

<https://www.icann.org/resources/pages/compliance-reports-2015-04-15-en>

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### *I. Background*

ICANN's Contractual Compliance team's mission is to ensure that all contracted parties (registrars and registries) comply with their agreements, including the consensus policies that are incorporated into those agreements, as applicable. ICANN strives to achieve this goal through prevention, enforcement and education

**Goal of the Audit Program:** To allow ICANN to identify, inform, manage and help remediate any deficiencies found with the contracted parties. The deficiencies identified would relate to specific provisions and/or obligations as set out by the Registrar Accreditation Agreement (RAA) and the Registry Agreement (RA), including ICANN Consensus Policies that are incorporated into those agreements, as applicable. The Audit Program is geared toward identifying and collaborating with the contracted party to remediate those deficiencies, while ensuring that proper controls exist to mitigate future deficiencies related to the obligations in the RAA and the RA.

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<sup>1</sup> This update is provided for information purposes only. Do not rely on the information contained in this update to make conclusions or business decisions.

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## II. *Executive Summary*

On 31 August 2015, ICANN launched an audit round to test and validate selected registrars' compliance with the terms of the 2013 version of the RAA. This report constitutes the results of the audit that took place from September 2015 through May 2016.

The audit round was conducted through the testing of data and the review of documentation, selected registrar websites, and correspondence between the selected registrar and registered name holders.

Sixty-seven registrars were selected for this audit round. Of the 67 registrars in scope, 62 were selected based on the following criteria:

- Contracted parties that were not audited in the initial Three-Year Audit Program (<https://www.icann.org/resources/pages/compliance-past-audits-2015-12-04-en>)
- Contracted parties with the highest numbers of Contractual Compliance 3rd Notices per number of domains under management
- Contracted parties that had received Notices of Breach in the last 12 months
- Contracted parties with the highest number of failed data escrow deposits

The remaining 5 registrars in scope had previously received a partially remediated report and were pending follow-up from ICANN to verify that they are in compliance with the RAA. These 5 registrars were tested only in the areas noted as noncompliant in their partially remediated report.

During the Audit Phase, ICANN reviewed nearly 5,200 documents collected in 11 different languages. Sixty-five registrars were issued initial audit reports, 1 registrar was terminated, and 1 registrar was excluded as it was a family of another registrar selected for the audit.

By 25 May 2016, ICANN issued a final audit report to the 39 registrars that demonstrated resolution of all initial findings noted in their respective audit reports. The remaining 26 registrars were still in the process of remediation and were implementing necessary changes to address the instances of noncompliance. These registrars will be retested in a future audit round to verify the effectiveness of remediation measures.

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### III. *Audit Program Scope and Timeline*

#### *Audit Program Scope*

The Audit Program operates on a recurring cycle. Registrars may be subject to an audit based on the criteria mentioned previously or based on other special circumstances or considerations.

Registrars under the same management and operating technically and operationally in the same manner were given the option to respond as a *family*. To respond as a family, the group was required to respond fully for one registrar (submit a completed Request for Information document and provide all requested documentation for that one registrar). The group was also required to list the Internet Assigned Numbers Authority (IANA) numbers for all of the registrars in the family.

In an effort to increase transparency and readiness, ICANN conducted two outreach sessions with the selected registrars and published a presentation on ICANN's Compliance Outreach Activities page. For more information, see:

<https://www.icann.org/resources/pages/compliance-outreach-2015-2016-03-08-en>.

#### *Timeline*

The Audit Program consists of six phases with specific milestone dates:

- 1) **Pre-Audit Notification Phase** – Issue a general audit announcement to notify all contracted parties two weeks prior to the audit start date.
- 2) **Request for Information (RFI) Phase** – Issue a notice of audit to the selected contracted parties. In addition, send a follow-up email to those who were not selected.
- 3) **Audit Phase** – Review and assess responses and, where applicable, test and validate.
- 4) **Initial Report Phase** – Issue the initial audit reports with initial findings to the selected contracted parties.
- 5) **Remediation Phase** – Collaborate with the selected contracted parties to remediate initial findings (if any) discovered during the Audit Phase.
- 6) **Final Report Phase** - Issue final audit reports to the selected contracted parties and publish the audit report on <https://www.icann.org>.

The following table summarizes the Audit Program milestones and dates.

<b>Audit Program Milestone Dates</b>								
<b>Pre-Audit Notification</b>	<b>RFI Phase</b>			<b>Audit Phase</b>		<b>Initial Report Phase</b>	<b>Remediation Phase</b>	<b>Final Reports Issued to Auditees</b>
	<b>1<sup>st</sup> Notice</b>	<b>2<sup>nd</sup> Notice</b>	<b>3<sup>rd</sup> Notice</b>	<b>Begin</b>	<b>End</b>	<b>Date Issued</b>	<b>Start / End</b>	<b>Date</b>
31 Aug 2015	14 Sep 2015	6 Oct 2015	13 Oct 2015	20 Oct 2015	1 Feb 2016	1 Feb 2016	1 Feb – 1 March 2016	By 25 May 2016

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#### IV. Registrar Audit Program

The following table summarizes registrars selected to participate in the audit.

Phases	Count
<b>RFI Phase</b>	
Registrars selected for the audit	67
Registrars waived from audit because they were reported under a family	(1)
Audit not completed due to termination (before or during RFI Phase)	(1)
Total Remaining Registrars	65
<b>Initial Report Phase</b>	
Registrars passed all audit tests	0
Registrars requiring follow-up and remediation	65
Registrar Total	65
<b>Remediation Phase and Final Report Phase</b>	
Registrars completed resolution of initial findings	39
Registrars implementing a remediation plan	26
Registrar Total	65

The following table summarizes the RAA provisions that were tested for contractual compliance and the number of registrars with deficiencies found during remediation.

A *deficiency* is defined as an initial finding noted in the audit report that is validated during remediation. For example, if a registrar’s reseller agreement was found to have insufficient language during the Audit Phase, and the registrar agreed to update their reseller agreement to be in compliance with the RAA, this would be considered a deficiency.

A *test area* is a provision consisting of multiple requirements, resulting in several test steps. For example, one registrar could have multiple deficiencies under test area 3.4.2; however, all deficiencies within a test area are counted as one.

Test Area	General Description of Contractual Provision or Policy	Registrars with Deficiencies
3.3.1 to 3.3.5	WHOIS – Port43/Web, corresponding data elements	34%
3.4.1	Retention of registration data	2%
3.4.2	Retention of registration data	23%
3.7.5.3 to 3.7.5.6	EDDP – Domain name renewal, provision of applicable information to registrants	20%
3.7.7	Self-registered domains	11%

Test Area	General Description of Contractual Provision or Policy	Registrars with Deficiencies
3.7.11	Complaints and dispute resolution process	8%
3.12	Reseller agreement (mandatory provisions)	22%
3.13	Registrar training	55%
3.14	Obligations related to proxy and privacy services	25%
3.15	Self-assessment	0%
3.16	Link to registrant educational information	32%
3.17	Registrar contact details on registrar website	6%
3.18	Registrar abuse contact and duty to investigate abuse reports	74%
3.18	Illegal activity	0%
3.19	Additional technical specifications	0%
3.20	Notice of bankruptcy, convictions and security breaches	2%
4.1	Consensus Policies – Inter-Registrar Transfer Policy (IRTP) and Transfer Emergency Action Contact (TEAC)	40%
4.1	Expired Registration Recovery Policy	11%
4.1	Restored Names Accuracy Policy	40%
4.1	WHOIS Data Reminder Policy (WDRP)	18%
7.6	Update primary contact information in RADAR	35%

Each selected registrar received an individual audit report noting any initial findings identified in the audit. ICANN shared these audit reports only with the selected registrars; they were not available to the public. Sixty-five registrars received a report noting initial findings and also received a request (1<sup>st</sup> Notice) to participate in the remediation process to cure noted findings in accordance with the notification process (15 days for the 1<sup>st</sup> Notice, 5 days for the 2<sup>nd</sup> Notice, 5 days for the 3<sup>rd</sup> Notice). For more information on the process, see:

<https://www.icann.org/resources/pages/approach-processes-2012-02-25-en>.

***Enforcement Update – Notice of Breach and Termination***

The following table summarizes the number of notices of breach issued, breaches cured and terminations resulting from the audit as of the date of this report. All notices of breach and termination are available at:

<http://www.icann.org/en/resources/compliance/notices>.

Phase	Self-Terminated	Notice of Breach	Cured	Total Terminated
Pre-Audit Phase	0	1	0	1
RFI Phase	0	0	0	0
Remediation Phase	0	0	0	0

**Breakdown: Pre-RFI Phase – Notice of Breach**

ICANN issued the following selected registrar a breach notice prior to the RFI Phase and subsequently terminated its accreditation.

IANA	Registrar	Status
1073	DropLabel.com, Inc.	Terminated

**Contracted Parties Representation**

The 67 registrars represented 23 countries and provided documents in 11 languages:

**Countries**

- Australia
- Barbados
- Canada
- China
- Denmark
- France
- Germany
- Gibraltar
- Greece
- Hong Kong
- India
- Ireland
- Japan
- Malaysia
- Mexico
- Nigeria
- Panama
- Singapore
- Turkey
- United Arab Emirates
- United Kingdom
- United States
- Vietnam

**Languages**

- Cantonese
- Danish
- English
- French
- German
- Greek
- Japanese
- Mandarin
- Spanish
- Turkish
- Vietnamese

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## V. Audit Program Key Statistics

### RFI Phase – Notifications and Data Collection

The following table summarizes the number of selected registrars receiving a 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> notice as part of the RFI Phase.

Statistic Description	1 <sup>st</sup> Notice		2 <sup>nd</sup> Notice		3 <sup>rd</sup> Notice	
Number of registrars to receive notice	67	100%	31	46%	25	37%

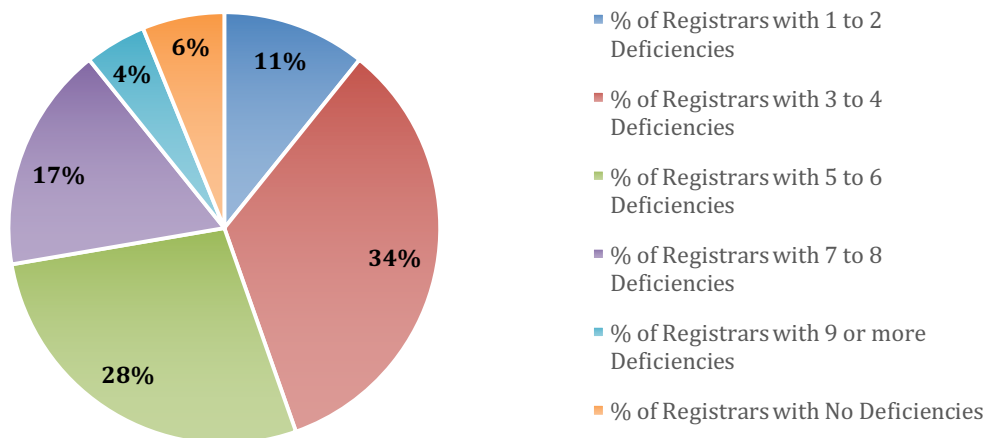
The following table shows the progression of data uploaded for selected registrars from the RFI Phase through the start of the Audit Phase.

Statistic Description	14 Sep 2015	6 Oct 2015	13 Oct 2015	20 Oct 2015
Registrar documents uploaded	0	2,338	3,948	5,149

### Audit Phase – Registrar Reporting

The 65 registrars received an initial audit report at the end of the Audit Phase. Many of the findings noted in the reports were fully remediated after collaboration with the selected registrars. The following chart gives an overview of the percentage of selected registrars with deficiencies.

### Registrar Deficiency Profile





*Remediation Phase – Notifications*

Based on the results of the Audit Phase, 65 registrars participated in the Remediation Phase to cure initial findings noted in their audit report. The following table summarizes the number of selected registrars receiving a 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> notice as part of the remediation process.

Wave	1 <sup>st</sup> Notice		2 <sup>nd</sup> Notice		3 <sup>rd</sup> Notice	
1	29	100%	24	83%	18	62%
2	36	100%	26	72%	17	47%
<b>Total</b>	<b>65</b>	<b>100%</b>	<b>50</b>	<b>77%</b>	<b>35</b>	<b>54%</b>

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## VI. *Audit Program Key Recommendations*

### A. General

- To avoid delays in the audit process, registrars are encouraged to ask ICANN questions about acceptable documentation or unique processes or procedures as they arise.
- Registrars should maintain accurate Registrar Contact Information Database (RADAR) primary contact information to ensure timely communication (RFI, audit report, etc.).
- Registrars should proactively communicate to ICANN if they are part of registrar family that is operated the same way, technically and operationally.
- When communicating to ICANN, registrars should send emails with “receipt requested” option.
- ICANN should continue to simplify the communication approach.

### B. RFI Phase

- Registrars should ask for clarification as early as possible.
- Registrars are encouraged to participate in audit webinars and to ask questions.
- ICANN should continue to recognize the uniqueness of registrars’ business models and methods of operation.
- Registrars should provide detailed explanations in their RFI questionnaires if documents requested are not available.

### C. Audit Phase

- Registrars should review their audit report immediately upon receipt, and seek clarification if they do not understand any of the findings.

### D. Remediation Phase

- Registrars should provide explanations, additional information or amended documentation for each finding, and give timely and accurate responses to the findings noted in their audit report.

In an effort to improve the Audit Program, ICANN invited the selected registrars to participate in the “ICANN Contractual Compliance Audit Survey,” which focused on processes, communication and people. ICANN has taken the survey feedback into consideration.

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## *VII. Conclusion*

Only 4 registrars (6%) of the 65 registrars that completed both the Audit Phase and Remediation Phases completed the audit with no real deficiencies. Although 35 registrars (54%) completed the audit with deficiencies noted, they were able to resolve them fully. The remaining 26 registrars (40%) completed the audit and received audit reports with deficiencies noted. These registrars are implementing necessary changes to prevent the instances of noncompliance from recurring in the future. ICANN will follow up with these registrars with a partial reaudit to verify that they have remediated the remaining deficiencies.

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## Appendix – Selected Registrars

IANA_#	Registrar Name
9	Register.com, Inc.
93	GKG.NET, INC.
120	Xin Net Technology Corporation
249	Mps Infotecnic Limited
321	Registration Technologies, Inc.
420	HiChina Zhicheng Technology Limited
424	Internetters Limited
431	DreamHost, LLC
605	rockenstein AG
636	BRANDON GRAY INTERNET SERVICES INC. (dba "NameJuice.com")
637	Dot Holding Inc.
675	Super Registry Ltd
820	ELB Group Inc
837	Freeparking Domain Registrars, Inc.
844	Minds and Machines Registrar UK Limited
890	IP Mirror Pte Ltd dba IP MIRROR
925	Everyones Internet, Ltd. dba SoftLayer
940	Above.com Pty Ltd.
953	Nanjing Imperiosus Technology Co. Ltd
1007	Net 4 India Limited
1073	DropLabel.com, Inc.
1110	FBS Inc.
1291	Crazy Domains FZ-LLC
1316	35 Technology Co., Ltd.
1331	eName Technology Co., Ltd.
1418	EvoPlus Ltd.
1471	Astutium Limited
1500	Tirupati Domains and Hosting Pvt Ltd.
1505	Gransy, s.r.o. d/b/a subreg.cz
1530	Pacific Online Inc.
1564	TLD Registrar Solutions Ltd.
1598	EastNames Inc.
1601	Atak Domain Hosting Internet ve Bilgi Teknolojileri Limited Sirketi d/b/a Atak Teknoloji
1604	DanDomain A/S
1620	EJEE Group Holdings Limited
1635	Beijing Midwest Taian Technology Services Ltd.
1705	Network Information Center Mexico, S.C.

1710	Nhan Hoa Software Company Ltd.
1715	DevilDogDomains.com, LLC
1716	EU Technology (HK) Limited
1724	Stork Registry Inc.
1725	Global Village GmbH
1727	Papaki Ltd
1728	IP Twins SAS
1733	Beijing Zihai Technology Co., Ltd
1734	Shenzhen HuLianXianFeng Technology Co.,LTD
1735	Emerald Registrar Limited
1737	JarheadDomains.com LLC
1739	Hangzhou Dianshang Internet Technology Co., LTD.
1740	Henan Weichuang Network Technology Co. Ltd.
1741	Shinjiru MSC Sdn Bhd
1742	Zhengzhou Zitian Network Technology Co., Ltd.
1745	LogicBoxes Naming Services Ltd
1749	Upperlink Limited
1750	Authentic Web Inc.
1755	Netistrar Limited
1857	Alpnames Limited
1859	Namemaster RC GmbH
1860	Paragon Internet Group Ltd t/a Paragon Names
1861	Porkbun LLC
1863	DotMedia Limited
1868	Eranet International Limited
1895	Namespro Solutions Inc.
1898	BR domain Inc. dba namegear.co
1911	NUXIT
1912	Vodien Internet Solutions Pte Ltd
1915	West263 International Limited

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