

# Amendment of Japanese Telecommunications Business Law

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# Background

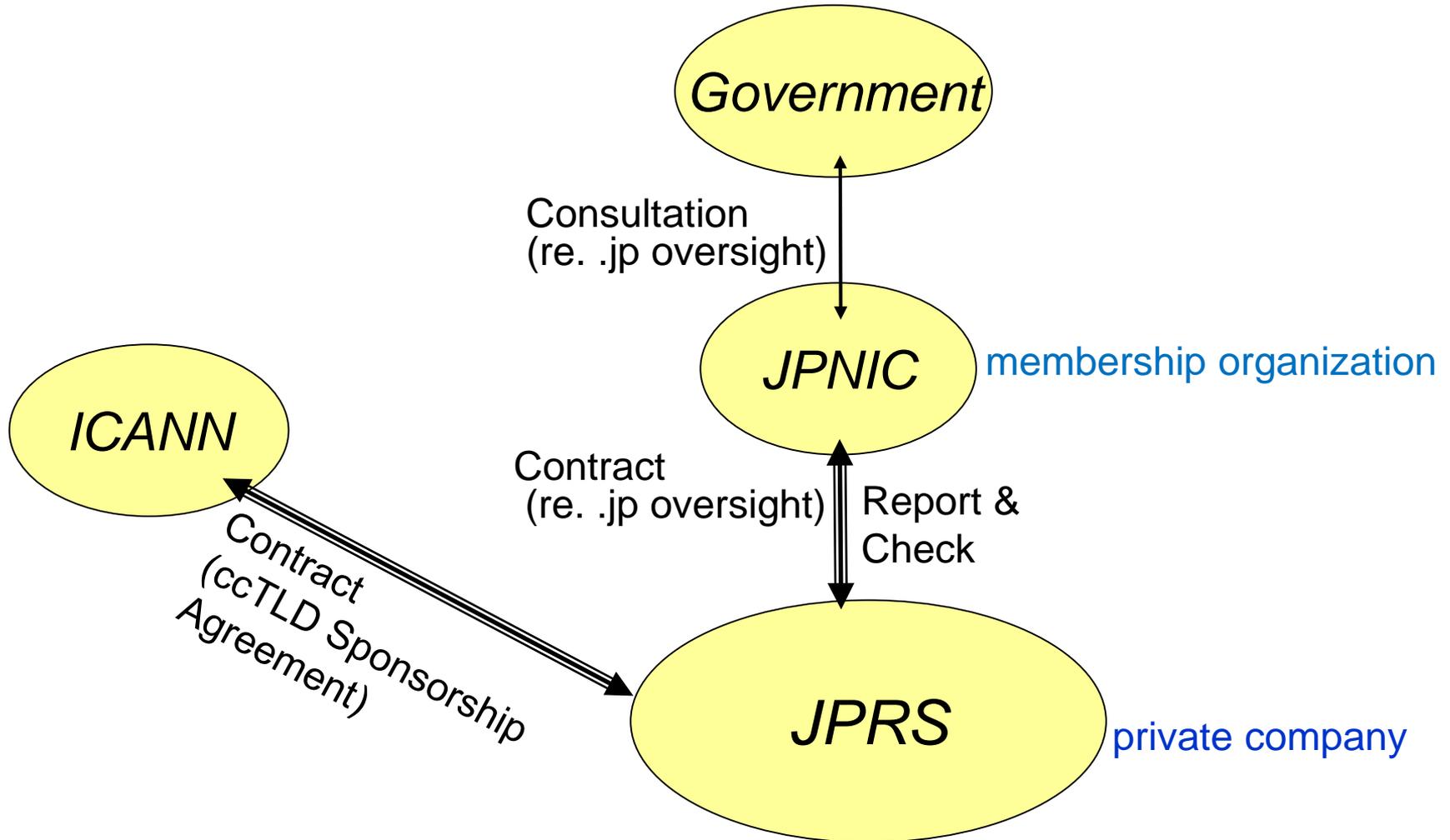
as of 2015 when amendment process started

- Growth of Internet and DNS usage
  - Internet User penetration 70.8 -> 82.8% (2005 -> 2013)
  - DNS queries 5 times more (2005 -> 2013)
- Number of TLDs
  - ~300 -> ~900 (2013 -> 2015)
  - TLD operators with less experience are emerging
- Complexity of DNS operation
  - Bigger zone
  - More frequent zone update
  - More DNS server instances
  - More cautions needed in operations (e.g., due to DNSSEC)

(reference : government's presentation in 2015)

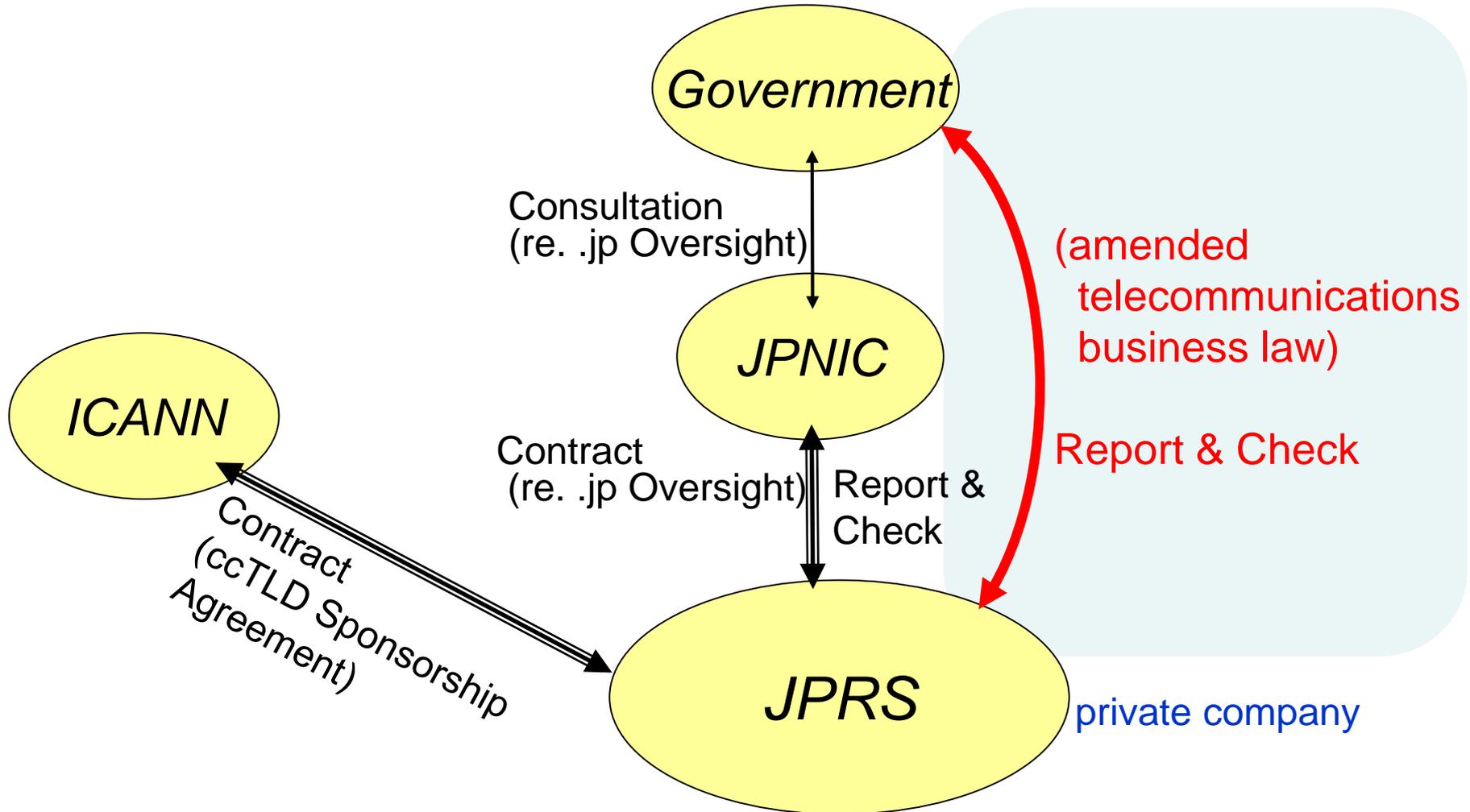
# Contractual framework of .JP management

- in the past -



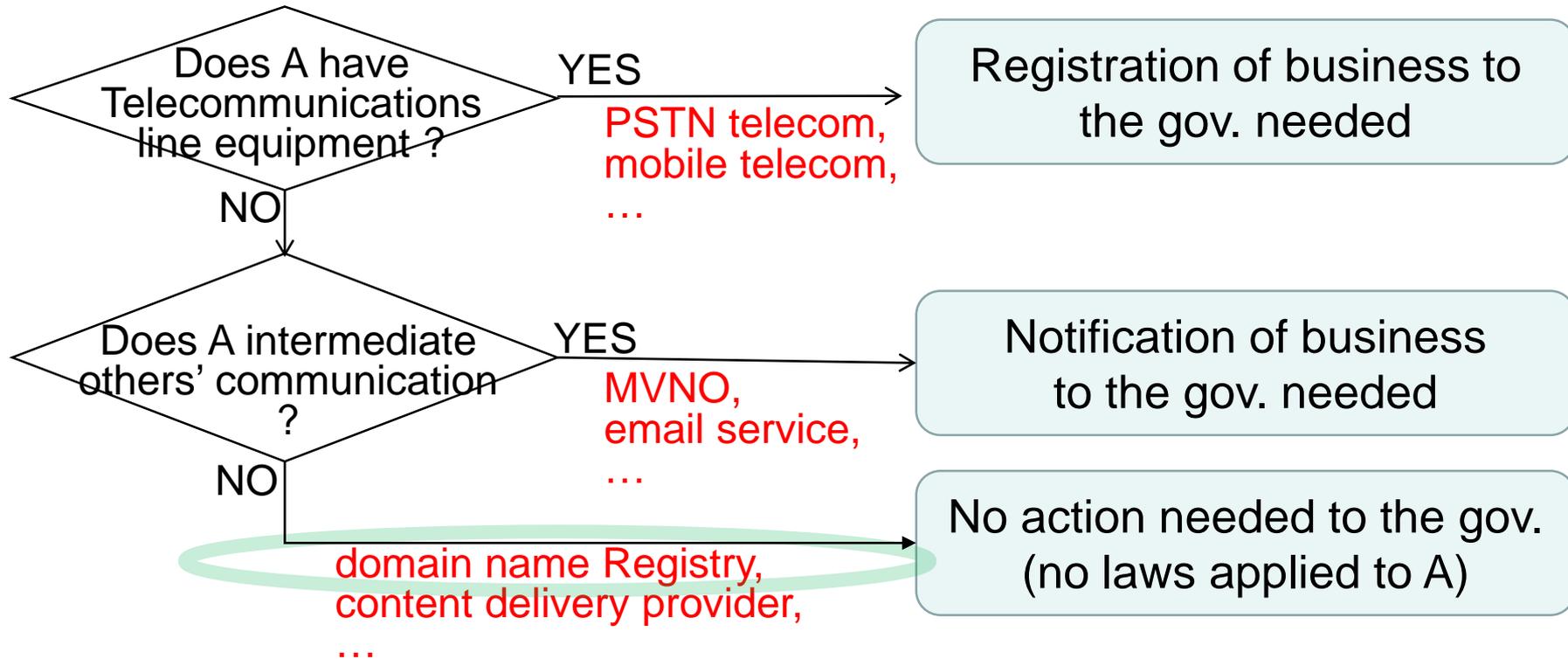
# Contractual framework of .JP management

- on and after 21 May 2016 -



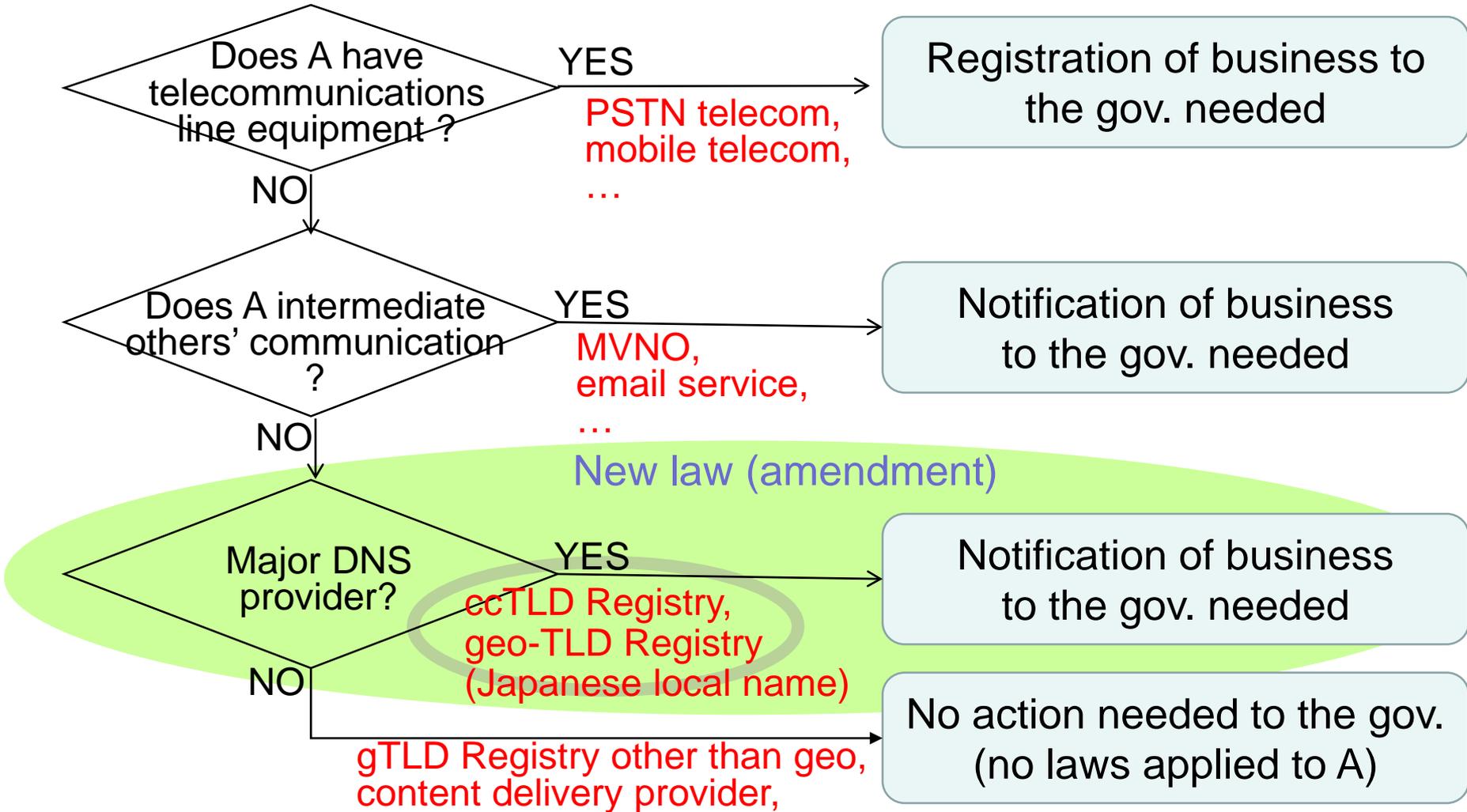
# Telecommunications business law before May 21, 2016

How organization 'A' is categorized



# Telecommunications business law on and after May 21, 2016

How organization 'A' is categorized



# Obligations of TLD Registries

- Who are named by the amended law
  - JPRS (.jp)
  - GMO Domain Registry (.nagoya, .tokyo, .yokohama)
  - Business Ralliart (.okinawa)
  - Interlink (.osaka)
- What obligations (below are principal ones)
  - Documentation of administrative rules for the telecommunications facilities and reporting it to gov. (along with notification of business)
  - Providing neutral universal services without refusal
  - Reporting significant accidents to gov.
    - Significant DNS failure (at the time of accident without delay)
    - Less significant failure (quarterly)
  - Publication of financial accounting statements (every year)
  - ....

# How JPRS contends with the obligation

## - Documentation of administrative rules -

- Clearly documented administrative procedures
  - Operation in usual situation
  - Operation in emergency situation (accidental situation)
  - Preparation for the system considering future demand and possible crisis
  - Security policy and implementation
  - not a big issue for us because they are currently all or almost documented
  
- Designation of responsible persons and reporting it to gov.
  - Top responsible manager of telecommunications facilities
  - Responsible persons of each division in administration of the service operation
  - not a big issue for us because they are currently all or almost documented

# How JPRS contends with the obligation

- providing universal services without refusal -

- Registry must provide a fair service to the registrants
  - not a big issue for us because Registry operates neutrally to the Registrants and Applicants for registration
  - they are all or almost documented
  - However, definition of fairness is not given by the law or decree e.g., it is not defined whether deleting a DNS entry from the zone file due to abusive Web content is against the fairness to the Registrants
  - Even gov. does not have an answer to the above at this moment.  
Registry, Registrar, and gov. (and maybe Registrants) cooperatively need to work on the definition of fairness.

# How JPRS contends with the obligation

- Reporting significant accidents to gov. -

- Significant accidents
    - 1,000,000 domain names influenced for 1 hour
    - 30,000 domain names influenced for 2 hours
  - Report of outage with huge influence
    - DNS failure (every time without delay)
      - Registry needs to make outsource DNS operators formally report the outage of their DNS service to the Registry (every time without delay) even if their outage is tinier than the significance threshold
- Registry must define the workflow and the scope of information collection & reporting
- Contracts with outsource DNS operators need to be amended for Registry to be able to impose SLAs and reporting responsibility on them

# How JPRS contends with the obligation

- Publication of financial accounting statements -

- Basic financial information
    - P&L (profit and loss statement)
    - BS (balance sheet)
    - Supplementary statements for P&L and BS
  - Domain name related services are considered to be a single business unit in the statements
- not a big issue for us because we report such statements to our shareholders
- However ... we don't like this because
    - It is not defined about what are domain name related services
    - Exposure of the financial status of domain name related services nearly equals to exposure of the financial status of our other business and may negatively impact the market competitive power
    - Transparency leads to a demand for more transparency – even if no one thinks about how to use the disclosed information