Domain Name Front Running

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What is front running?

- Term used in stock and commodities markets
  - A client asks a broker to trade a security
  - The broker uses information the client discloses to trade the security
    - For others (shares knowledge with preferred clients)
    - Or for himself before he executes the client’s order
- In commodities world, front running is illegal
  - The trade may influence the price of the security
What is domain name front running?

• An Internet user checks the availability of a domain name
• A 3rd party monitors the availability check
  • Check reveals domain names of interest
  • Interest suggests “value”
• The 3rd party preemptively registers the domain name for some form of profit
Who are these 3\textsuperscript{rd} parties?

- Parties with opportunities to monitor availability checks
  - Client software (WHOIS query applications with back-channels)
  - 3rd Party WHOIS query portals
  - Unauthorized executables (spyware)
  - DNS operators
  - Registries, Registrars and resellers
  - Name spinners (cross-TLD availability checking services)
  - Anyone the Internet user may have shared his interest in a domain name

- Numerous claims, much speculation, no smoking guns
Opinions regarding DNFR

• Coincidence
  • Two or more parties can show interest in a domain name
    • Instant messaging acronyms, popular phrases

• Bad Timing (missed opportunities)
  • Studies of domain name front running claims often reveal lapses of time between check and attempt to register

• Unacceptable conduct
  • Not different from stock front running

• Acceptable conduct
  • Leveraging data collection activities for profit
  • Sharing intent to register a domain without discretion
What’s being done about DNFR?

- SSAC study (SAC025) was inconclusive
- Nominet study concludes DNFR does not exist
- Very difficult to find and document examples to prove DNFR occurs in meaningful numbers
- Persistent belief that the practice exists despite lack of conclusive evidence