ICANN Registry Request Service

Ticket ID: X2A2P-4O7C4
Registry Name: VeriSign, Inc,
gTLD: .COM, .NET, .NAME
Status: ICANN Review
Status Date: 2010-08-12 09:55:57
Print Date: 2010-08-12 09:56:03

Proposed Service

Name of Proposed Service:

Single Character Release Proposal - .NET

Technical description of Proposed Service:

Single and two character domain names within the .net registry are currently reserved, as stated in the Schedule of Reserved Names (Appendix 6, Section B) in the .net Registry Agreement, dated July 1, 2005, by and between ICANN and VeriSign, Inc. (the ".net Agreement" or "Registry Agreement"). Several single and two character domain names (e.g., q.net) were registered in the .net registry prior to this restriction. These names have been "grandfathered" in and are considered an exception to the reservation practice. Over the years, there has been considerable interest within the Internet community in removing the restrictions on single and two character domain names. As part of the new gTLD process, the ICANN Generic Names Supporting Organization ("GNSO") formed a Reserved Names Working Group which studied, among other things, the initial reasons for the restriction of single and two character domain names and the feasibility of permitting the registration of such domain names.

As stated in the GNSO's Reserved Names Working Group Final Report, dated 23 May 2007 ("RN-WG Report"), "[it] appears that the original purpose for reserving the single characters was driven by technical concerns," which the Report concluded were no longer applicable. In light of this conclusion, the RN-WG Report recommended "that single letters and digits be released at the second level in future gTLDs, and that those currently reserved in existing gTLDs should be released." All constituencies within the GNSO support the registration of single character domain names. The RN-WG Report may be found at http://gnso.icann.org/issues/new-gtlds/final-report-rn-wg-23may07.htm.

Also as stated in the RN-WG Report, "[t]wo letter reservations appear to have been based on concerns about confusion with two letter country codes." The RN-WG Report recommended that Registries be permitted to release any combination of two letters and/or digits strings provided that measures to avoid confusion with any corresponding country codes are implemented.

Single and two character domain names could be very popular due to their simplicity, relative scarcity and currently perceived demand. As a result, there have been numerous discussions within the Internet community regarding appropriate methods for releasing single and two character domain names to the public in all TLDs that currently restrict their allocation. In addition, most gTLDs currently make two character domain names available for registration and certain ccTLDs currently make single and two character domain names available for registration.

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The proposed services would not impact the functionality, methods, procedures or specifications for the existing registration of domain names. The proposed services simply would allow the registration of single and two characters as domain names, which presently are reserved. The proposed services would not have an impact on the security or stability of the DNS, nor on the price paid to the registry for the registration of domain names.

Finally, the proposed method of allocating single and two character domain names (as further described herein) is necessary because, unlike other domain names, there is a very limited number of these domains. Utilizing an auction to allocate the domains is efficient and pro-competitive and would achieve certain public interest benefits.

ICANN has approved similar services for the .biz, .pro, .cat, .travel, .mobi, .coop, .jobs, and .name, among other registries. For example, with respect to .biz, ICANN approved the release of single and two character domain names, allocated in part by auction, with the proceeds of the auction being used to promote the .biz gTLD. In addition, ICANN specifically found that the .biz and similar registry proposals did not raise any stability, security or competition concerns.

Consultation

Please describe with specificity your consultations with the community, experts and or others. What were the quantity, nature and content of the consultations?:

a. If the registry is a sponsored TLD, what were the nature and content of these consultations with the sponsored TLD community?:

Not Applicable

b. Were consultations with gTLD registrars or the registrar constituency appropriate? Which registrars were consulted? What were the nature and content of the consultation?:

VeriSign has had consultations with registries, registrars, and potential registrants. For example, registrars and registrant customers of registrars have expressed interest in registering single and two character domain names in open forums. In addition registrars and registrants have approached VeriSign to determine whether it was possible to release single and two character domain names specifically and reserved names in general for registration and, if so, what steps were required. These consultations also included discussions regarding various approaches for the allocation of single and two character domain names. While several registrars have expressed positive interest in the offering, the release of single and double

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character .net domain names has not been officially endorsed by the Registrar Stakeholders Group.

VeriSign also actively consulted with other members of the GNSO, including the Reserved Names Working Group. The gTLD Registry Constituency (RyC) is in support of the release of single character domains names as long as the implementation is appropriate and permitted to be unique for each registry. The RyC statement can be found at http://www.gtldregistries.org/pdf/RyC-SingleCharacter2ndNames-ConstituencyStatement.pdf .

c. Were consultations with other constituency groups appropriate? Which groups were consulted? What were the nature and content of these consultations?:

VeriSign has actively participated in GNSO work, including the evaluations made by the Reserved Names Working Group where all of the constituencies recommended that single and two character domain names should no longer be reserved.

d. Were consultations with end users appropriate? Which groups were consulted? What were the nature and content of these consultations?:

Although VeriSign has not conducted formal consultations with end users, consultants have approached VeriSign in a more informal manner on behalf of their clients who wish to register single and two character domain names. Since many of these consultants favor the release of single and two character domain names in the .net registry as well as other gTLD registries, they were active in the new gTLD process, including providing input to the Reserved Names Working Group. It has also been noted in ICANN communications that end users have also contacted ICANN regarding the release of single and two character domain names. See ICANN Synthesis on Single-Character Domain Names at the Second-Level which may be found at http://gnso.icann.org/drafts/icann-synthesis-on-sldns-27feb08.pdf .

e. Who would endorse the introduction of this service? What were the nature and content of these consultations?:

The GNSO Council, by a super majority vote, approved the recommendations sent to the ICANN Board for the introduction of new gTLDs. In so doing, the GNSO Council endorsed the recommendations of the Reserved Names Working Group set forth in the RN-WG Report, which included the following recommendations: (i) single character domain names not be reserved at the second level in future gTLDs; (ii) those currently reserved in existing gTLDs be released; (iii) registries be permitted to release any combination of two letter and/or digit strings provided that measures to avoid confusion with any corresponding country codes are implemented. The public comment period on potential allocation methods for single character domain names at the second level ran from October 16 to December 15, 2007. ICANN received 36 public

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comments. None of the comments contained any significant objection to the removal of the reservation of single character domain names at the second level for gTLD registries.

The gTLD Registries Constituency has communicated support for lifting the reservations of single character domain names provided a 'one-size fits all' approach is not imposed on all gTLD registries. As noted earlier, the RyC statement can be found at http://www.gtldregistries.org/pdf/RyC-SingleCharacter2ndNames-ConstituencyStatement.pdf and at the public comment site at http://forum.icann.org/lists/allocationmethods/msg00034.html.
VeriSign has participated in discussions with interested parties that included representatives from a variety of GNSO constituencies.

f. Who would object the introduction of this service? What were(or would be) the nature and content of these consultations?:

Given the lack of objection to similar proposals by other gTLD registries, VeriSign is unaware of any opposition to the introduction of the proposed services. VeriSign looks forward to reviewing any comments raised during the public comment period once this proposal is posted.

Timeline

Please describe the timeline for implementation of the proposed new registry service:

At this time, VeriSign does not have a specific implementation date for the proposed services. VeriSign would, however, provide registrars with a minimum of 60 days notice prior to making the single and two character domain names available for registration through an auction process.

Business Description

Describe how the Proposed Service will be offered:

Note that the proposed registry services cover single and two character domain names in the .net registry. The registry will register these domain names in the manner in which it registers other domain names. In addition, the registry will allocate domain names through auction.

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Provisioning:

Under the proposed services, VeriSign intends to allocate single and two-character second-level domains via an English-style auction with no ending date. The winner of the auction will be determined when no increasing bid has been made within a set period of time. . Receipt of payment in the amount of the winning bid will result in a five (5) year registration. This implementation may vary based upon consultations with one or more auction service providers that will be selected through a subsequent RFP process.

The "winning" registrant must submit the entire purchase price (the "Single Character Domain Fee" or the "Two Character Domain Fee", as applicable) within 14 days from the date on which it was determined to be the winner or in line with the business practices of the auction services provider. Registrars representing registrants will not be permitted to use their current SRS accounts to secure payment of the registration fees for single and two character domain names in order to ensure that their regular registrar business is not impaired due to accounts dropping below available lines of credit.

Upon payment of the Single Character Domain Fee or Two Character Domain Fee in full by the winning registrant, VeriSign will facilitate registration with the winning registrant's registrar of record with a creation date in synch with the date that the payment in full was received. The registration will expire five (5) years from the date of creation. There will be no Add Grace Period for single and two character domains allocated via this method.

After registration, the registrar will be able to execute any single or two character domain name updates requested by its registrant in the same manner in which all updates are currently executed. In the event a winning registrant fails to complete the payment transaction within the specific time period, (i) the registrant will forfeit its right to register the single or two character domain name, and (ii) such domain name may then be made available to the second highest bidder.

Following the initial registration, the specifications of Appendix 7 in the .net Registry Agreement will apply for all EPP operations including grace period and pending period policies except for the Add Grace Period and the Pending Delete Period as noted elsewhere in this proposal.

Single and two character domain names that are not explicitly renewed prior to the expiration date will be automatically renewed for a single year in the same manner as non-single character domain names registered within the SRS.

If a deletion occurs for a single or two character domain name, such domain name will enter the standard 30-day redemption grace period. If the single or two character domain name is not restored during this period, such domain name will enter a 5-day Pending Delete period. At the end of the Pending Delete Period, the single or two character domain name will not be available for re-registration as it will be re-auctioned at a future date and time.

Fees:

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With respect to the registration services, the annual .net registration fee for a single and/or two character domain name remains unchanged.

With respect to the auction services, one hundred percent (100%) of the proceeds will be used by VeriSign to promote awareness, usage and uptake of the .net gTLD. (VeriSign is not hereby proposing a release of .com single and/or two character domain names. VeriSign anticipates that any such proposal will be structured differently than the proposal for .net and will include use of proceeds from any auction for the benefit of the general Internet community).

VeriSign will pay for any costs associated with the auction.

Describe quality assurance plan or testing of Proposed Service:

VeriSign has demonstrated the ability to deliver scalable and reliable registry services. The rigorous processes and extensive suite of quality assurance tests and performance testing will be applied to maintain the functionality, data integrity and data accuracy of the proposed services.

Please list any relevant RFCs or White Papers on the proposed service and explain how those papers are relevant.:

Subsequent to the initial registration process, the provisioning protocols currently implemented will apply. These may include:

RFC 4930 Extensible Provisioning Protocol (EPP)
RFC 4931 Extensible Provisioning Protocol (EPP) Domain Name Mapping
RFC 4932 Extensible Provisioning Protocol (EPP) Host Mapping
RFC 4934 Extensible Provisioning Protocol (EPP) Transport over TCP

Contractual Provisions

List the relevant contractual provisions impacted by the Proposed Service:

Section 3.1(d)(i), (iii), (iv)

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Schedule of Reserved Names (Appendix 6, Section B)

Add Grace Period

Pending Delete Period

What effect, if any, will the Proposed Service have on the reporting of data to ICANN:

Contractually required reports will continue as is. To the extent that additional communication with ICANN and registrars is needed with regard to the proposed services, VeriSign will consult with ICANN and registrars to develop a process for that.

What effect, if any, will the Proposed Service have on the Whois?:

None

Contract Amendments

Please describe or provide the necessary contractual amendments for the proposed service:

Schedule of Reserved Names (Appendix 6, Section B) - ICANN will authorize the release of single and two character names. An amendment to the contract should not be required for this aspect of the proposed services. Notwithstanding the foregoing, this subject has been addressed in the amendment submitted to ICANN with this proposal.

Add Grace Period - There will be no AGP for single and two character domain names allocated by this auction method.

Pending Delete Period - Single and Two Character Domain names that exit the Pending Delete Period will not be available for registration until the next auction cycle.

This proposal is consistent with the pricing provisions in sections 3.1 and 7.3 of the Registry Agreement and should not require a contractual amendment to those sections. Under the express terms of the Agreement, the auction services are not subject to the maximum price provisions of Section 7.3. The auction services fall under Subsections (c) and/or (d) of Section 3.1 of the Agreement. As Section 3.1 expressly provides, "[o]nly Registry Services defined in (a) and (b) [of Section 3.1] are subject to the maximum price provisions of Section 7.3." Notwithstanding the foregoing, this subject has also been addressed in the amendment submitted to ICANN with this proposal.

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[Appendix A (Amendment No 5 to NET Registry Agreement.pdf)](#)

Benefits of Service

Describe the benefits of the Proposed Service:

The proposed services are intended to meet the desire for potential registrants to register single and two character domains, which no longer need to be reserved as discussed above.

Competition

Do you believe your proposed new Registry Service would have any positive or negative effects on competition? If so, please explain.:

The proposed services are pro-competitive because they expand the allowable domain names and initially allocate the names on the basis of an auction. The proposed services would have no negative effects on competition. The auction process will be open to all registrants, working with ICANN-accredited registrars. Registrars may compete to attract registrants who wish to participate in the auction.

How would you define the markets in which your proposed Registry Service would compete?:

The .net domain name registry operates as an unrestricted, unsponsored top-level domain and, thus, any Internet user anywhere in the world may participate in the auction and compete to register a single or two character domain name in the .net TLD. The .net domain name registry competes with other gTLD and ccTLD registries, many of which currently offer single-character and two character domain names (e.g., .biz, .pro, .cat, .travel, .mobi, .coop, .jobs, .name, among other registries). The proposed services will compete with many other means by which Internet users obtain domain names or other means of establishing their identity on the Internet and the capability to be reached by internet users.

What companies/entities provide services or products that are similar in substance or effect to your proposed Registry Service?:

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The following registries have been approved by ICANN to register single and two character domain names:

.biz, .info, .pro, .cat, .travel, .mobi, .coop, .jobs, .name, .aero, and .asia

Finally, several country code top level domain name registries currently permit registration of single and two character domain names.

In view of your status as a registry operator, would the introduction of your proposed Registry Service potentially impair the ability of other companies/entities that provide similar products or services to compete?:

No. Note that other gTLD and ccTLD registries offer now or are free to propose and provide single and two character domain name registration services using whatever mechanism they think best.

ICANN has approved proposals to release single and/or two character domain names for several registries. See http://www.icann.org/en/registries/rsep/.

Do you propose to work with a vendor or contractor to provide the proposed Registry Service? If so, what is the name of the vendor/contractor, and describe the nature of the services the vendor/contractor would provide.:

VeriSign will work with one or more third parties to provide the auction aspects of the proposed service. VeriSign will select one or more auction providers through an RFP process.

Have you communicated with any of the entities whose products or services might be affected by the introduction of your proposed Registry Service? If so, please describe the communications.:

As explained in more detail above, VeriSign has consulted with numerous parties regarding the proposed services, including registries, registrars and potential end users.

Do you have any documents that address the possible effects on competition of your proposed Registry Service? If so, please submit them with your application. (ICANN will keep the documents confidential).:

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No. VeriSign has no documents that address the possible effects on competition.

Security and Stability

Does the proposed service alter the storage and input of Registry Data?:

No. The number of registrations that are being considered is an infinitesimal amount when compared to the number of registrations managed within .net. Additionally, there are mechanisms in place that help ensure that previously registered single and two character domains that are deleted are not placed back into the available inventory of domain names. In addition, the amount of storage and data input required for the registration and lifecycle support of single and two character domain names in the .net registry is negligible.

Please explain how the proposed service will affect the throughput, response time, consistency or coherence of reponses to Internet servers or end systems:

The proposed services will have no impact on throughput, response time, consistency or coherence of the responses to Internet servers or end systems for the same reasons as the previous question. The transaction volume required for the registration and lifecycle support of single and two character domain names in the .net registries is negligible.

Have technical concerns been raised about the proposed service, and if so, how do you intend to address those concerns?:

No. There have been no technical concerns raised about the registration of single and two character domain names. In fact, when considering the Global Name Registry (.name) proposal for the removal of the restriction on two character domain names, the RSTEP report concluded that "no meaningful" security issues were identified. The RSTEP report can be found at http://www.icann.org/registries/rsep/RSTEP-GNR-proposal-review-team.pdf.

Other Issues

Are there any Intellectual Property considerations raised by the Proposed Service:

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To the extent of our knowledge, the implementation of the proposed services will not interfere with the intellectual property rights of any third parties.

There is no proposed sunrise period for the provisioning of single and two character domain names and, if any disputes arise from the allocation of these domain names, it is recommended that the Uniform Dispute Resolution Policy be used.

Does the proposed service contain intellectual property exclusive to your gTLD registry?:

(1) Trademark or similar rights may exist or arise with respect to trade names or terminology used in connection with the proposed services. (2) Copyright protection may exist or arise in connection with code written or materials created in connection with the proposed services. (3) Certain information or processes related to the proposed services may be confidential to VeriSign and/or subject to trade secret protection. (4) VeriSign is not aware of the issuance of any patents by any party with respect to the proposed services.

List Disclaimers provided to potential customers regarding the Proposed Service:

VeriSign will likely include industry standard disclaimers (e.g., disclaimer of all warranties with respect to the data) in the agreement(s) governing the services.

Any other relevant information to include with this request:

None

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Appendix {A(Amendment No 5 to NET Registry Agreement.pdf)
(Seen on Next Page)

AMENDMENT NO. 5 TO AGREEMENT

This Amendment No. 5 (this "Amendment No. 5") to the Agreement (as defined herein) is made and effective as of this ___ day of _____ 2010 (the "Amendment No. 5 Effective Date"), by and between the Internet Corporation for Assigned Names and Numbers ("ICANN**"**) and VeriSign Information Services, Inc., ("VeriSign") and each individually a "Party" and collectively the "Parties." Capitalized terms used in this Amendment No. 5 and not otherwise defined shall have the meanings as provided in the Agreement.

RECITALS

WHEREAS, ICANN and VeriSign entered into that certain .net Registry Agreement, dated July 1, 2005, as amended (the "Agreement"); and

WHEREAS, ICANN and VeriSign hereby desire to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and premises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ICANN and VeriSign hereby agree as follows:

1. <u>Paragraph B of Appendix 6</u>. The language in paragraph B (Additional Second-Level Reservations) of Appendix 6 to the .net Registry Agreement shall be deleted in its entirety and replaced with the following:

    All single and two-character labels that were previously reserved by the Registry Operator in the Registry Agreement may be allocated as set forth in Appendix 7.

NOTE 2: THERE IS A CAVEAT AROUND TWO CHARACTER DOMAIN NAMES SAYING THOSE WILL BE RELEASED IF THE REGISTRY OPERATOR REACHES AGREEMENT WITH THE GOVERNMENT AND/OR COUNTRY CODE MANAGER. ARE WE GOING TO RETAIN THAT CAVEAT? FOR EXAMPLE, WHAT IF A TWO LETTER DOMAIN NAME (LIKE .FR) THAT IS CURRENTLY REGISTERED BECOMES AVAILABLE?   WILL WE THEN REACH OUT FRANCE GOVERNMENT/COUNTRY CODE MANAGER AND ASK THEM IF IT IS OK FIRST?

2. <u>Paragraph 9 of Appendix 7</u>. The following language shall be added to paragraph 9 of Appendix 7.

    "9.2 .net Single and Two Character Allocation.
    Pursuant to the registry operator's proposal and Appendix 6 of the Registry Agreement, ICANN authorizes the release of all single and two character labels, which are no longer reserved under the Registry Agreement. The limitations on Service Fees in Section 7 of the Registry Agreement do not apply to the price of single and two character labels subject to this Amendment to the Registry Agreement."

3. <u>General</u>. This Amendment No. 5 amends certain terms and conditions of the Agreement. All other terms and conditions of the Agreement that are not modified by this Amendment No. 5 shall remain in full force and effect. In the event of a conflict between the terms and conditions contained in this Amendment No. 5 and the Agreement, the terms and conditions of this Amendment No. 5 shall control.

IN WITNESS WHEREOF, the parties have, through their duly authorized officers, executed this Amendment as of the Amendment No. 5 Effective Date.

VERISIGN, INC.

INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

By: _____

    Name:

    Title:

    Date:

By: _____

    Name:

    Title:

    Date: