



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 3rd 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