
VeriSign GRS Responses to Domain Name Wait Listing Service Questions

Prepared by: VeriSign, Inc.

February 15, 2001



The following document contains VGRS' responses to questions submitted regarding the revised Wait Listing Proposal dated 28 January 2002. Please note that comments about that proposal should be sent to wls@verisign.com not later than 1 March 2002.

Please remember that all comments should be accompanied with the information requested in the procedures outlined in the proposal:

VGRS recognizes that processes and procedures for fostering discussion and obtaining feedback from members of the Internet community are still relatively undeveloped in the DNSO and the community at-large. With that in mind, we would like to attempt to add some structure to the WLS discussion that we believe will make it easier to answer questions, to organize feedback received and to quantify that feedback in a way that leads to results that are based on objective analysis rather than subjective, unfairly biased or unsubstantiated opinions. We believe that the guidelines below will facilitate these objectives and make the process more manageable for all parties.

As a registry business, we are of course concerned that our business needs be met and that the concerns of our customers (registrars) be heard and addressed as possible. At the same time, we believe that the needs of end-users (registrants and prospective registrants) are of the utmost importance with regard to domain name services. Consequently, we suggest that, in the end, after the feedback is received, that the highest priority should be to objectively evaluate the WLS in light of the ultimate beneficiary, domain name consumers. It is our hope that the guidelines below will allow that to happen.

Procedural Guidelines

- 1. Questions and feedback should be consolidated by each organization wishing to ask questions and/or provide feedback. Organizations may include DNSO Constituencies, the DNSO General Assembly, or other groups of interested parties that are formally or informally organized. For individuals who wish to contribute who are not part of a larger group, it is requested that they provide their input through one of the DNSO Constituencies or the DNSO General Assembly.*
- 2. In the case of groups of people not associated with DNSO organizations, please provide the following information with your initial input:*
 - A brief explanation of what your interest is in the proposed WLS offering*
 - Objective data regarding the size of your group*
 - A brief characterization of the members of your group (e.g., domain name registrants, intellectual property owners, intellectual property associations, etc.)*

- *A statement of the general purpose or mission of your group.*
3. *Every group submitting questions and/or feedback must provide a point of contact and email address that VGRS may use for communicating with the group.*
 4. *Deadline for questions: **February 8, 2002***
 - *Questions consolidated as requested in item 1 above and applicable information requested in item 2 above should be sent to Chuck Gomes, VP of Policy and Compliance for VGRS at wls@verisign.com.*
 5. *Deadline for VGRS responses to questions: **February 15, 2002***
 6. *Deadline for final feedback: **March 1, 2002***
 - *Final feedback consolidated as requested in item 1 above and applicable information as requested in item 2 above should be sent to Chuck Gomes, VP of Policy and Compliance for VGRS at wls@verisign.com.*
 - *To assist VGRS in evaluating feedback, please provide the following objective data:*
 - *What is the nature of the members of your group (e.g., individuals, registrars, registries, trade organizations, etc.)?*
 - *What is the total size of your membership?*
 - *How many members of your group participated in the WLS feedback process leading up to the final feedback provided?*
 - *How many members who contributed to the WLS feedback you provided to VGRS are involved or planning to be involved in the process of directly or indirectly using the VGRS batch delete system for registering just-deleted names?*
 - *What efforts did your group make to reach out to members of your group who did not participate in the WLS discussion process?*
 - *In preparing feedback to the revised proposal, it is important to remember that the proposal is not submitted as a permanent offering but rather a 12-month trial. Although based on the information it has seen to date, VGRS believes that there is more than enough evidence to support consumer demand for such a service and that the best way to offer such a service from a consumer point of view is to offer it at the registry level, we also recognize that there is still considerable debate about some issues. A 12-month trial period will allow time to get empirical answers to questions that have been*

raised.

- *Constructive suggestions for improving the proposed WLS offering are encouraged and welcomed. Statements of opposition are also welcome but should be accompanied with briefly stated reasons.*

7. Target for VGRS decision regarding the WLS proposal: March 8, 2001

- *VGRS will attempt to evaluate the feedback received not later than March 8, 2002 and, if it is decided to consider proceeding with the offering, will submit a final pricing proposal to ICANN for its approval per the requirements of Appendix G of the ICANN-VeriSign registry agreements.*

VGRS Responses to WLS Questions

15 February 2002

A. Questions submitted by IMPVLSE: Interactive Marketing Professionals

1. Does VSRG believe that domains are a public resource and that they have a fiduciary duty to protect this resource -- even if there is no “growth in their core business?”
 - o The registration of a second-level domain name is not a “public resource,” whatever one was to define that concept to include. Additionally, no fiduciary duty exists to protect a second-level domain name registration as a “public resource.” VGRS is certainly committed to fulfilling its contractual commitments to the Department of Commerce and ICANN with regard to the .com, .net and .org registry agreements. VGRS also is strongly committed to support its registrar customers and, indirectly, their customers (domain name registrants) with the best registration services possible.*

2. Is a “first come-first serve” policy still fair if most everyone affected is blindsided by the “serve?”
 - o We have supported and implemented a first-come, first served policy of domain registrations since we first became involved in domain registration services in 1991. We have proposed a first-come, first served policy with regard to the WLS as well, and believe that the WLS provides all registrars with an equivalent chance to serve their customer on a first-come, first served basis. This is preferable to the way registrations of just-deleted names are currently happening, where those who have elaborate automated systems have the best chance and the average end-user/registrar is left with uncertainty and a lower probability of success.*

3. Part of the proposed WLS’ “value” is that of “foreclosing other’s rights,” including the rights of current registrants to regain their own domain if deleted due to “inadvertent or negligent expiration.” How is this different from selling insurance on a house to some stranger -- because they asked first-- than barring the “owners” and other vitally interested parties from taking out a policy?
 - o The proposed WLS does not, as the question assumes, “foreclose others’ rights” because such rights simply do not exist. Domain name registrants currently do not have any enforceable right to continued domain name registration service after the proper termination or expiration of their registration service agreements. Nor does any member of the public have an enforceable right to obtain domain name registration service for any particular domain name. Nevertheless, VGRS is equally concerned about the hardship that may be experienced by domain name registrants who unintentionally permit their registration services to lapse as a result of their neglect or oversight. VGRS is supportive of reasonable measures designed to give registrants every reasonable opportunity to renew their service, recognizing that: (1) it should be incumbent*

on domain name registrants to maintain accurate contact information and to adhere to applicable procedures for renewing domain name registrations; and (2) registrars should have flexibility, consistent with their Registry-Registrar Agreement and ICANN accreditations, to define their customer relationships. For this reason we have been working with ICANN on developing possible ways of addressing this issue. To directly respond to the issue, however, in our original proposal, we recommended a 15-day Registry Hold period before service is actually terminated, during which the registrant could re-register/reactivate service. This part of the WLS proposal was removed because ICANN plans to take the lead in the process of proposing and implementing changes that would accomplish this same objective (see <http://www.icann.org/registrars/redemption-proposal-14feb02.htm>). In the meantime, assuming that the ICANN process might not be finished before the WLS would be implemented, VGRS would consider including temporary terms in the WLS service agreement with registrars that would provide for (with ICANN's concurrence) a reasonable interim procedure to deal with this issue until the ICANN solution is in place.

B. Questions submitted by the DNSO General Assembly

Registry load issues

1. CIRA, the registry for dot-ca, was able to manage 100-times scalability when it released expired names recently for re-registration (see <http://www.cira.ca/news-releases/63.html>). Given that this non-profit registry did not require a wait-list system, or a surcharge, what are the technical flaws in VeriSign systems that prevent a similar system as CIRA?
 - o According to this news article, CIRA released just 20,000 deleted registrations as a one-time event. VGRS has released up to 100,000 registrations multiple times and if the current number of registrations on REGISTRAR-HOLD is any indication, may be releasing a million or more in the future. The systems required to handle 20,000 deleted registrations are vastly easier to build and manage than systems required to handle hundreds of thousands or millions of deleted registrations. The WLS is not intended or designed to deal with deleted registrations nor has VGRS ever made that claim. In fact, VGRS has clearly stated otherwise.*
2. Why has VeriSign refused to implement various technical fixes to reduce registry load issues, including "rate-limiting" technology and "extended response codes"?
 - o In August 2001, VGRS did implement rate-limiting technology. Since that implementation, VGRS has been able to manage registry load. Multiple pools provide the guarantee of equivalent access. If "extended response codes" refers to an augmentation to the CHECK command that would indicate how recently the registration occurred, VGRS has no evidence that this would serve any useful purpose. First, it presumes that registrars would use this response code to manage their automated batch processes. VGRS has published the times that the*

batch deletes occur; yet many registrars continue to run their batch processes 7x24. If registrars are unwilling or unable to do something as simple as run these processes during the 1 hour per day when VGRS performs the deletions, we see no reason to believe these same registrars would effect the software changes necessary to respond to changes in the RRP. Second, registry load is no longer an issue. The multiple pools and rate limiting technology have solved that problem.

3. When does VGRS plan to solve its problems; the increased load on VGRS systems, as mentioned in Montevideo, Uruguay in September 2001.
 - o As noted above, the registry load problems are solved. Although not originally intended to be a long-term solution, it has become clear that the registry must always provide a rate-limiting function in order to ensure equivalent access and protect against both inadvertent and malicious transaction volumes. Registry load should not be a criterion for determining the proper course of action regarding deleted domain name registrations.*

4. VeriSign has highlighted that there are 80-100 million domain "checks" per day. What is the number of checks per day on average, broken down by each of the accredited registrars?
 - o Information regarding the business transactions of individual registrars is considered Registry-Sensitive information in accordance with Appendix H of our contract with ICANN. It has always been a VGRS policy not to disclose information regarding the business practices, transaction volumes, financial status, contract status, disputes, etc., of individual registrars. In the month of December 2001 when there were 96 active registrars, the average number of check commands per registrar was 1,214,046 per day.*

 - Which of the above registrars are performing these checks on behalf of SnapNames?
 - o VGRS does not have any information in this regard. The only information we would have when a check command is submitted is the registrar submitting the command.*

Legal issues

5. Can VeriSign (registry) assure the community that registrars offering this service on a worldwide basis are not going to face legal problems? In an earlier message (*) sent to the registrars' list, Jim Archer raises some questions on this, arguing that offering WLS subscriptions may be considered commodity trading. If such problems exist even in some (possibly obscure) jurisdictions, this would introduce an unfair national bias into the system. (*)
<http://www.dnso.org/clubpublic/registrars/Arc01/msg01852.html>
 - o VGRS is not aware of any legal problems that registrars might face if they offered the WLS. It is worth noting that a variation of the WLS has been offered by SnapNames at the registrar level for some time now. It would be unreasonable to*

expect VGRS to make any definitive statements or assurances about the applicability or effect of laws in local jurisdictions that vary widely and are constantly changing. Of course, this same unspecified risk of exposure exists with regard to any product or service distributed on a global basis, including current domain name registration services offered by registries and registrars. One example of this today involves the issue of privacy laws. European privacy laws are quite different than those in other parts of the world. Does this create a 'bias' to the disadvantage of European-based registrars? Whether it does or not, it is a reality that exists because the Internet is global. We would not have an Internet today if decisions were made only after all national biases were removed. One of the advantages of the registry/registrar model as it exists today is that it allows for registrars to be distributed in various jurisdictions where they can customize their offerings according to local laws and regulations.

6. If the WLS is deemed to be illegal (due to anti-trust law, and/or relevant Commodity Futures law), will VeriSign/ICANN indemnify affected resellers, registrants and other market participants from all liability, legal costs, and implementation costs associated with the 1-year test?
 - o VGRS is not aware of any legal problem with regard to the proposed WLS offering but participants are encouraged to seek independent legal advice. If you can find a contract anywhere in the world that would provide the all-encompassing indemnification suggested here, we advise you to take it. We have never seen such an undertaking, even on an already-existing service, in any industry. Blanket indemnification for all future liability is not reasonable.*
7. On what (contractual) grounds does VGRS propose the WLS, instead of letting this part of the market be a free operating system?
 - o If the question posed is upon what contractual basis does VGRS suggest that the WLS be offered at the registry level, the answer is that the existing ICANN registry agreements anticipate the possibility of gTLD registries offering new services.*

Where does VGRS base the sale of WLS upon, considering that it is its contractual duty to return domains to the pool after 45 days, in which case there would be nothing to sell?

- o There is no such contractual duty. Please refer to Appendix C, Grace Period Policy, of the Registry Agreement.*
8. When does VGRS propose to settle with ICANN on a delete agreement pursuant to 3.7.5 of the Registrar Accreditation Agreement (RAA)?
 - o The referenced provision does not require VGRS to reach a "delete agreement" with ICANN. VGRS does not intend to propose any "delete agreement" and is not aware of any 'delete agreement' or of any needed settlement with ICANN regarding such an agreement. The Registrar Accreditation Agreement is between ICANN and registrars; VGRS is not a party to that agreement.*

9. Does this WLS not constitute a separate contract between ICANN and VGRS and as such, should an open "bid" period to allow other to "bid" for a likewise system not be entertained?
- o No. The WLS is simply an additional service that may be provided under the existing registry agreements.*

Prices, payment and costs

10. a) What is VeriSign's proposed wholesale price for a variant of WLS with zero (0) exchanges?
- o No price has been proposed for this alternative, to which VGRS has no objection. VGRS would be willing to consider such an option after the 12-month trial period in the event the registrars express an interest.*
- b) What are VeriSign's proposed wholesale prices for a variant of WLS with a two-stage mechanism, where the WLS holder is charged \$X for their place in queue, and then an additional \$Y if and only if the domain is deleted, with no exchanges? (i.e., tell us X and Y)
- o This variant has not been proposed. Under the current proposal, the wholesale price for a subscription is \$35 (the retail price to be determined by each individual registrar).*
11. What besides "willingness of the market" is the base for the extremely high price of WLS?
- o The proposed wholesale price is not high and is less than the current market price for a lesser service. In addition, this question was answered earlier. Please refer to the previously distributed VeriSign document titled 'Justification for a Registry-based Wait Listing Service' dated January 28, 2002, Section 4.1.a. The document may be found at <http://verisign-grs.com/wls.html>.*

When will VGRS deliver a cost-based analysis to all constituencies to determine a "fair" price for such services, if they should be started?

- o Please refer to the previously distributed VeriSign document titled 'Justification for a Registry-based Wait Listing Service' dated January 28, 2002, Section 4.2, paragraph 4. The document may be found at <http://verisign-grs.com/wls.html>.*
12. How does the WLS system handle credit card charge backs by registrants (and the associated charge back fees) who fail to acquire a name?
- o The proposed WLS system does not deal with charge backs by registrants, primarily because there are no charge backs at the registry level. The same situation exists with regard to regular domain name registrations.*
13. a) How much is SnapNames being paid per reservation? Why?
- o The terms of the license and agreement between VGRS and SnapNames are proprietary and confidential.*

- What are the relevant patent-pending registration numbers for any intellectual property that is involved in the creation of the WLS, in particular the "Parallel Registry" technology?
- o *Such a question should be directed to SnapNames. The proposed WLS service would be offered by VGRS, not SnapNames.*

Test success criteria

14. a) What are the success criteria that VeriSign/ICANN intend to use at the end of the 1-year WLS testing period (these should be specified ex-ante, not ex-post)?
- o *Throughout the trial period, data such as the following would be gathered by our customer service team: problems encountered, suggestions for improvements, number of subscriptions, number of registrations resulting from subscriptions, number of subscription transfers per name, percent of successful subscriptions, operational data with regard to deleted name registration activity, number of registrars participating in the WLS, number of registrars participating in the batch delete process, number of registrars participating in both the WLS and the batch process, etc. The data would then be compiled and analyzed and reports would be prepared and presented as soon as eight months into the trial period, with an updated report presented at the end of the twelve month period.*
 - Do those criteria take into account the existing competitive landscape that exists in the market?
 - o *The operational data with regard to deleted registrations activity should provide information in this regard. If other information related to the 'competitive landscape' is made available to VGRS, it could certainly be added to the data to be analyzed.*
- c) If so, what market measurements has VeriSign/ICANN made of the current competitive landscape (NameWinner, eNom, AWRegistry, ExpireFish, SnapNames, NicGenie, IARegistry, Signature Domains, and other competitors), to serve as the basis for a comparison?
- o *It is not clear what is being suggested here, but several comments may be in order. First, VGRS does not have any access to information regarding any of the businesses listed except with regard to .com, .net and .org registration activity for those that are registrars, so it would have to be up to those businesses to provide such information. Second, it probably will not be possible to determine what if any impact the WLS might have on these businesses until after the WLS is implemented. One of the advantages of having a trial period is to allow consumers to speak through their buying decisions. It is anticipated that all of us will be able to learn from consumer activity in this regard.*
- d) Under what metrics will the WLS test be considered a failure?
- o *If costs exceed revenue or if the demand for the service is not sufficient to warrant continued investment, VGRS would have to reconsider offering the service.*

15. At: <http://www.dnso.org/clubpublic/ga/Arc09/msg00081.html> Chuck Gomes wrote "The value to the Internet community therefore seems rather obvious to me. But, if there is none as you suggest, then the service will be a failure. On the other hand, if there is demand and hence value, it will succeed. The level of success will depend on how much demand and value there is. The best way to test it is to let the market prove it one way or other." There currently exists a competitive market in the automotive industry (as there is for the expired domain names industry). If it was replaced by a single monopolistic seller for a 1-year test period, cars would undoubtedly still be bought, as there is an intrinsic demand for cars themselves. How does VeriSign/ICANN intend to differentiate the demand for WLS from the demand for the expired names themselves, when there would be no alternative mechanism for securing those expired names for which there is a basic demand already that is being satisfied in the market?

o To the extent that this question is capable of being answered, competition among the registrars will be increased and the playing field will be leveled for all registrars and end users alike. Since approximately 1995, registrants have continuously asked to be the "next in line" should a current registrant choose to end their registration contract and have their name deleted from the database. This service can only be accomplished efficiently, and with a 100% probability of success, at the registry level. No existing service, either SnapNames' at the registrar level or any other current service, can provide such a service. This does not mean that all services should be offered at the registry level. But it is true for some services that the value to consumers can only be maximized at the registry level. It is our opinion that the WLS is such a service. It is not clear what is meant by 'demand for the WLS.' We believe that there is a demand to be "next in line" for registered domain names once the registrant chooses to delete it. The WLS is a more efficient way of fulfilling that demand than offering a similar or dissimilar service at the registrar level.

16. Has VeriSign considered implementing a 1-year test on the dot-TV and dot-CC TLDs, instead of on dot-COM and dot-NET?

o This might be considered at some time in the future after the transition of these two registries into VGRS is complete.

Why wouldn't a test on those two TLDs suffice, if it were merely a "test"? (Rationale: a test on dot-TV and dot-CC would not impact the existing competitive deleted domains industry, and would also provide the further advantage of comparison between the two alternative markets on the same time-scale)

o Neither of these two markets would necessarily be representative of the .com and .net marketplace.

Abusive speculation

17. What is the definition of "abusive speculation"?

o We do not believe that there is a uniformly accepted definition of 'abusive speculation' just as there is no uniform agreement on whether speculation is an

acceptable activity. There are those who think that speculation is universally wrong and others who think it is a perfectly legitimate business activity. A large part of the Internet community would probably agree that speculation designed to harm the legally protected interests of others or to extort money from innocent parties is abusive. A specific example of what we believe is 'abusive speculation' is the practice of registering a just-deleted name that still has a website and then pointing that website to a pornography site ('porn-napping').

In particular, do any of the 55 examples from the SnapNames Hot 100 referenced at: <http://www.dns0.org/clubpublic/ga/Arc09/msg00085.html> constitute "abusive speculation"? (As of this writing, the Hot 100 list on SnapNames' website is apparently no longer available, although the mirror is available)

o We do not have sufficient information to answer this question nor do we feel that we have any authority to define what is abusive and what is not.

Grand fathering

18. a) Will existing holders of SnapNames SnapBacks be grand fathered into the WLS?

- o VeriSign does not intend to migrate any of SnapNames' customers to WLS positions, or to "grandfather" anyone into the new system. After evaluating a number of different approaches to this issue, and consulting with several registrars, we have developed a solution that we believe would maintain fairness to ICANN-accredited registrars, SnapNames customers and to the providers of competing aftermarket domain name services, and does not in any way advantage VGRS, SnapNames, or any of the pertinent registrars-of-record on existing SnapBack™ subscriptions. Here are the details of our proposed approach:*
- On the WLS launch date, any domain name that has an existing SnapBack subscription would be excluded from the WLS system, meaning that no one, including SnapNames or the registrars who license SnapNames' technology, can take out a WLS subscription for that domain name so long as an active SnapBack subscription is in place. SnapNames, the registrars, and any individuals interested in a particular domain name would continue to compete for it as they do today.*
 - When a SnapBack subscription eventually terminates (i.e., the subscription has either ripened into a registration or has expired un-ripened), the WLS exclusion of the particular domain name registration would be removed. (Since current SnapBack subscriptions for .COM and .NET domain names would not be available for renewal after WLS implementation, all exclusions would eventually expire one-by-one.)*
 - To ensure that no provider of aftermarket domain name services, including SnapNames, has any advantage in obtaining WLS subscriptions as they are returned to availability, the status updates on availability would be processed by VGRS in batches, at random times, within 48 hours of the termination of a SnapBack subscription.*

- *The actual number of SnapBack subscriptions that would be in place after any launch of the WLS would be minimal, especially in light of the current high monthly rate at which names are now deleting (the exact number of which would not be known until the launch date).*
- *While no one would publish the list of excluded domain name registrations, anyone would be able to find out if a WLS position is excluded by using the “CHK” command, which would return a code for indicating the name is “presently unavailable for subscription.”*
- *SnapNames would directly communicate further details of interest, such as exchanges and refunds on the relatively few SnapBack™ not executed, to SnapBack subscribers at such time as the WLS proposal is finalized.*

- b) If not, what are the proposed Sunrise and Land rush mechanisms for the WLS?
- o *There is no plan for a WLS sunrise period. To deal with a possible land rush, VGRS plans to use rate limiting technology in a way that will assure equivalent access to all registrars, similar to what is being done in the batch delete process today.*

19. Since WLS subscriptions purchased in the final month of the "test" will continue be honoured, doesn't this mean that the impact of this "test" on the deleted domains market will be for 2 years and not merely 1 year?
- o *Only in so far as WLS subscriptions extend beyond the end of the 12-month test period. If the WLS is not continued beyond the 12-month trial, no new subscriptions would be taken after the end of the 12-month trial period.*

Consensus process

20. a) Under what metrics does VeriSign plan to decide that there is a stakeholders "consensus" for bringing forth this proposal to ICANN? In particular, what level and nature of opposition must exist to abandon the proposal?
- o *The registry agreements do not require a consensus decision before we can offer additional services as long as the new service is offered to all registrars, supports the sound operation of the registry system and the price of the new service is approved by ICANN per Appendix G of those agreements. Of course, the registrars' role as a registry's customers means that their comments will be taken into account (in a customer service sense). Similarly, the comments of registrars' customers will also be taken into account. It should also be noted with regard to the WLS that it is an optional service. No registrar will be required to implement it.*
 - Under what conditions do counter-proposals by other stakeholders receive attention as viable alternatives to WLS?
 - o *Three other proposals were considered by VGRS in the fall of 2001 through discussions that occurred on the ICANN-delete list. Additional counter proposals surfaced later; if they are viable and appear to meet a market demand, they could be considered for future implementation. In as much as they might be mutually*

exclusive with regard to the WLS, they would be considered after the WLS trial period if the WLS is not successful.

21. Why is the "Status Quo" proposal not an option? (It seems to have greater support and consensus at this time than the WLS) If it has greater support than the WLS, why is the "Status Quo" not the best option?
- o If by the 'status quo' you mean the batch delete process operational solution that is currently in place, VGRS has said it would continue until a better solution is found. It is not a matter of WLS versus the status quo. The two approaches meet different needs.*

WLS implementation

22. a) Will the WHOIS information for the WLS subscription holder be made public?
- o There is no plan to provide a WLS Whois service. However, registrars will be able to determine whether or not a name is available for a WLS subscription. VGRS would not have the name of subscribers; only registrars would have that information. Please refer to the revised proposal, Section 4.a (third bullet), which can be found at <http://verisign-grs.com/wls.html>.*
- b) If not, why not?
- o First, we have not determined that there would be any value for doing this; second, we received feedback to the original WLS proposal recommending that this not be done.*
- c) If a name is deleted "in error", does it go back to the original registrant?
- o In the original WLS proposal, VGRS recommended that there be a 15-day Registry Hold period for all deleted name registrations, including those for which a WLS subscription existed. During this period, a registrar could reinstate a registration if an inadvertent deletion occurred. In the revised WLS proposal, this provision was removed because ICANN is going to take the lead in the process that hopefully will lead to such a procedure, possibly for a period longer than 15 days. It is possible that the ICANN process and the subsequent implementation of an extended Registry Hold period for all deleted registrations will not be completed before the possible implementation of the WLS. If that happens, VGRS would be willing to consider implementing an interim procedure to provide for this need (see the answer to question A.3). Comments in this regard would be appreciated.*
- d) What are the exact conditions that constitute a deletion "in error"?
- o If an extended Registry Hold period was implemented as discussed in the item above, it would be up to the discretion of the registrar of record to decide whether a registration was deleted in error and to take the steps necessary during the Hold period to reinstate the name.*

23. Will WLS subscriptions be refused on names that expire after the end of the WLS subscription?
- o No. It should be remembered that registrations could be deleted at any time, not just if they are not renewed. VGRS will encourage registrars to clearly communicate risks such as these to consumers.*

Secondary market

24. How will WLS enhance competition and innovation in the deleted domain industry, when it will reduce the number of available business models that presently exist in the marketplace?

- o We are unaware of whether the WLS will eliminate or have any impact on existing business models or create new business models and opportunities. Our objective however is not and should not be to shelter the so-called 'deleted domain name industry' from innovation, efficiency or competition. We will not know the impact of the WLS on the so-called deleted domain name business or any other businesses without a test of the WLS. If the WLS will have an effect on other deleted names business models, one possible reason could be that it offers a higher value for consumers. Those who operate business models that might be negatively impacted certainly have the option of participating in the WLS offering as registrars or resellers or consumers. There is plenty of room for differentiation of WLS services at the registrar level whether that be in customer service, marketing, value added services or other creative actions.*

25. Which of the existing business models that are active in the deleted domains market (eNom, SnapNames, NameWinner, NicGenie, Signature Domains, IARegistry, AWRegistry, ExpireFish, and others) are inappropriate and/or violations of their respective registrar agreements?

- o VGRS has never stated that any of these businesses are in violation of registrar agreements. Nevertheless, there is strong evidence to suggest that there are business models based on what VGRS believes is an inappropriate use of its Shared Registration System (SRS). The activity in VGRS' batch delete process is an inefficient and inappropriate use of registry resources and the SRS itself. VGRS believes that a business model that results in one new registration for every 500,000 registrar transactions (a ratio that comes from actual registry use statistics) is inappropriate. Insofar as any of the above named businesses are contributing to this, we would say that they are inappropriate.*

26. How does VGRS respond to the fact that WLS will put a number of operators in a likewise service based on free market principles out of business?

- o Please refer to the answer to question 24 above.*

Bulk deletions

27. Will the process of BULK deletion remain in place?

- o Yes.*

28. VeriSign has not had a batch deletion in about 4 weeks. Have batch deletions been suspended pending the resolution of the WLS proposal?
- o VGRS has not changed any procedures with regard to batch deletions and has no plan to do so. Any changes you observe are strictly the result of changes in deletions submitted to us by registrars.*

C. Questions submitted by the OPENSRS RSPs Group

1. CIRA, the registry for dot-ca, was able to manage 100-times scalability when it released expired names recently for re-registration (see <http://www.cira.ca/news-releases/63.html>). Given that this non-profit registry did not require a wait-list system, or a surcharge, what are the technical flaws in VeriSign systems that prevent a system similar to CIRA's?
 - o See the response to question B.1 above.*

2. a) What are the success criteria that VeriSign/ICANN intend to use at the end of the 1-year WLS testing period (these should be specified ex-ante, not ex-post)?
 - o See the response to question B.14.a above.*

 - b) Do those criteria take into account the competitive landscape that currently exists in the market?
 - o See the response to question B.14.b above.*

 - c) If so, what market measurements has VeriSign/ICANN made of the current competitive landscape (NameWinner, eNom, AWRegistry, ExpireFish, SnapNames, NicGenie, IARegistry, Signature Domains, and other competitors), to serve as the basis for a comparison?
 - o See the response to question B.14.c above.*

 - d) Under what metrics will the WLS test be considered a failure?
 - o See the response to question B.14.d above.*

3. At: <http://www.dnso.org/clubpublic/ga/Arc09/msg00081.html> Chuck Gomes wrote "The value to the Internet community therefore seems rather obvious to me. But, if there is none as you suggest, then the service will be a failure. On the other hand, if there is demand and hence value, it will succeed. The level of success will depend on how much demand and value there is. The best way to test it is to let the market prove it one way or other." There currently exists a competitive market in the automotive industry (as there is for the expired domain names industry). If it was replaced by a single monopolistic seller for a 1-year test period, cars would undoubtedly still be bought, as there is an intrinsic demand for cars themselves. How does VeriSign/ICANN intend to differentiate the demand for WLS from the demand for the expired names themselves, when there would be no alternative mechanism for securing those expired names for which there is a basic demand that is already being satisfied in the market?

- o See the response to question B.15 above.*
- 4. If the WLS is deemed to be illegal (due to anti-trust law, and/or relevant Commodity Futures law), will VeriSign/ICANN indemnify affected resellers, registrants and other market participants from all liability, legal costs, and implementation costs associated with the 1-year test?
 - o See the response to question B.6 above.*
- 5. a) How much is SnapNames being paid per reservation? Why?
 - o See the response to question B.13.a above.*

 - b) What are the relevant patent-pending registration numbers for any intellectual property that is involved in the creation of the WLS, in particular the "Parallel Registry" technology?
 - o See the response to question B.13.b above.*
- 6. What is the definition of "abusive speculation"? In particular, do any of the 55 examples from the SnapNames Hot 100 referenced at: <http://www.dnso.org/clubpublic/ga/Arc09/msg00085.html> constitute "abusive speculation"? (I will note that as of this writing, the Hot 100 list on SnapNames' website is apparently no longer available, although the mirror is available)
 - o See the response to question B.17 above.*
- 7. Why has VeriSign refused to implement various technical fixes to reduce registry load issues, including "rate-limiting" technology and "extended response codes"?
 - o See the response to question B.2 above.*
- 8. a) What is VeriSign's proposed wholesale price for a variant of WLS with zero (0) exchanges?
 - o See the response to question B.10.a above.*

 - b) What are VeriSign's proposed wholesale prices for a variant of WLS with a two-stage mechanism, where the WLS holder is charged \$X for their place in queue, and then an additional \$Y if and only if the domain is deleted, with no exchanges? (i.e., tell us X and Y)
 - o See the response to question B.10.b above.*
- 9. a) VeriSign has highlighted that there are 80-100 million domain "checks" per day. What is the number of checks per day on average, broken down by each of the accredited registrars?
 - o See the response to question B.4.a above.*

 - b) Which of the above registrars are performing these checks on behalf of SnapNames?
 - o See the response to question B.4.b above.*

10. Has VeriSign considered implementing a 1-year test on the dot-TV and dot-CC TLDs, instead of on dot-COM and dot-NET? Why wouldn't a test on those two TLDs suffice, if it's merely a "test"? (Rationale: a test on dot-TV and dot-CC would not impact the existing competitive deleted domains industry, and would also provide the further advantage of comparison between the two alternative markets on the same time-scale)
- o See the response to question B.16 above.*
11. a) Will existing holders of SnapNames SnapBacks be grand fathered into the WLS?
- o See the response to question B.18.a above.*

 - b) If not, what are the proposed Sunrise and Land rush mechanisms for the WLS?
 - o See the response to question B.18.b above.*
12. Since WLS subscriptions purchased in the final month of the "test" will continue to be honoured, doesn't this mean that the impact of this "test" on the deleted domains market will be for 2 years and not merely 1 year?
- o See the response to question B.19 above.*
13. a) Under what metrics does VeriSign plan to decide that there is a stakeholders "consensus" for bringing forth this proposal to ICANN? In particular, what level and nature of opposition must exist to abandon the proposal?
- o See the response to question B.20.a above.*

 - b) Under what conditions do counter-proposals by other stakeholders receive attention as viable alternatives to WLS?
 - o See the response to question B.20.b above.*

 - c) Why is the "Status Quo" proposal not an option? (It seems to have greater support and consensus at this time than the WLS) If it has greater support than the WLS, why is the "Status Quo" not the best option?
 - o See the response to question B.21 above.*
14. VeriSign has not had a batch deletion in about 4 weeks. Have batch deletions been suspended pending the resolution of the WLS proposal?
- o See the response to question B.28 above.*
15. a) Will the WHOIS information for the WLS subscription holder be made public?
- o See the response to question B.22.a above.*

 - b) If not, why not?
 - o See the response to question B.22.b above.*
16. a) If a name is deleted "in error", does it go back to the original registrant?

- o *See the response to question B.22.c above.*
 - b) What are the exact conditions that constitute a deletion "in error"?
 - o *See the response to question B.22.d above.*
17. Will WLS subscriptions be refused on names that expire after the end of the WLS subscription?
- o *See the response to question B.23 above.*
18. How does the WLS system handle credit card charge backs by registrants (and the associated charge back fees) who fail to acquire a name?
- o *See the response to question B.12 above.*
19. How will WLS enhance competition and innovation in the deleted domain industry, when it will reduce the number of available business models that presently exist in the marketplace?
- o *See the response to question B.24 above.*
20. Which of the existing business models that are active in the deleted domains market (eNom, SnapNames, NameWinner, NicGenie, Signature Domains, IARegistry, AWRegistry, ExpireFish, and others) are inappropriate and/or violations of their respective registrar agreements?
- o *See the response to question B.25 above.*
- a) How does VeriSign plan to rectify and answer for its current flawed and inadequate processes in domain deletion process from its position as a Registrar?
 VeriSign has been hoarding expired domains for months or years past the expiration dates (for instance see:
http://www.eyehondomain.com/_expired-domains.htm , a list of domains with expiration dates from MARCH 30, 1999 up to FEB 27, 2001 being monitored for some customers). These consumers repeatedly phone, fax, and email VeriSign and ICANN demanding that VeriSign release these domains with no success. Under WLS, the situation will be exacerbated, as WLS holders will want the domains deleted as quickly as possible.
- o *This is a question for the VeriSign Registrar. VGRS neither has the information to answer this nor would it be appropriate to do so.*
- b) What mechanisms will be in place to force a Registrar to delete an expired name in a timely fashion when the WLS holder is using a different registrar?
- o *VGRS has no way of knowing why a registrar does not delete a domain name registration nor does it have the responsibility to require a registrar to do so. It could be because the registrant renewed it, because there is an active dispute involving the name, because the name is associated with a bankruptcy, etc. So there does not seem to be a reasonable way to implement such a mechanism. Additionally, it is not the function of the registry to police this.*

- c) What is the longest time after a domain has expired that a domain MUST be deleted? (This will affect the value of the WLS subscription, if domains can be hoarded and not deleted even 2 years after expiry, for instance)
- o There is no defined time limit when a domain name registration must be deleted.*

21. a) VeriSign has been the subject of a great many consumer and registrar complaints, which are independently verified by ratings at Epinions (3% recommended):

[http://www.epinions.com/cmsw-EmailChat-All-](http://www.epinions.com/cmsw-EmailChat-All-networksolutions_com/display_~reviews)

[networksolutions_com/display_~reviews](http://www.epinions.com/cmsw-EmailChat-All-networksolutions_com/display_~reviews) and other postings at:

<http://www.infoworld.com/articles/op/xml/01/04/02/010402opfoster.xml>

<http://www.icannwatch.org/article.php?sid=535&mode=thread&order=0>

<http://www.nsihorrorstories.com>

<http://forum.icann.org/offtopic/>

Given this poor record, on what basis can VeriSign justify adding additional services at the registry level, when a large number of consumers want minimal contact with VeriSign and would prefer innovation to take place at the registrar level?

- o Without commenting on the validity of the data cited, it is essential to understand the difference between registry and registrar and more specifically the difference between VGRS (where the VeriSign Registry is) and the VeriSign Registrar (NSI Registrar). There are basically only two connections between these two entities: (1) they are both VeriSign business units; (2) the VeriSign Registrar is one of many customers of the VeriSign Registry. As required under the ICANN Registry agreements, the VeriSign Registry treats the VeriSign Registrar just like any other registrar. All of the URLs above point to complaints about the VeriSign Registrar not the VeriSign Registry.*

- b) What steps will VeriSign take to ensure that low quality service will not rub off on resellers of WLS who must deal directly with end-users?

- o See the response in the question above.*

- c) What customer support (both to end-users and resellers) will VeriSign have in place with regards to WLS to minimize problems?

- o The same high quality, 7x24x365 customer service will support the WLS just like happens day in and day out for regular domain registrations services.*

D. Questions submitted by ICANN-accredited registrars

1. What are the costs that justify the WLS price?

- o Please refer to the previously distributed VeriSign document titled 'Justification for a Registry-based Wait Listing Service' dated January 28, 2002, Section 4.2, paragraph 4. The document may be found at <http://verisign-grs.com/wls.html>.*

What is the intellectual property that SnapNames is providing?

- o *SnapNames' intellectual property rights are proprietary and confidential information, and are not relevant to the current discussion. Regardless, this is a question that should be directed to SnapNames, not VGRS.*
2. The introduction to the VGRS' "Justification" document states that the WLS "is not a solution for the deleted names issue." If the WLS system does not solve the batch process problem (per VGRS explanation), why should it be adopted?
 - o *Because it is responsive to what we believe is a market demand and meets the certain needs of consumers.*
 3. What is the phase in procedure (i.e.: land rush)?
 - o *We will use our rate-limiting technology to provide an explicit, guaranteed and equivalent number of connections and amount of bandwidth to each certified registrar.*
 - a) The SnapNames Parallel Registries Proposal (Sept 21, 2001) identifies 25,000 deletions/day. This means that the annual demand on deleted names is roughly 4.5 million. It is very likely that there will be a land rush. Since VGRS could not handle the load of 160,000-domain release back in August 2001 (which led us to today's condition), how will it deal with a WLS land rush?
 - o *The rate-limiting technology installed in August 2001 has resulted in successfully handling hundreds of thousands of deleted domain name registrations. It is unclear what is meant by "since VGRS could not handle the load". Following the 2-week suspension (during which time VGRS implemented rate-limiting technology) the SRS did handle the load, and has since handled the load.*
 - b) There will be competition amongst speculators to be the first to get the WLS on the best names about to be deleted, which may extend the land rush effect.
 - o *The rate limiting technology employed by VGRS in August 2001 has proven to be robust and reliable. Although it would be nice to identify a long-term solution that does not encourage high transaction volumes, thus requiring robust rate-limiting technologies, this may never be feasible. Therefore, registry load should not be a criterion in determining industry procedures for dealing with deleted domain registrations, and the registry must make the long-term investment in rate-limiting technologies to ensure equivalent access and protect against both inadvertent and malicious high transaction volumes.*
 4. What is the proposed length of the trial?
 - o *12 months.*
 - a. Page 8, Paragraph g of the proposal states, "Subscriptions continuing beyond the end of the trial period would continue to be serviced by VGRS and registrars." Thus, the trial period lasts for two years, not one.
 - o *If the WLS is not continued beyond the 12-month trial period, no new subscriptions would be taken beyond the 12-month period.*

5. How many expired names does VGRS Registrar have that have not been deleted?
- o There is no such organization as VGRS Registrar; we assume you mean the VeriSign Registrar. Your question is one that VGRS is unable to answer because it does not have access to that information. VGRS is not holding on to any registrations that registrars have identified for deletion except those that may be in the 5-day pending deletion period.*

When will they be deleted? Will these names be deleted before the start of the WLS?

- o These are questions that VGRS cannot answer because we do not have access to that information.*

6. Pages five and six of the proposal discuss registration data to be submitted to the WLS, which suggest potential added data. Would any data in addition to the current Whois information be required?

- o At the time that a WLS subscription is ordered by a registrar, the following information must be collected from the registrar in order to process the order: Domain Name, Registrar Reference ID, Auto-Renew Flag, and Identity of Registrar. Updates to name server information are not required at the time a subscription is placed. The WLS subscriber may only make name server record updates after their ripened WLS subscription has resulted in a successful ADD domain command being executed by the system.*

7. The proposal allows registrars to delete a domain with full refund if it is less than 120 hours old. Is there a grace period for deletion (cancellation) of a WLS subscription, which will refund the fee?

- o We are not aware of any statement in the WLS proposal that would allow 'registrars to delete a domain with full refund if it is less than 120 hours old.' Our best guess is that the question may refer to the 5-day add grace period for regular domain name registrations. There is no subscription grace period proposed for the WLS offering. Moreover, VGRS is not inclined to consider such a grace period due in part to the abuse of the add grace period we have observed with regard to regular domain name registrations. Unlike the process for domain name registrations, each WLS subscription may be associated with up to five distinctly different underlying domain names through exchanges. In the event that spelling or other errors in the specified domain name are made in submitting the WLS order, then the WLS subscriber may use the exchange feature to associate the WLS subscription with the correct name.*

8. How would VGRS handle "charge-backs" for subscriptions?

- o The proposed WLS system does not deal with charge backs by registrants, primarily because there are no charge backs at the registry level. The same situation exists with regard to regular domain name registrations. It is anticipated that registrars who currently accept credit cards for payment in exchange for the existing services that they provide, will extend their current policy for handling charge backs to include those arising from payments for WLS subscriptions.*

9. a) What are the criteria for evaluation of a successful test bed? These should be specified prior to launch.
- o See the response to question B.14.a above.*
- b) Do those criteria take into account the existing competitive landscape? What are market measurements to serve as the basis for a comparison?
- o See the response to question B.14.b above.*
- c) Under what metrics will the WLS test be considered a failure?
- o See the response to question B.14.d above.*
10. What are the technical impacts of the protocol (EPP)?
- o The EPP protocol is quite different from RRP. It is richer in its features and more complex in its implementation. Since the WLS would be an entirely separate service, we do not anticipate that the existing RRP interface to the Shared Registry System (SRS) would be impacted in any way. If a registrar is already using EPP for domain registration services, the WLS is defined using a version of EPP that they are already using. Registrars that are not currently using EPP will have to build an EPP client to participate in the WLS offering. VGRS is available to provide assistance in this regard as needed.*
11. Does the WLS proposal expose current registrars of record to different and/or additional risks than other registrars?
- o We are not aware of any unusual risks that would be introduced if a registrar offered the WLS to its customers. It should be noted that risk assessment varies considerably by legal jurisdiction and registrar business model. It is not feasible for VGRS to predict the applicability or effect of the varying and sometimes conflicting laws of multiple countries and multiple jurisdictions within those countries. Registrars should consider obtaining independent legal advice as they would with any other legal issue.*

Alternatively, do registrars of record have any advantage over other registrars?

- o Registrars of record would have no more advantage with regard to the WLS than they would have with any of the other deleted names business models in existence today. The WLS as currently designed does not in any way unfairly advantage any registrars.*

12. Many have requested an opt-out capability. Does the protocol used for registering a WLS subscription have this capability, if not why could this not be added?
- o No. It is VGRS' opinion that such a feature would add unnecessary technical complexity. In the case of inadvertent non-renewals, a new procedure is being considered by ICANN to provide a window of opportunity during which inadvertent deletions may be corrected. Once this happens, the risk to existing registrants will actually be less than it is today. Adding an opt-out capability would not lessen a registrant's risk at all.*

13. Registrars have requested several improvements and fixes of registry operations in order to address problems that are impeding registrations. When will the Registry fix these issues and why has the WLS taken precedent above fixing these issues?
- o One of the primary reasons that VGRS elected to outsource much of the WLS technical work was to ensure that other priorities were not compromised. If registrars would like the status of specifically requested improvements and fixes, they should contact customer service and/or the account manager assigned to their business. It should be noted that VGRS often receives requests for improvements from just one or two registrars. We then try to determine if there is broad-based support for such changes and whether the changes are feasible from a technical and policy point of view. If there is broad support and the changes are feasible, detailed technical requirements would be developed and the changes would be integrated into the overall release schedule based on the urgency of the changes and the resources available to accomplish them. In the case of urgent fixes they are expedited outside of the release process.*
14. Why has VGRS not implemented batch deletions in several weeks?
- o VGRS has not changed any procedures with regard to batch deletions and has no plan to do so. Any changes you observe are strictly the result of changes in deletions submitted to us by registrars.*
15. Has VGRS investigated the antitrust, auction law and commodity futures law implications of WLS? If it is deemed to be illegal or raise civil law implications, will VGRS indemnify affected registrars, resellers, registrants and other market participants? Does VGRS offer any assurances from legal staff that the WLS product is legal?
- o See the response to Question B.5 submitted by the DNSO General Assembly.*
16. Will VGRS release the actual proposed service agreement for comments at some point before a decision to deploy the WLS is made?
- o The basic terms of service have already been presented. Please refer to the previously distributed Revised Wait Listing Service Proposal dated January 28, 2002. The document may be found at <http://verisign-grs.com/wls.html>.*
17. Will VGRS release criteria for what constitutes an acceptable education program for the WLS service?
- o As stated in the revised proposal, it is our intent to cooperatively define an 'acceptable education program for the WLS service' with registrars and ICANN. It does not seem reasonable for VGRS to unilaterally perform this task. We suggest that an acceptable education program should include an accurate statement of consumer risks in the registrar WLS agreement with subscribers and to make available for display educational material on registrar websites where WLS subscriptions occur.*
18. Have financial projections been created for the WLS, for both the registry and the registrars? If so, we would like to see them.

o They are proprietary.

19. When will technical and operational documents of the WLS be made available?

o VGRS intends to make additional technical information available if and when an announcement of the WLS service is made to registrars and upon receiving a completed Confidentiality Agreement that will be included with the WLS Registrar Agreement. VGRS will release a package containing Registrar WLS Reference Manual, an Acceptance Criteria document and access to the WLS Software Development Kit (SDK).