it, as detailed in our July 2015 [Cover Story](#) profiling the domain industry veteran.



**Paul Stahura**  
Co-Founder & CEO, Donuts Inc.

"The most significant trend of 2016, by far, was the more than **200% growth** in the number of names registered in **new gTLDs**, which now total more than **27 million**," Stahura said. "The utility of these names has been solidly proven and they now are in use by the world's top brands and organizations. A secondary but important trend is the emergent development of technologies that are adjacent to, or otherwise leverage, the domain name system infrastructure. Donuts invested in two companies last year that push these technologies forward, and we anticipate future opportunities to do so again."

Looking ahead, Stahura concurs with others who are predicting continued consolidation in the new gTLD space (as well as the industry at large).

"We've already seen some consolidation — Donuts bought **.IRISH** recently — and we'll see additional consolidation as the year progresses," Stahura said. "I also believe we'll see additional **innovation** around the DNS. There are several companies that are creatively using the DNS to power or otherwise structure new technologies, and we'll see more of that. We also will see new ideas come from the namespace itself as registries and registrars find new ways to reach customers with emerging needs."

**Jothan Frakes**  
Co-Founder & Co-Producer, [NamesCon](#)

Industry veteran **Jothan Frakes**, who was profiled in our July 2014 [Cover Story](#), is now known for being the Co-Founder and Co-Producer of the world's biggest domain conference, **NamesCon**, but his experience in the field stretched back more than a decade before NamesCon was founded. He has worked in almost every aspect of the business allowing him to give us some unique insight into developments in multiple sectors of the industry.



**Jothan Frakes**  
Co-Founder & Co-Producer  
**NamesCon**

"Governance and Policy, though yawn inspiring to follow, continued to be **important** for domain name owners and the industrial providers in 2016," Frakes noted. "Registries and Registrars are compelled to introduce new policies where directed to by ICANN or Governments. For Registries, there was a new policy for Registries with regard to being available and operational within **China**, where it became necessary for a registry to become approved, which is a new type of barrier for registries, registrars, registrants, and end users to an otherwise fluid and frictionless operation of the Internet."

"Registrant contact validation by registrars (where you have to validate your email gets received and respond to it) still causes issues for domain names being deactivated inadvertently if someone is not looking out for an email from their registrar."

"In addition, further policy was introduced upon registrants about contact creation or changes this year. Registrars were required to add new validation policy which can **transfer-lock domain names for 60 days** when there are changes to the domain name contact. This change came at the front of December 2016 and is already manifesting into some challenges

within the registrant world - many within transactional marketplaces within the aftermarket, but the hope and intent of the policy was to reduce the ability that predatory actors exploit to steal names.

This 60 day period can be opted out of, but creates a bit more friction for transfers in domain transactions between registrants."

"**Consolidation** was heavy in the industry, the acquisition of **NamesCon** and **DOMAINfest** by **World Hosting Days (WHD)**, and then the subsequent acquisition of their parent company **Host Europe Group (HEG)** by **GoDaddy** is a great example. **.IRISH** registry was acquired by **Donuts**, **.WEB** was acquired by **Verisign**, **.BLOG** was acquired by **WordPress/Automattic**, and there are many that we will see in coming months and into 2017."

"The industry saw changes in The **Domain Name Association** - a change in the Chair and the move to not operate with an executive director. **ICANN**, though not an association, is a 'bottoms up' place to bring ideas or changes (or complaints) through the various stakeholder groups - they now have a new CEO that comes from a background of industry regulation in Sweden. The **Internet Commerce Association** has been growing its presence, activity, and capacity in 2016 with its new membership model. Participating in all of these is important, and there are also two other that I should point out as organizations that are worthy of some of your readers attention - the **Internet Infrastructure Coalition (i2c)** and the **Electronic Frontier Foundation (EFF)**, who are making great headways in preservation of rights and freedoms."



**Jothan Frakes** speaking at the first **NamesCon** conference in **Las Vegas** in **January 2014**. Frakes co-founded the show with Richard Lau.

harder for a registry to whine or justify **7-10% annual increases** in the presence of cost competition reducing fees."

"**Consolidation** will continue in 2017. The Open registry and NCC Group's TLD business was acquired by **KeyDrive** at the very front of the year, and we will no doubt see a trend of M&A within the business continue throughout the year. The good news is that this means that there continue to be cycles of **opportunity** - the moves and changes often give way to new company formations as teams and structures change through acquisitions. After watching waves of these cycles, smarter companies fight to keep the talent around and continue or grow their market positions, while other companies restructure and exit people who go work for (or become) their competition."

"**Startup** opportunities still abound. Yes, someone maxed out the taxi-disruption service. Yes, there's an app for everything you can think of. Execution, capabilities and talent are often the big difference that makes for the success or failure of startups, not just capital. A **domain name** can be a big part of this, but it is just a part. If you're the person with the 'category killer' domain name, be sure you can kill that category. If your domain is just a booster rocket for an existing project that someone else is building, watch for that person who is 'all in' on their concept, and keep in mind that their perspective is that they have to hand you their kid's college education money for something that should be around 25-50 dollars. Leasing names or equity share is starting to become the new trend in getting startups the best domain names, and we will likely see leasing trends increase in the coming year."

"The Internet as we have grown to know and love it will undergo quite a large number of changes in 2017-2018. Within the US, **Net Neutrality**, and other free-flow concepts that have been the baseline expectation and platform for innovation, choice and opportunity have a lot of potential to be under threat. This does not necessarily mean disruption to the opportunities within the domain name space, but it does represent potential for changes - some possibly good - in the flow of information, goods, services, and money."

"Many Top Level Domains traded hands in 2016 (we will see more of this in coming times) and there were two very noteworthy events in 2016 - which were the announcement of registry back end provider projects. One was the **Nomulus** project (a collaboration between **Google** and **Donuts**) for a registry platform, and the other was the qualification of the **Canadian 'CIRA'** (They run the **.CA** ccTLD and now **.kiwi**) **Fury platform** for new gTLDs. The new TLDs that exist are always looking to optimize costs and have choice and competition. Back End Service providers that were not part of the 2012 TLD application round, but there was not a way prior to Fury being approved for a back-end provider to be vetted in a manner consistent with the panel reviews that had occurred for the new TLDs. This precedent means that we will see registries seeking better costs or services, or even creating their own integrated registries for innovation. Though this impacts the channel more than the end-user or registrant, it might hopefully play out as savings in registration fees - or stem the tide of wholesale fee increases per name in TLDs - where it becomes harder and





(Left to right) **Joe Alagna**, **NamesCon Co-Founders Jothan Frakes** and **Richard Lau** and **Yancy Naughton** after Alagna, Frakes and Naughton **allowed their heads to be shaved** in a **fundraising effort** for the **Water School** held at the first **NamesCon** conference in **Las Vegas**, January 2014.

"Clearly we will see some changes in the new leadership within the Presidency and balances within the branches of government within the USA. I closely follow updates from the DNA, ICA and i2C to help sift through the various announcements and understand how they might impact me or my interests."

".COM and .NET **thick whois** are coming. That's going to be big, as it shifts the contact detail for names away from being held at the registrar, making the contact details available to the registry that will be operating .WEB."

"Will we see market forces allow for cross ownership within the largest industry player, with **Verisign** cross-owning an integrated registrar? This remains to be seen, but in possession of what would essentially be the entire database of registrants globally (at least those not under privacy), it would put Verisign in an even more dominant than dominant position than they currently enjoy as registry for the **.COM** TLD."

### **Bill Sweetman** President & Lead Ninja, [NamesNinja](#)

**Bill Sweetman** has been an internet professional for well over 20 years with experience in just all aspects of the industry. His skill set has made **NameNinja** one of the top consultants in our field.



"What struck me as notable about 2016 were the sheer volume of **large domain portfolio transactions** (GoDaddy scooping up several big ones for seven-figures) along with **consolidation** in the registrar and registry space (larger players swallowing smaller players). It's becoming harder and harder to keep track of which company is now owned by which larger organization, and which TLD is operated by which entity; someone should produce an infographic to map this messy spider web out!," Sweetman said.

"I imagine that 2017 is going to be a year of **stark contrast**. I expect we're going to see some exciting, innovative, and high-profile **DotBrand** launches along with, unfortunately but not surprisingly, some **catastrophic failures** by some of the smaller, independent new gTLD operators who are in over their heads."

"While the Chinese domain buying 'bubble' of Q4 2015 is now a distant memory, I don't think we should write **China** off as having the potential to make another huge impact on the domain industry. **India**, too. I, for one, will be watching



**Bill Sweetman**  
President & Lead Ninja  
**NameNinja**

venture capital money starts to dry up, I think that will have a dampening effect on some big-ticket domain sales."

the US startup and technology market carefully as it adjusts to the new government. If the

### Scott Reynolds Vice President of B2B Services, [Payoneer.com](http://Payoneer.com)

After years of being dominated by Escrow.com, providing escrow services to domain buyers and sellers has suddenly become a very **competitive** space. The battle was ratcheted up considerably when deep-pocketed **Payoneer.com** joined the fray. Payoneer, represented here by Vice President of B2B Services **Scott Reynolds**, even enlisted former Escrow.com President **Brandon Abbey** as a Senior Adviser.



**Scott Reynolds**  
Vice President of B2B Services  
**Payoneer.com**

"2016 has been an eventful year in the escrow payments space, particularly with the major announcement that **Armor Payments** was acquired by digital payments industry leader **Payoneer**. In one fell swoop, the escrow payments space has gone from a fairly sleepy industry served by relatively small players to one that is seeing **significant growth and innovation**," Reynolds said. "Now, buyers and sellers of domain names have a viable alternative to take advantage of licensed secure payment services, backed by a global, well established company with **millions** of users."

"As the world continues to flatten, we see more and more small and medium sized businesses look beyond their borders to find new customers and source from new suppliers. The domain industry is no exception. At Payoneer we expect cross-border commerce to continue to grow, particularly from the **Asia Pacific** region. Buying and selling from individuals and businesses abroad is potentially risky and complex, and traditional players like banks are not geared up to address these SMB needs. We expect further innovation from tech startups focused on streamlining the challenges of

transacting across borders – financing, logistics (when relevant), payments, compliance, etc."

"In terms of challenges, when industries gain traction, regulators aren't far behind. While the additional regulation provides security to consumers and businesses, it adds a layer of operational complexity and increased cost for the payment providers. Payoneer has always invested a huge amount of resources in **licenses** around the world, and in addition to our escrow license, we will continue to ensure that we keep the highest regulatory standards, across all the regions we currently support."

### Stevan Lieberman Attorney, [Lieberman & Greenburg](http://Lieberman & Greenburg)

Moving on to the legal field we have commentary from three of the domain industry's leading attorneys for you. One of those, **Stevan Lieberman**, is also a successful entrepreneur whose interests include [DigitalCandy.com](http://DigitalCandy.com) and [Escrow.Domains](http://Escrow.Domains).

"2016 has been an interesting year," Lieberman began. "Just a few of the significant events last year (some overall and some for our industry specifically) were:

1. Substantial greater acceptance of new Gtld's by the general public
2. Fake news abounds
3. The Internet Assigned Numbers Authority transition - Consolidation of ICANN (naming) and IANA (numbering) into a single organization, which is now supranational. And is a not for profit, with one half billion cash in the bank and growing.
4. Verisign Contract extended to 2024
5. .Web extension sells for \$135 million and law suits abound
6. Chinese domainers invest heavily
7. Chinese Gov mandates new rules for Registries
8. Massive investment in Block Chain technology (by Donuts and others)



**Stevan Lieberman**  
Managing Attorney  
**Lieberman & Greenberg**

9. Judicial redress Act signed – privacy laws extended between US and Europe
10. Ename goes public
11. Major companies (Microsoft and Google and others invest heavily in Augmented reality (Hololens & Magic Leap and AI)
12. Trump is elected president
13. WordPress buys .Blog
14. Large amount of consolidation within the industry (large companies buying smaller ones)"

Regarding 2017, Lieberman said, "I expect: A greater interest in **privacy** by the public which goes hand in hand with **less trust** of the government by the public. The election of **Trump** shows this along with the dissatisfaction of much of the citizenry of the state of the union. However I expect the government to increase its attempts to have greater and greater access to private company's data of its users and to be able to filter the Internet for what it believes are bad actors to continue. This will result in the stepping on citizens privacy rights to a much larger degree. Accordingly we will see **large numbers of law suits** in 2017 on these subjects."

"We also see a number of law suits against **ICANN** pertaining to how it controls new registries and expect further such law suits. Government control will also lead to tenses control over the movement of money (we are already seeing this in the new identification, money laundering and know your client rules) which will lead to greater barriers to general transactions. We however did not see much stopping industry roll up and expect even less control over such rollups becoming **de-facto monopolies** in 2017 (you know which companies have the majority control over the domain name industry)."

"All of this sounds pretty negative, but I also expect there to be **a lot more money in the industry** due to interest in the new TLDs, continued uptake in alternative ccTLDs (**China and India**), and the massive diversification of domainers into alternative monetization methods forced on them by the dying off of basic PPC (the silver lining)."

### Zak Muscovitch

Principal, The Muscovitch Law Firm ([DNAttorney.com](http://DNAttorney.com))

Veteran Toronto-based attorney **Zak Muscovitch** is an acknowledged expert on **UDRP** issues and has helped countless domain owners successfully fight off attempts to take their assets through misuse of the **UDRP** process.



**Zak Muscovitch**  
Principal, The Muscovitch Law Firm

"The first trend that I have seen in 2016, is that Domain name investors have come under **renewed attack** by overreaching trademark," Muscovitch said. "I have noticed an increase in UDRP complainants arguing that they should be entitled to a domain name even though the domain name was registered by the registrant **BEFORE** the trademark was even adopted by the complainant. The reason for this appears to be that new companies are going after old domain names."

Until 2009, it was a nearly certain that the UDRP required both "bad faith registration and "bad faith use", and that "bad faith registration" was of course impossible if the domain name owner registered a domain name before the brand was even a twinkle in the eye of the trademark owner. However in 2009, a handful of rogue UDRP panelists came up with a handful of decisions, starting with **Octagen**, that attempted to "re-write" the Policy, so that a domain name that was clearly registered in good faith, could be turned into a "registration in bad faith". These **misguided panelists** took the position that if

**DNAttorney.com**

the domain name owner registered the domain name in good faith, but

subsequently renewed the domain name in bad faith, i.e. by subsequently using the domain name in an infringing manner once a complainant's trademark rights arose, that a domain name could be transferred."

"Fortunately, the consensus remained amongst most UDRP panelists, that this approach totally misinterpreted the Policy, and that a "renewal" does not amount to a new registration. Very recently, one excellent panelist, **Mr. Adam Taylor**, in [TOBAM v. M. Thestrup / Best Identit](#), hopefully put one of the final nails in this misinterpretation of the Policy, when he concluded that "the Respondent could not have set out to target the then non-existent rights of the Complainant", and that was fatal to the UDRP Complaint."

"Nevertheless, I have seen that a lot of high value domain names that have been owned by domain name investors for well over 10 years come under attack by companies that only started in business a few years ago. These new companies obviously want the **.com** that corresponds to their company name or brand, but the domain name was already taken. Instead of adopting a name where the **.com** is available or negotiating the purchase of the domain name from the registrant, these new companies are trying to **get the domain name for free** by reviving the misguided and outlying approach. Over the years, most previous UDRP cases involved domain names that came after the trademark, but nowadays, those may have mainly worked their way through the system already, and it may be that we are seeing a "new kind" of UDRP case where the trademark comes after the domain name," Muscovitch noted.

"Accordingly, until this errant approach is finally put to rest, domain name owners – even ones who have owned their domain names for 20 years – must be **ever vigilant** as to how they are using their domain name. Using an old domain name for **PPC** could easily turn into a UDRP for the unwary domain name investor, as in the intervening 20 years, a trademark could have arisen, and the trademark owner may take a wild and expensive shot at the domain name using the "retroactive bad faith" approach."



**Zak Muscovitch speaking at the 2015 DomainX Conference in Bangalore, India.**

"The second trend for 2016 that I see, relates to **domain name transactions** rather than domain name disputes. This past year, I have noted an increase in high value domain name **lease** or "**financed**" purchase transactions. Values for high quality generic and brand-able domain names have clearly reached a point where a start-up or existing company who wants to adopt a new brand, in many cases realizes that they cannot afford to purchase the domain name outright, so they therefore pursue **alternative acquisition models**. For example, I have seen more than the usual number of six-figure domain name "lease to own", "options to purchase", and "financed purchases" transactions for decent generics and brand-able domain names. This is a marked difference from the past, where such transactions were less common and outright sales were the norm. As the value of domain names continues to increase, we can expect to see more and more of such transactions which enable a purchaser to start using a valuable domain name right away, but pay for it over time."

"In 2017, **UDRP reform** will be a major challenge for the domain name investment community, and the [Internet Commerce Association](#) will be able to meet that challenge with its increased capacity. ICANN established a Working Group that will be dealing with UDRP reform in 2017, and this Working Group is mandated to review the UDRP which has not undergone any changes to the Policy since it was first established in 1999. Accordingly this is a **major development** that could lead to profound changes for how the valuable property owned by domain investors is treated. The trademark lobby may attempt to use this Working Group to push through radical changes that may fundamentally decrease the fairness of the UDRP procedure. Fortunately, the ICA has never been better positioned to address such challenges. The ICA has now increased its Board members to five



from three, adding in myself and **Jay Chapman** from **Digimedia**. **Nat Cohen** continues to serve on the Board, and **Ryan Pierce** of **Rook Media** has also recently been appointed, having replaced **Daniel Law** who has taken on the position of Executive Director. In addition, **Phil Corwin** continues to lead through his role as General Counsel to the ICA, and **Kamila Sekiewicz** continues in an expanded role as Operations Manager. **Jeremiah Johnston**, who has been with ICA from the beginning, continues his incredibly valuable leadership role as President of the organization."

"By increasing Board membership, the ICA has increased its capacity to work on behalf of the domain name investment community. Nat Cohen, Jay Chapman, Jeremiah Johnson, Ryan Pierce, and myself are all **volunteering our time** to advocate on behalf of the domain name investment community through a **UDRP Reform and Domain Name Theft** working group, by representing ICA at industry events, and by helping coordinate and develop ICA's direction and initiatives. The appointment of Daniel Law as Executive Director, is particularly special, as the ICA will have an unprecedented ability to continue its important work and even expand on it through an increase in membership and ICA initiatives. Phil Corwin, is a Co-Chair of the ICANN Working Group that is engaged in reviewing the UDRP, and is therefore in an incredible position to monitor its work and continue to advocate for the ICA's members in his capacity as General Counsel. Kamila Sekiewicz fulfills a crucial role by helping to coordinate all ICA activities and making things happen, including some fantastic work increasing the ICA's membership, and her assistance will increase in 2017. Accordingly, the ICA is in the enviable position, with the generous support of ICA members, to **greatly expand its work** in 2017, through its greatly increased capacity."



### **Phil Corwin** **Legal Counsel, Internet Commerce Association**

Zak Muscovitch's comments above about the **Internet Commerce Association** (in the two paragraphs above) is a perfect introduction to **Phil Corwin**, the man to whom I want to give the last word in this year's State of the Industry report, because of the extremely important and effective work he and the ICA has done over the past decade and continues to do in protecting the rights of domain owners.



**Phil Corwin**  
Legal Counsel  
**Internet Commerce Association**

"From a public policy perspective, the most significant event of 2016 was the completion of the **IANA Transition** on October 1st and the ending of a unique US government relationship with **ICANN**," Corwin said. "It remains to be seen whether the **GAC** will remain content to have a merely advisory role in the newly emancipated ICANN, as early signs are that it may be flexing its muscles and seeking at least a coequal role with the community-based **GNSO Council** in setting ICANN policy going forward. There are also rumors that the **Trump Administration** may try to "claw back" the IANA contract or, in the alternative, try to assert some unique **continuing US powers** over ICANN; if that occurs, it may invite a variety of destabilizing responses from ICANN constituencies and the GAC."

"Another major event was the **departure of Fadi Chehade** as ICANN CEO and his replacement by **Goran Marby**. So far Marby has assumed a much lower profile than Chehade. He is getting generally good management marks so far, but as of now it is difficult to identify any unique stamp he is putting on the organization."

"With respect to 2017, the ICANN working group (WG) reviewing all **Rights Protection Mechanisms** (RPMs) in all gTLDs, which I co-chair, will be

moving into the heart of its work of evaluating and perhaps revising the new gTLD program RPMs this year, prior to launching its phase 2 UDRP review. So far the WG is working in fairly collegial manner, but that may be tested as we get into the trademark clearinghouse and related RPMs, and then especially as we reach the **URS**. Some trademark interests have indicated the desire to add a domain transfer option to the URS, but many in the domain investment community fear that would be too much of a domain hijacking risk in the context of a rapid, limited inquiry, \$500 filing fee procedure," Corwin said.

"This month another working group that I also chair, on curative rights processes (UDRP and URS) for international intergovernmental organizations, will be releasing its draft report for public comments. **IGOs** and the **GAC** had asked for the creation of a totally separate process that would deny domain registrants the right of appeal to a court of mutual jurisdiction, to be replaced by another arbitration process. But the WG, at the end of two years of work, determined that there was no sound legal or policy basis for such action. The GAC may try to use the ultimate disposition of our recommendations as a test of their role in post-transition ICANN."



**Phil Corwin speaking at the 2016 NamesCon conference in Las Vegas.**

"Another major event this year will be the negotiations and outcome regarding renewal of **Verisign's** contract to operate the **.Net registry**. ICA has called on ICANN's Board to impose a moratorium on staff imposition of the URS on legacy gTLDs by contract (as is pending for **.XXX** and **.Mobi**) as the ongoing RPM review WG is charged with recommending whether the new gTLD RPMs should become mandatory Consensus Policy for legacy gTLDs. The stakes are big, given that current .net registrations exceed **15 million**. Other issues may arise once the proposed registry agreement is released for public comment."

"Events may well arise that test whether ICANN's **new accountability measures** work in practice, not just theory. The output of the work stream 2 accountability subgroups also remains to be seen on additional measures that, while deemed important, were not necessary preconditions of the IANA transition. The results may be a **mixed bag**; for example, the transparency subgroup is making good progress to recommending far greater public access to internal ICANN documents, but the jurisdiction subgroup threatens to become bogged down in a divisive debate on maintaining ICANN's corporate jurisdiction in the U.S., notwithstanding ICANN pledges to the Congress and **NTIA** that this was a binding commitment."

\*\*\*\*\*

With that we conclude our 13th annual **State of the Industry** report. Now it's time to take the field and see how the game plays out in 2017. We will meet you back here in **January 2018** - same place, same time - to again take stock of where we are and where we've been. Also, once again - a **sincere thank you** to each and everyone of the industry leaders who took time out of their very busy schedules to contribute their thoughts to this report.

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# **EXHIBIT AC-67**

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# Department of Justice closes investigation on Verisign running .web

BY ANDREW ALLEMANN —  
JANUARY 11, 2018 POLICY & LAW 3 COMMENTS

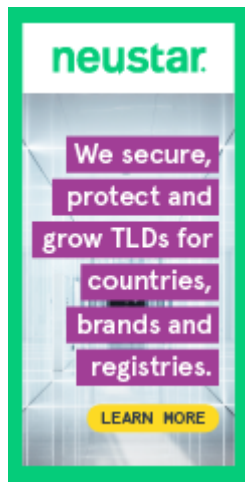
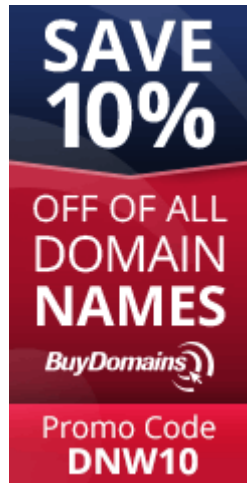
**Verisign believes ICANN will now sign the .web contract with Nu Dot Co, and then transfer the domain to Verisign.**

Verisign has announced that the antitrust investigation into the company's plans to run the .web domain name has been closed, apparently without taking action. In an

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SEC filing, the company stated:

*“ As the Company previously disclosed, on January 18, 2017, the Company received a Civil Investigative Demand from the Antitrust Division of the United States Department of Justice (“DOJ”) requesting certain material related to the Company becoming the registry operator for the .web gTLD. On January 9, 2018, the DOJ notified the Company that this investigation was closed. Verisign previously announced on August 1, 2016, that it had provided funds for Nu Dot Co’s successful bid for the .web gTLD and the Company anticipates that Nu Dot Co will now seek to execute the*

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*.web Registry Agreement with ICANN and thereafter assign it to Verisign upon consent from ICANN.*

Verisign backed Nu Do Co's winning \$135 million bid for .web. Other applicants for .web believe that ICANN incorrectly overlooked changes at Nu Dot Co and asked for the auction to be set aside. Runner-up Afilias asked ICANN to honor its second-place bid while Donuts wanted the result tossed with the hopes of having a private auction in which the losers split the proceeds.

Concurrently, the U.S government looked into antitrust issues with the .com operator also running .web. It's possible they were looking into if the company's bid for .web was merely a way to quash the domain, which many new TLD operators think could be the best new TLD. It could have also looked into if owning .com and .web would allow

Verisign to dominate the market (more than it already does with .com).

Despite the U.S. government's clearance, there's still a dark cloud over .web. Donuts sued ICANN and the case was [thrown](#) out but Donuts appealed. The appeals court is currently considering the matter.

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1. [ICANN files motion to dismiss Donuts' .Web lawsuit](#)
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Snoopy says  
January 11,  
2018 at 3:44  
pm

Donuts is  
wasting their  
money and  
there isn't like  
to be any  
competitio  
ssues.

he tld is being  
released 25  
years too late  
and will have  
o effect on  
the market. It is  
the best of a  
very bad  
bunch, a low  
grade version  
of .net.

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rish  
says

January 11,  
2018 at 10:03  
pm

see .net  
shrinking &  
web becoming  
no#2 in next 6-  
8 years.

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Ksec  
says

February 4,  
2018 at 11:00  
pm

@Krish – My  
thought  
exactly. I think  
Web has a  
much better  
chance to give  
com some  
competitio in  
mind share.

But these court  
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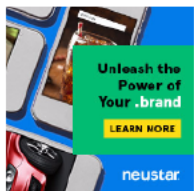
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## Is the .co rebid biased toward Afilias? Yeah, kinda

Kevin Murphy, January 17, 2020, 17:29:59 (UTC), Domain Registries

The Colombian government has come under fire for opening up the .co registry contract for rebid in a way that seems predetermined to pick Afilias as the winner, displacing its fierce rival Neustar.

As I [blogged in November](#), Colombia thinks it might be able to secure a better registry deal, so it plans to shortly open .co up to competitive proposals.

A company called .CO Internet, acquired by Neustar for \$109 million in 2014, has been running the ccTLD for the last decade. There are currently around 2.3 million .co domains under management, according to Colombia.

With the renewal deadline looming, the government's technology ministry, MinTIC, published an eyebrow-raising request for proposals last month.

What's surprising about the RFP is that some of the four main technical performance criteria listed are so stringent that probably only two companies in the industry qualify — Verisign and Afilias, and so far Verisign has not been involved in the RFP process.

The companies that have been engaging with the government to date are Afilias, Neustar/.CO, Nominet, CentralNic and Donuts.

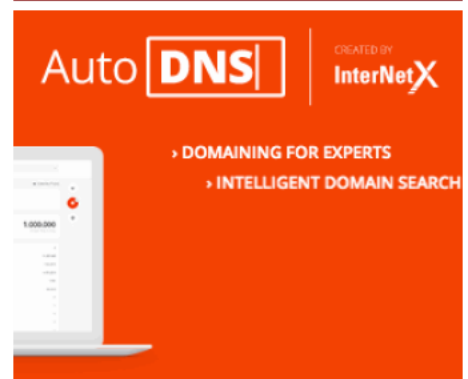
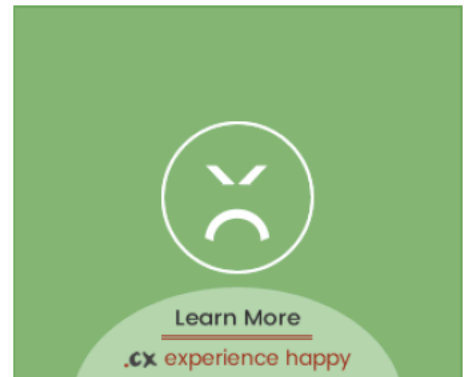
First, MinTIC wants a registry that's had at least two million domains under management across its portfolio continuously for two years. All five registries qualify there.

Second, it wants a registry that's been involved in the migration of a TLD of at least one million names, either as the gaining or losing back-end.

That immediately narrows the pack to just two of the five aforementioned registries — Neustar and Afilias.

Verisign would also qualify, if it's in the bidding, but I suspect it's not. Taking over .co would look like a "buy it to kill it" strategy, which would be horrible optics for the Colombian government.

There have only ever been three migrations over one million names, to my knowledge: the Verisign->Afilias .org transition of 2003, the Neustar->Afilias .au move of 2018, and last year's Afilias->Neustar .in handover.



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ICANN might cancel Spring Break over Covid-19 fears

CentralNic, Nominet and Donuts have all moved numerous TLDs between back-ends, but with much smaller per-TLD domain volumes.

Third — and here's the kicker — the successful .co bidder will have to show that it processes on average 25 million registry transactions — defined as "billable EPP (write) transactions, as well as all EPP search (read) transactions" — per day. (All of the RFP quotes in this post have been machine-translated from Spanish by Google and run by a few generous Spanish speakers for verification.)

The RFP is not entirely clear on what exact data points it's looking at here, but my take is that qualifying transactions include, at an absolute minimum, attempts to create a domain, renew a domain, transfer a domain and check whether a domain is registered.

The vast majority of such transactions are in the check and create functions, and I believe a great deal of that activity relates to drop-catching, where registries are flooded with add requests for just-deleted domains.

Whichever way you split it, 25 million a day is a ludicrously high number. Literally only .com, which sees 2.3 billion checks and 1.5 billion adds per month, sees that kind of action.

According to Neustar, which actually runs .co, it only sees 6.4 million transactions per day on average. The requirement to handle 25 million a day is "exaggerated, unjustified and discriminatory" against Neustar, Neustar told MinTIC.

But the RFP allows for the bidding registries to spread their 25-million-a-day quota across all of the TLDs they manage, and this MAY sneak Afilias over the line.

I say MAY in big letters because I don't believe the numbers that Afilias (and probably other registries too) reports to ICANN every month are reliable.

If you add up the reported, qualifying EPP transactions for September in Afilias' top four legacy gTLDs — .org, .info, .mobi and .pro — you get to over 25 million per day.

But those same records show that, for example, .mobi, .pro and .info had exactly the same number of EPP availability checks that month — 215,988,497 each.

This is clearly bad data.

I reported on this issue last May, when ICANN's Security and Stability Advisory Committee informed ICANN that major registries were providing "not reliable" or possibly "fabricated" data about port 43 Whois queries.

Afilias, which was one of the apparent offenders, told me at the time that it was addressing the issue with ICANN, but it does not

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Holy cow. GoDaddy is the beast in the industry and on an acquisition tear this year. Any thoughts on whether the... [read more](#)

Rubens Kuhl:  
Should we read everything you posted as official European Commission positions? You did not explicitly mentioned if you... [read more](#)

Candle Tender:  
| "if he truly felt beyond a doubt the details to be accurate." "Feeling" or "believing" details to be accurate does ... [read more](#)

Candle Tender:  
"Probably due to sexual discrimination". A person's name should not be published for such a serious allegation on a "pro... [read more](#)

Camino Manjon:  
GoDaddy's head of policy James Bladel has simply tried to diminish the value of this research. How do we separate what J... [read more](#)

John:  
Why does pricing at the retail level or in the aftermarket have any consideration with pricing / rates a monopolist is a... [read more](#)

Grant Giles:  
No you didn't, Ryan. I registered WuHanVirus.com back in January. You missed it by months. I also got some very simil... [read more](#)

Ted:  
This article took a tremendous amount of courage to pursue and publish. I don't necessarily agree with all of this blogg... [read more](#)

Peter Vergote:  
April's fool???... [read more](#)

Camino Manjon:  
Dear Mr. Bladel, Had you ever been affected by a harassment case you would know that regardless of any "official confi... [read more](#)

James Bladel:  
Given the seriousness of these accusations and the lack of any official confirmation, I think it's irresponsible to post... [read more](#)

James:  
Verisign probably thought this was getting too close for comfort, so decided it was time to sever the relationship. Aft... [read more](#)

Steve GOBIN:  
I'm not in favour of this decision nor do I approve the untold arrangements between ICANN and Verisign. However, ICANN'... [read more](#)



Verisign shits on domainers, again

9,000 people tell ICANN they don't want .com price increases. Here's what some of them said

Covid-19: t's official, domainers are faster than journalists

ICA will help you support .com price increases (but doesn't want you to)

.gay hires pop star equality campaigner as spokesperson

Watch: climate change denier on why she trusts .org more than .com

Ethos' .org pricing promise may be misleading

Hacking claims resurface as .hotel losers force ICANN to lawyer up again

ICANN refuses to release more info on .org deal

Possibly the strangest new gTLD acquisition yet

California .org probe — existential crisis or blessed relief for ICANN?

As Cancun looms, ICANN bans China travel because of Coronavirus

XYZ expands gTLD stable as L'Oreal exits the domain game

Is the .co rebid biased toward Afilias? Yeah, kinda

Amazon governments vow revenge for "illegal and unjust" ICANN decision on .amazon

SaveDotOrg to protest outside ICANN HQ. #lol

Ten years ago I predicted Oscar winners wanted a .movie gTLD. Was I right?

ICANN gets a new European chief

New CEO to step into the lion's den at auDA

Secrets of the .org deal revealed, but much info remains private

Registrar terminated after what looks like domain hijacking

NamesCon publishes full agenda for debut Austin conference

.gay prices and availability revealed as registry promises to give 20% of revenue to charity

Now .org critics actually want to take over the registry, blocking billion-dollar sale

Verisign pays ICANN \$20 million and gets to raise .com prices again

ICANN predicts shrinkage in new gTLD sector

ASO uses super powers to demand ICANN turn over

yet appear to have fully fixed its reporting to enable TLD-by-TLD breakdowns of its registry activity.

It is of course quite possible, even very likely, that Afilias has on average more than 25 million qualifying EPP transactions per day, but how's it going to prove that to the Colombian government when the numbers it reports under contract to ICANN are clearly unreliable?

It's a little harder to determine whether Neustar would qualify under the 25-million transaction rule, because some of its largest zones are ccTLDs — .co, .in and .us — that do not publicly report this kind of data. Its comments to the RFP suggest it would not.

Numbers aside, I'll note that there's very probably an inherent bias towards legacy gTLD operators like Afilias and against relative newcomers such as CentralNic if you're counting EPP transactions. As I noted above, a lot of these transactions are coming from drop-catch activity, which is more prevalent on larger, older TLDs where there are more dropping domains that are more likely to have existing backlinks and traffic.

The fourth technical requirement in the Colombian RFP that looks a bit fishy is the requirement that the new registry must have channel relationships with at least 10 of the largest 25 registrars, as listed by a web site called domainstate.com.

I can't say I've looked at domainstate.com very often, if at all, but a quick look at its numbers for September strongly suggests to me that it does not count post-2012 new gTLD registrations in its registrar league table. One registrar with almost four million domains under management doesn't even show up on the list. This arguably could give an advantage to a registry that plays strongly in legacy gTLD

That said, it's probably an academic point — I don't think any of the bidders for the .co contract would have difficulty showing that they have 10 of the top 25 registrars on board, whichever way you calculate that league table.

Cumulatively, these four technical hurdles have led [some to suggest](#) that Afilias has somehow steered MinTIC towards creating an RFP only it could win.

Apart from what I've discussed here, I've no evidence that is the case, and Afilias has not yet responded to my request for comment today.

Luckily for the bidding registries, the Columbian RFP has not yet been finalized. Comments submitted by the bidders and others are apparently going to be taken on board, so the barriers to entry for respondents could be lowered before bids are finally accepted.

John Colascione:

June 4, 2019 Why Verisign 'NASDAQ:VRSN' Will Inevitably Get Its .COM Domain Price Increase Sought [https://www.strategi... read more](https://www.strategi...)

Chris:

The department of commerce isn't actually raising the prices, but they intend to increase the pricing flexibility for Ve... [read more](#)

Rob Golding:

The only part that was ever in doubt, was whether the 20m\$ bung was enough !... [read more](#)

Ian Ingram:

Verisign has been on easy street for far too long. They have no competition. Their operating costs have been going down ... [read more](#)

Rubens Kuhl:

An election is coming this year to who is new POTUS, so every registered US voter can factor this price increase in his ... [read more](#)

Iliya Bazlyankov:

Funny how to implement that if you have a parked domain name with coming soon page [read more](#)

Rob Golding:

Mark has covered it far more succinctly and eloquently than I could. The constant attempt to both demonize registrar... [read more](#)

Daniel Ruzzini Mejia:

Thanks Kev for sharing this, I just joined!... [read more](#)

Michele Neylon:

Theo - I focussed on the .ie domain names and found three categories in their list: 1 - domains that aren't pointing an... [read more](#)

Theo Geurts:

I just parsed a few thousand domain names of the DT list and I notice that several parking providers like Efty.com are n... [read more](#)

Theo Geurts:

Mike, filtering out the domains that are up for sale is no issue as they are usually parked on known platforms... [read more](#)

Mike:

Theo the majority of the domain name industry is to intelligent to register such domains, as they know they have no mark... [read more](#)

Theo Geurts:

I would suggest people in the domain name industry join the Covid-19 Cyber Threat Coalition. [https://join.slack.com/...](https://join.slack.com/) [read more](#)

Mark Jeftovic:

Your version of what happened with the Airmailchemist situation is not entirely the way it went down. The fatality wa... [read more](#)

Rubens Kuhl

Every registry and registrar can take a look at <https://1984.sh/covid19-domains-feed.txt> and look for domains under its ... [read more](#)

Traci Hersey:

A change sometimes takes time and sometimes it happens all of a sudden. All suspicion towards new gTLDs will slowly disa... [read more](#)

Rubens Kuhl:

Sites selling 10-minute coronavirus tests, while there is no such thing, is one example.... [read more](#)

Emiliano Pasqualetti:

What kind of coronavirus websites do you guys think should be taken down and why? Do you have any examples?... [read more](#)

John Berryhill:

I'm old enough to remember the refrain of "if you don't play along with (insert policy proposal here), then legislators ... [read more](#)

Rubens Kuhl:

Just the ones registering corona domains.... [read more](#)

Raj:

Rubens Kuhl: Are you saying all domainers should rot in hell? Or just any person who registers corona domains in h... [read more](#)

[.org buyout docs](#)

[Now P R rubbishes org "downtime" claims](#)

[DI Leaders Roundtable #4 — Big predictions for 2020](#)

[Afilias denies .org will go down post-acquisition](#)

[Palestine to release all one-character .ps domains, at a price](#)

[P R thinks 20-year domain regs are a good idea](#)

[Amazon beats South America! Dot-brand contracts now signed](#)

[Q3 industry growth driven by .tk, .com and .icu](#)

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[Warning \(or threat?\) prices must go up or .org will suffer DAYS of downtime](#)

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MinTIC [posted an update](#) last night that extends the period that the RFP could run, and the transition period should Neustar lose the contract. A handover, should one happen at all, could now happen as late as February next year.

Related posts (automatically generated):

[Neustar's .co contract up for grabs](#)

[Despite Afilias lawsuit, Neustar names date for Indian takeover](#)

[Afilias sues India to block \\$12 million Neustar back-end deal](#)

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COMMENTS (3)

**Rubens Kuhl**

January 17, 2020 at 6:24 pm

The RFP also assumes incorrectly that the same entity would run the registry system and the DNS publishing system. Those two might be done by different companies, and the DNS publishing might mix and match different DNS service providers to gain more resiliency.

[Reply](#)

**Bruce Tonkin's laptop**

January 19, 2020 at 10:29 pm

Add that to the fact that Brice Tonkin was sent by Afilias to explain how easy a registry transition is. Paid for by Afilias. In case you didn't know, Bruce Tonkin is CTO of auDA. Clearly an independent regulator with no bias.

[Reply](#)

**Mark Thorpe**

January 20, 2020 at 3:07 am

.CO's achilles heel is that Columbia is the owner of the registry. .CO's potential would limitless if it was owned by a company like Verisign or Afilias. But .CO is a ccTLD, so it's potential will remain limited IMO.

[Reply](#)

ADD YOUR COMMENT

Name (required)

Mail (will not be published)

(required)

Web site (optional)

**Brad Mugford:**

This deal is still terrible for pretty much every stake holder, outside Ethos and PIR/ISOC. No amount of time or supe... [read more](#)

**domainers:**

check Covid19.com, they are straight up jack asses... [read more](#)

**www.whatsapp.com:**

si... [read more](#)

**Rubens Kuhl:**

Hope one of those is coronadomainersshouldrotin.hell... [read more](#)

**CoronaNames.com:**

We have over 400 Corona Names for sale at <http://CoronaNames.com...> [read more](#)

**Frank Wang:**

Just some feedback on the website: covid-19.com, when you open it in China, the data in the left of your screen is the d... [read more](#)

**Roger:**

Interesting and well-researched recap. But... First, so no one can buy a domain name with an intent to make money ... [read more](#)

**Snoopy:**

"For the record, I agree with Allemann: serious domain investors should never attempt to exploit these kinds of crises f... [read more](#)

**Rubens:**

.net is the only agreement with prices set by ICANN, for now. It's probably just a calendar cycle and by the time the ne... [read more](#)

**John:**

Rubens, You claim "it's discretionary by ICANN" to control pricing. But ICANN is currently controlling pricing. I... [read more](#)

**Leo:**

ICANN67 was a successful learning experience. There technology basically worked well on the sessions I attended. There a... [read more](#)

**Jean Guillon:**

For the first time ever, I see people wearing masks in the Paris' tube. It happened in the past to see tourists wearing ... [read more](#)

**Michael:**

I am sure ICANN will increase prices before we all die.... [read more](#)

**Chris:**

The GDPR truly shows the cultural differences between American and European lawyers. American laws are more absolute, wh... [read more](#)

**Rubens Kuhl:**

Contract negotiations are bilateral in nature in every industry and the domain industry is no exception ts not only ... [read more](#)

**John:**

Rubens – but the removal of all pricing caps in .ORG is what caused this entire mess. This Ethos Capital deal would h... [read more](#)

**John:**

Most importantly – if ICANN does not want to be a pricing regulator – it should have followed the United States Departme... [read more](#)

**John:**

But ICANN is a price regulator. They are engaged in price regulation today. ICANN has been a price regulator since its... [read more](#)

**ralph:**

sussexduke com is logical... [read more](#)

**Rubens Kuhl:**

Every decision based on pricing makes ICANN a pricing regulator, a role they are running from like hell. Unless the ... [read more](#)

**Greg Thomas:**

1) Is it appropriate that there is such certainty in a registry operator's capture of their concession that monetization... [read more](#)

**Chris:**

I attempt to answer ICA's questions about the "terrible blunder" org acquisition

Selling off PIR, did ISOC just throw org registrants under a bus?

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ICANN going back to Puerto Rico for a third time

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Web.com got pwned

Surprise! ICANN throws out complaints about org price caps

Somber mood as ICANN 66 opens in Montreal

America has Amazon's back in gTLD fight at ICANN 66

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Emoji domains get a 🙄 after broad study

Industry veteran Jay Daley tapped to lead IETF

Verisign likely to get its billion-dollar .com pricing windfall

ICANN enters talks to kill off Whois for good

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DI Leaders Roundtable #1 — How many new gTLDs will be applied for next time around?

Now you don't have to live in the EU to register a .eu domain, but there's a catch

Spam is not our problem, major domain firms say ahead of ICANN 66

Crunch time, again, for Whois access policy

Google quietly launches .new domains sunrise

After .org price outrage, ICANN says it has NOT scrapped public comments

Hindu god smites Chrysler gTLD

Top ICANN advisor Tarek Kamel dies at 57

Three big changes could be coming to .uk

Introducing the DI Leaders Roundtable

After killing the cows, what does the new Tucows logo

The new pricing structure is now reality thanks to ICANN. Which is exactly why they should take that into consideration ... [read more](#)

Jonathan Frost:

I'm not sure that Kevin's statement that "ICANN has the ability, under its registry agreement with PIR, to reject a chan... [read more](#)

Rubens Kuhl:

.org pricing caps removal is a decision already taken by ICANN Board, so pricing is not a factor for ICANN Board to appr... [read more](#)

Ryan Evans:

Well he barely beat me to it on the name. I just listed the following names on GoDaddy auction for sale, and these are ... [read more](#)

John:

Look at what Jon Postel said in June of 1996. Jon Postel is one the creators of the Internet: "Another concern with ... [read more](#)

John:

The ICANN board should pay close attention and listen to what the Founding CEO and Director of ICANN (Mike Roberts) rece... [read more](#)

John:

In PIR's 2018 annual report, they admitted the new gTLD program has not created new competition. When talking about t... [read more](#)

John:

The .ORG domain extension has 10.4 million registrants (at end of 2018.) PIR has consistently said they have very hig... [read more](#)

John:

My concern is that Ethos Capital continues to spread false information regarding competition and how they compete in the... [read more](#)

John:

Brad is right: "The bottom line is basically no one believes a 10% increase per year is either justified, or deserved."... [read more](#)

Brad Mugford:

The community has spoken loudly and clearly on this. The bottom line is basically no one believes a 10% increase per ... [read more](#)

[remind you of?](#)

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# **EXHIBIT AC-69**

{\* NETWORKS \*}

## Colombia accused of rigging .co contract for dot-org provider Afilias – is this document a smoking gun?

Technical requirements file appears to include references to US biz's other operations

By [Kieren McCarthy](#) in [San Francisco](#) 4 Feb 2020 at 19:30

11 

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Colombia in happier times

**Analysis** Suspicions have grown deeper that a lucrative contract to run Colombia's .co registry was rigged to favor US based operator Afilias, thanks to unusual references in one of the South American government's official documents.

The contract for trendy dot-co – beloved by startups and the like worldwide – is out for tender, and Colombia's IT ministry, MinTIC, has published the minimum technical requirements bidders must meet to be considered. However, as we [reported last month](#), those requirements were so strict they excluded every registry operator in the world save one – Afilias.

Other companies in the market, including the one that has run .co for the past decade, Neustar, have cried foul, with some accusing the IT ministry of working behind-the-scenes with Afilias to make sure it bags the contract.

*The Register* took a closer look at the contract's requirements, and spotted references to Afilias-specific operations, suggesting the paperwork was tailored for the US-based company. MinTIC and Afilias have denied any suggestion of collaboration.

### **What's that doing in there?**

On the [rebid microsite](#) that MinTIC set up for the tendering process, a key document is [Technical Appendix 1](#) [docx], supplied in English, that outlines various thresholds and service levels that need to be met by any successful bidder.

Digging into the document, the term “Public Interest Registry” appears no less than five times in three of the key criteria. Public Interest Registry (PIR) is the organization that runs the .org registry, and for which Afilias has provided the technical backend since 2002. The references to PIR within the technical requirements suggest the Colombian government – as supplied details of Afilias' contract, including requirements and service levels, with PIR.

There is no logical or legitimate reason for “Public Interest Registry” to appear within the technical requirements for the .co registry. As such, its



repeat appearance suggests that the organization's name was not removed prior to the Colombian government publishing the rebid documentation.

PIR is involved in its own controversy with the [proposed sale](#) of the .org registry for \$1.1bn to a private equity company; a decision that even California's attorney general is [suspicious of](#) and has asked for more information about.

Back to .co, and it would have been more logical for the Colombian government to request the technical requirements of its own top-level-domain registry from the company that has run it for the past decade Neustar. Neustar confirmed to *The Register* that it was "not consulted by MinTIC on any technical or other requirements relating to the pending process."

That is not the only unusual aspect of the rebid. As we previously noted, MinTIC's own figures for the growth of the .co registry, which it published in its public tender, are completely wrong.

### **Damn statistics**

Rather than asking Neustar for the real statistics – which show rapid growth following by a slow-down in registration figures, as is normal in mature internet registries – MinTIC used figures from a third party site that guesses registration figures over time, and showed the complete opposite trajectory: a gradual accelerating growth in domain registrations.

As for ties to Afilias, the company and Colombia's IT minister Sylvia Constaín have repeatedly denied meeting in private to discuss the .co bid. But there is no doubt that Constaín has personally met Afilias CTO Ram Mohan – the man who would be in the best position to discuss registry technical requirements – because the [ministry's own Twitter feed](#) shows Constaín sat next to him at a roundtable meeting in May last year. Why did a senior executive from a US-based internet infrastructure outfit with no obvious business in Colombia attend a roundtable in Bogota, and how did he come to be seated next to the minister?





**Ministerio TIC**

@Ministerio\_TIC

La ministra TIC @ConstainSylvia participa en Concordia Americas Summit #Concordia2019, la cumbre emblemática de @ConcordiaSummit en América Latina, que aborda de manera inclusiva e integral los problemas que aquejan a la región.



11 10:09 AM - May 13, 2019

[See Ministerio TIC's other Tweets](#)

It is likely no coincidence that for the past four years Afilias and Neustar have been engaged in a global battle to take registry contracts off one another. In 2016, Neustar made an aggressive bid for Afilias's .org registry agreement, which had been put up for re-tender. Afilias kept hold of the contract, but only after slashing its fee by a third.

### **And again**

The next year, Afilias did the same for Neustar's contract with Australia's .au registry and won it. Then in 2018, Neustar took India's .in contract away from Afilias after another bruising battle in which Afilias sued the Indian government and claimed that Neustar “has no experience or technical capability to manage and support IDNs [internationalized domain names] in Indian languages and scripts.”

With top executives at both companies targeting the others' contracts, in hindsight it was inevitable that Afilias would go all-out to win the .co

contract from Neustar when its initial ten-year term was up. The questions are how far did it go?

That decision to open the .co registry for rebidding, incidentally, was far from a given as the current contract includes the expectation that the current operator, Neustar, would continue its role – a fact that came out after Neustar sued the Colombian government on the same day that it formally announced the decision to retender.

Afiliás was clearly champing at the bit to take the .co address space away from its arch rival: an [article](#) in the Colombian press, published more than a month before the process was announced, saw Afiliás' chief business officer Keith Lubsen talking in length about why Colombia should open up .co and why Afiliás would be a better choice than the current operator. In it, he spoke about the government's frustrations with the existing contract; something that presumably he would only know about through direct communication with the ministry.

And adding to the sense that the numerous connections between Afiliás and the IT minister may be edging into scandal, Colombian journalists have said Constaín is expected to leave her job soon. This follows a [radio interview](#) last month in which she was quizzed about her connections to Afiliás and was criticized for her ambiguous and defensive responses.

## Conflicted

If Afiliás is found to have supplied MinTIC with its technical requirements and failed to disclose that fact, it could be ruled out of the process altogether.



**One company on the planet, US-based Afiliás, meets the**

A separate contractual document includes a clause on conflicts of interest and notes that anyone “who under any circumstance find themselves in situations of conflict of interest with the MinTIC, which affect or put at risk the principles of public contracting, will not be able to participate in this Bidding

**criteria to run  
Colombia's trendy  
.co registry – and  
the DNS world fears  
a stitch-up**

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and, therefore, their Proposals will not be subject to evaluation, nor will be Awardees.”

One part of that contract says that “those who have been consultants or advisers for the structuring of this Selection Process or

of any study contracted on the occasion thereof” are included. It could be argued that supplying requirements that are used to define who is eligible to run the contract, and which end up excluding almost every company in the market, is equivalent to “acting as an adviser.”

We asked Afilias whether it had supplied any technical requirements to MinTIC and, separately, whether any Afilias executives had met privately with the IT minister. In its response, Afilias, combined those two questions into a single reply: “We have not met with the technology minister or the technology ministry in private to provide advice or documents regarding the .co tender.”

We have asked for clarity on whether Afilias has supplied technical requirements to the Colombian government outside of a private meeting with MinTIC. ®

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## Neustar wins back Colombia's controversial .co domain contract after slashing profit margin by 75 per cent

After claims of dodgy deals and rigged procedures, the contract is finally inked



## Come to GoDaddy: 12 million domains – from .biz to .nyc – acquired from Neustar amid promises of lower prices

Could takeover actually not shaft internet web address holders?



## Neustar to split in two



## .biz, .us, .co master Neustar grabbed by the privates in \$2.9bn deal

Vote of confidence in company after losing critical contract



## Afilias vanishes from battle to run Colombia's trendy .co after El Reg probes technical docs, allegations of a stitch-up

Afil-alas, we hardly knew ye



## One company on the planet, US-based Afilias, meets the criteria to run Colombia's trendy .co registry – and the DNS world fears a stitch-up

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# **EXHIBIT AC-70**



HOME / BLOGS

# Afilias' Cynical Attempt to Secure a Windfall at Community Expense



**By Paul Livesay**  
VP and Counsel at Verisign

November 07, 2016 | Views: 13,872 | Comments: 2



*Co-authored by Paul Livesay, Verisign, and Jose Ignacio Rasco, Nu Dotco, LLC*

On Friday, October 28, Afilias issued a public statement urging the Internet Corporation for Assigned Names and Numbers (ICANN) to nullify the results of its July 27, 2016 public auction for the .web new generic top level domain (gTLD) – in which Nu Dotco, LLC (NDC) submitted the highest bid for .web – and disqualify NDC from participation in the .web contention. The real issue here is whether ICANN should enforce the results of a fair and competitive public auction – where the proceeds will fund infrastructure projects in the interests of the entire Internet community – or give in to false and self-interested claims by a small group of competitors seeking to hold a private auction – where those competitors (rather than the public) would split up the proceeds of the auction among themselves.

More concisely, Afilias seeks to divert \$135 million from the Internet community to be divided among Afilias, Donuts and several others (or to secure the .web new gTLD for itself at a below market price) by disqualifying NDC. Afilias' motivation could not be more transparent: in a private auction, either tens of millions of dollars will be paid to it for losing the auction or, if NDC is disqualified, Afilias stands to secure the .web new gTLD at a much lower non-competitive price. Indeed, it was just such maneuvering that caused Afilias to commit, in writing, a demonstrable violation of the Blackout Period as it sought agreement among the contention set to substitute a private for a public auction a few days before the public auction took place. Pursuant to the express terms of the Guidebook, this violation in and of itself could disqualify Afilias.

In June 2012, NDC, along with others, submitted an application to ICANN to acquire rights to operate the .web new gTLD. In accordance with application requirements, NDC identified its corporate officers and ownership. NDC continues to be managed and owned by the same people and entities listed on NDC's application. Prior to the .web auction, ICANN reviewed the claims by Afilias and other members of the .web contention set that NDC has had a change

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of control, and determined they were unfounded on three separate occasions. Moreover, shortly thereafter, a federal district judge reached the same conclusion, rejecting an application by Ruby Glen (a Donuts' affiliate applicant) for a temporary restraining order enjoining the public ICANN auction for .web. In its order, the court specifically commented on "the weakness of Plaintiff's efforts" and concluded that Ruby Glen had failed to "establish that it is likely to succeed on the merits and failed to demonstrate that its allegations 'raise[d] serious issues.'"

Afilias' claim that NDC assigned its rights to the .web new gTLD to Verisign is likewise wrong. Like many other new gTLD applicants, prior to the auction for the .web new gTLD, NDC entered into an arms-length contract pursuant to which it agreed that if it won the .web auction (using financing provided by the other party), then after executing a Registry Agreement with ICANN, it would seek ICANN's consent to assign the Registry Agreement to such other party (which in this case was Verisign). The contract between NDC and Verisign did not assign to Verisign any rights in NDC's application, nor did Verisign take any ownership or management interest in NDC (let alone control of it). NDC has always been and always will be the owner of its application (with full control thereof) and all rights associated therewith unless and until it seeks and obtains ICANN's consent to transfer an executed Registry Agreement in accordance with ICANN's established rules and procedures for such assignments. In substance, NDC's arrangement with Verisign is no different than similar arrangements agreed to by other new gTLD applicants, including Donuts' arrangement with Rightside to finance Donuts' applications for up to 107 new gTLDs in exchange for an assignment of rights to those new gTLDs to Rightside. Even Afilias presumably financed the auction bids of its affiliate, Afilias Domains No. 3 Limited, for the .web new gTLD.

Afilias' allegations of Applicant Guidebook violations by NDC are nothing more than a pretext to conduct a "private" instead of a "public" auction, or to eliminate a competitor for the .web new gTLD and capture it for less than the market price. Afilias has claimed that it submitted the second-highest bid for .web at the July 27th public auction. Afilias appears to believe that if it can disqualify NDC from the .web auction, then Afilias will obtain the rights to operate the .web new gTLD. And contrary to Afilias' claim, the full contention set did not agree to a private auction; however, they did all sign agreements for a public auction. Before the public ICANN auction, Afilias and other members of the .web contention set attempted to coerce NDC to resolve the contention by private auction — whereby the losing applicants divide the winning bid amongst themselves. Afilias even offered in writing to guarantee a payout to NDC if it would forego a public auction. Under Afilias' preferred private resolution, Afilias and the other members of the .web contention set each would stand to make millions of dollars if they lost the auction. As a result of NDC's refusal to resolve this contention set privately, the \$135 million winning bid for .web will be used by ICANN entirely for the benefit of the Internet community. In short, Afilias is not interested in enhancing "competition and choice in domain names" — it is

interested in serving its own bottom line, either by obtaining the .web new gTLD outright or playing to "lose" at a private auction.

Finally, it is Afilias, not NDC, that should be disqualified from the .web contention set. The Applicant Guidebook prohibits all applicants within a contention set from discussing "bidding strategies" in advance of an auction — termed the Blackout Period. Violation of the Blackout Period is a "serious violation" of ICANN's rules under the Bidder Agreement, and may result in forfeiture of an applicant's application. Afilias committed such a violation, and should be disqualified. On July 22, just four days before the public ICANN auction for .web, Afilias contacted NDC again to try to negotiate a private auction if ICANN would delay the public auction. Afilias knew the Blackout Period was in effect, but nonetheless violated it in an attempt to persuade NDC to participate in a private auction that would net Afilias millions of dollars even if it lost.

In the end analysis, the ICANN .web auction was an open and competitive public auction won by NDC by bidding the highest price, which Afilias never disputes. From the community's perspective, the important facts are that the auction price was maximized, the funds from the auction will be used for the benefit of the entire Internet community (not losing bidders) and the .web new gTLD will provide the registrant community with additional choice in domain names. ICANN will be serving the best interest of the Internet community by standing by its processes and standing up to the bullying efforts of Afilias and others that seek to cast baseless aspersions for their own self-interest.

Any effect on the market of this new gTLD will be to enhance competition, whoever operates it. There is no doubt that NDC or Verisign would grow .web aggressively so that new domains are offered to as many businesses and consumers as quickly as possible. And Verisign's record for security and stability would bring justified confidence in the new gTLD. That is a winning combination for Internet consumers and competition. There is no principled reason that ICANN should reverse course now simply because of Afilias' transparent efforts to generate community outrage to serve its own economic interests.

Afilias does a great disservice to ICANN and the entire Internet community by attempting to make this issue a referendum on ICANN by entitling its post "ICANN's First Test of Accountability." Afilias frames its test for ICANN's new role as an "independent manager of the Internet's addressing system," by asserting that ICANN can only pass this test if it disqualifies NDC and bars Verisign from acquiring rights to the .web new gTLD. In this case, Afilias' position is based on nothing more than deflection, smoke and cynical self-interest.

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By [Paul Livesay](#), VP and Counsel at Verisign

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#### **Fighting over stolen goods. How quaint. .Web**

By [Christopher Ambler](#) – Nov 08, 2016 7:40 am PDT

Fighting over stolen goods. How quaint.

.Web was applied-for in 2000, after being proposed in 1994. ICANN chose to not assign it to Afilias in 2000 because of the pioneering work of the original applicant, who was shut out of the most recent round. Vint Cerf was on the record in 2000 in holding the TLD for the original applicant, a promise which was broken.

At an auction price of over a hundred million dollars, the original applicant had no chance.

The history and culture of rough consensus and running code, the basis of innovation on the internet is dead as vultures fight over valuable property and money wins the day.

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#### **I have been operating cavebear.web - registered with IOD - for a decade and a half**

By [Karl Auerbach](#) – Nov 08, 2016 2:22 pm PDT

I agree with Chris Ambler - .web is an operational domain name registry in California operated by IOD. I have a fully paid up contract with them for cavebear.web; and I have been operating a website under that name and had operational DNS servers for that name since around year 2000 (I would have to go find my paid-up invoice to find the exact date.)

Were an ICANN delegated .web to try to establish itself in California that could raise some "interesting" business and legal issues as it tries to preempt an existing business, product, and users.

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