



TO: Competition, Consumer Trust and Consumer Choice Review Team (CCTRT)
FROM: Verified Top-Level Domains (vTLD) Consortium
DATE: January 4, 2018
RE: Comments in Response to Competition, Consumer Trust and Consumer Choice (CCT):
New Sections to Draft Report of Recommendations

Thank you for the opportunity to submit comments regarding the new sections of the CCT draft report, released on 27 November 2017. The Verified Top-Level Domains (vTLD) Consortium (the “Consortium”) presents its comments on Chapter 5. Safeguards – Recommendation A, which reads on page 26 as follows:

Consider directing ICANN org, in its discussions with registries, to negotiate amendments to existing Registry Agreements, or in negotiations of new Registry Agreements associated with subsequent rounds of new gTLDs, to include provisions in the agreements to provide incentives, including financial incentives, to registries, especially open registries, to adopt proactive anti-abuse measures.

The Consortium supports this recommendation and encourages the promotion of activities to prevent and mitigate DNS abuse. Regarding the rationale/related findings for this recommendation, however, the Consortium believes the CCTRT has overlooked important points that may lead to greater benefit.

Acknowledging that the new gTLD safeguards alone do not prevent abuse in the DNS, the CCTRT rightly notes, “Abuse rates are correlated to registration restrictions imposed on registrants and registration prices may influence rates too” (page 26). The fact that vTLDs, which verify registrant eligibility prior to use of a domain name, have incurred zero incidents of reported abuse corroborates this observation. To cover the cost of verification, such registries do have higher wholesale registration prices. Arguably, it is the verification, not the price tag, that keeps bad actors out of these vTLDs.

For registries that do not impose registration eligibility restrictions, however, the CCTRT says, “ICANN should incentivize and reward the implementation of proactive anti-abuse measures by such registry operators to reduce technical DNS abuse in open gTLDs” (page 26). The Consortium finds it irrational not to reward those registries that are already doing what has shown to work, e.g., verifying registrant eligibility prior to use of a domain name. It is the Consortium’s position that ICANN should reward the registries that have already implemented anti-abuse measures, including registration restrictions, and incentivize the adoption of such measures by current and future registries.

This action would be appropriate not only because such measures mitigate abuse but also because they translate to higher costs. In other words, verifying registrant eligibility prior to use of a domain

name is costly. But it works. It prevents bad actors from registering domains in the TLD. And having a clean, safe space is worth the cost to some registries.

In addition to higher operation costs, registries with registration restrictions generally have lower volumes of registrations. Unfortunately, the lower registration volumes result in a disproportionately higher per-domain fee to ICANN. For example, .BANK with its approximately 5,300 domain names under management pays ICANN \$4.72 per name vs. a registry with 25,000 names that pays ICANN \$1.00 per name. This is an added disincentive. Not only are vTLD operation costs higher and the registration volumes lower, but the fee to ICANN is disproportionately high.

ICANN should help to offset these costs to create a more level playing field with high-volume unrestricted registries, i.e., to enhance competition as well as consumer trust. If ICANN made it more financially advantageous to verify eligibility, other registries may be encouraged to adopt this model. The outcome would be the elimination of abuse in these verified TLDs.

The Consortium is an informal, voluntary association of registry operators and third-party providers with a shared commitment to, 1. building trust online and supporting global public safety; 2. proactive verification and monitoring processes; and 3. policy issues that impact consumer protection online. As described on the Consortium's [website](#), a vTLD requires verification of eligibility prior to use, adherence to standards, autonomy to take back a name, and ongoing verification. The Consortium ratified its current [charter](#) on October 24, 2017.