



The Internet Corporation for Assigned Names and Numbers

7 December 2017

Mr. Makan Delrahim
Assistant Attorney General
Antitrust Division, U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington DC 20530-0001

Dear Mr. Delrahim:

I am writing to inform you of a potential competition issue of which, pursuant to our contract with a third party, we are required to notify the appropriate competition authority, which we have determined is the U.S. Department of Justice.

The Internet Corporation for Assigned Names and Numbers (ICANN) is a nonprofit public benefit corporation that has responsibility for, among other things, Internet Protocol (IP) address space allocation, protocol identifier assignment, and technical coordination of the domain name system for both generic and country code top level domain names. Generic top-level domains, such as .COM or .ORG, are operated by a registry operator pursuant to a registry agreement with ICANN.

VeriSign, Inc. is the Registry Operator for .COM. Pursuant to the Registry Agreement for .COM with ICANN (“*.COM* Registry Agreement”), Verisign is required to advise ICANN of any proposed new registry services, which ICANN must review for, among other things, potential competition issues that might arise if the proposed service is offered. (*See* section 3.1(d)(iv) <https://www.icann.org/resources/pages/agreement-2012-12-05-en>.) Under this Registry Agreement, if ICANN reasonably determines that a proposed new registry service “might raise significant competition issues, ICANN shall refer the issue to the appropriate governmental competition authority” (*See id.* at section 3.1(d)(iv)(E)). The Registry Agreement further provides that the new registry service will not be implemented until 45 calendar days after referral, unless earlier cleared by the governmental competition authority.

This letter is to inform you that Verisign has advised ICANN of its intention to introduce a new registry service, namely the intent to auction one currently reserved domain name, O.COM, without limitation as to price to be paid at auction, proceeds of which are designated to go to an independent third-party charity or charities, but not to Verisign. Under the proposal, Verisign will receive only the standard annual registration fee of \$7.85. ICANN has approved similar proposals from other registries to release previously reserved single character domain names. ICANN’s preliminary determination is that this particular service might raise

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significant competition issues given that Verisign is required by the U.S. Government to include a price cap in the Registry Agreement with ICANN in furtherance of Verisign's Cooperative Agreement with the Department of Commerce. (See https://www.ntia.doc.gov/files/ntia/publications/amendment_34.pdf, which is the latest amendment (No. 34) to the Cooperative Agreement between the Department of Commerce and Verisign, whereby the Department of Commerce approved the most recent amendment of the .COM Registry Agreement, approving the extension of the term of the Registry Agreement and retaining the price cap on registry services.)

We are informed that the U.S. Government required Verisign to include such price caps clauses on .COM domain names, in the .COM Registry Agreement entered into with ICANN.

Per the terms of the .COM Registry Agreement, a copy of this letter will be posted on ICANN's website on the date of transmittal. The Registry Agreement also provides that following this referral, "... Registry Operator shall have no further obligation to ICANN, with respect to any competition issues relating to the Registry Service. If such a referral occurs, the Registry Operator will not deploy the Registry Service until 45 calendar days following the referral, unless earlier cleared by the referred governmental competition authority."

Attached is the detailed information from Verisign describing the proposal.

For further information regarding this matter, please contact me at ICANN (john.jeffrey@icann.org) or the General Counsel at Verisign.

Very truly yours,

A handwritten signature in blue ink, appearing to read "JOJ", is written over a light blue circular scribble.

John O. Jeffrey
General Counsel and Secretary

ICANN

cc: Thomas Indelicarto, Verisign
Kent Brown, United States Department of Justice



ICANN Registry Request Service

Ticket ID: B6H5U-2X7N1

Registry Name: VeriSign, Inc,

gTLD: .COM, .NET, .NAME

Status: ICANN Review

Status Date: 2017-11-30 18:16:18

Print Date: 2017-11-30 18:17:01

Proposed Service

Name of Proposed Service:

Registration of one .com Domain Name with a Single-Character Label

Technical description of Proposed Service:

Background: Domain Names with single-character labels at the second level, commonly referred to as "single character domain names" ("SCDN(s)") or "single-character label(s)") within the .com registry are currently reserved in accordance with the Schedule of Reserved Names (Appendix 6, Section B) of the .com Registry Agreement dated 1 December 2012 by and between ICANN and VeriSign, Inc. and as amended by the First Amendment dated October 20, 2016 (the ".com Agreement").

Some SCDNs were registered in the .com registry prior to the restriction referenced above. Currently, these are q.com, x.com and z.com. These domain names are considered an exception to the reservation requirements. Verisign's current process is that if any of these domain name registrations expire or are terminated, Verisign will reserve the domain names in accordance with Appendix 6, Section B of the .com Agreement.

Recently, the Internet community has adopted the position that it is not necessary to reserve SCDNs for security and stability purposes. In fact, under the new gTLD Registry Agreement, SCDNs are not required to be reserved, unlike the .com Agreement. In addition, certain other legacy TLDs, including .org, .biz, .pro, .cat, .travel, .mobi, .coop, .info and .tel, have proposed the release of SCDNs, which have been approved by ICANN.

By way of further background, as part of the new gTLD process, the ICANN Generic Names Supporting Organization ("GNSO") formed a Reserved Names Working Group which studied, among other things, the initial reasons for the restriction of single-character labels and the feasibility of permitting the registration of such domain names within new gTLDs. As stated in the GNSO's Reserved Names Working Group Final Report ("RN-WG Report"), "[it] appears that the original purpose for reserving the single-characters was driven by technical concerns," which the RN-WG Report concluded were no longer applicable. In light of this conclusion, the RN-WG Report recommended "that single letters and digits be released at the second level in future gTLDs, and that those currently reserved in existing gTLDs should be released." All constituencies within the GNSO support the registration of SCDNs.

Within the .com registry, SCDNs could be very popular due to their simplicity, relative scarcity and perceived demand. In fact, there have been numerous discussions within the Internet community regarding the release of these domain names to the public in the TLDs that currently restrict their allocation. In addition, two of the domain names registered prior to the



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restriction, x.com and z.com, were transferred by private sale in November 2014 and July 2017, respectively, evidencing the potential popularity of single character domain names.

Under this proposal, Verisign intends to conduct a trial with one single-character label. This will enable Verisign and potential registrants to gain valuable insights into the process. The proposed service would not impact the functionality, methods, pricing, procedures or specifications for the existing registration of domain names. Consistent with ICANN's determination for the other registries for which release of SCDNs was approved, the proposed service would not have an impact on the security or stability of the DNS.

As is the case with the other registries, (such as .biz and .org), the SCDN in the .com registry would be allocated using an auction model. Utilizing an auction to allocate the domain name is efficient, pro-competitive, non-discriminatory, equitable, and achieves public interest benefits. An auction is an optimal allocation process due to perceived demand for the single-character label and has been supported by ICANN. For example, with respect to .biz, ICANN approved the release of single-character labels in domain names allocated in part by auction and in part through requests for proposals (RFP), with the proceeds of the auction being used to promote the .biz gTLD. In addition, ICANN specifically found that the .biz and similar registry proposals did not raise any stability, security or competition concerns.

However, unlike other registries that received approval to release SCDNs, the service proposed by this RSEP will not change the standard registry fees Verisign will receive for the registration of domain names. Proceeds derived from the auction of the SCDN subject to this RSEP will be provided to at least one of the nonprofit organizations, or its successors, set forth on Exhibit A hereto. None of the auction proceeds will directly or indirectly be used to benefit Verisign, its affiliates, or its directors, officers, or employees, other than to the de minimis extent those proceeds are used by the nonprofit(s) to benefit the Internet community in general.

Consistent with its sole role as service provider and with its lack of any ownership in the SCDN that is the subject of this proposal, Verisign will not be paid, nor receive, nor touch any part of the SCDN auction proceeds. Instead, Verisign will only receive the standard registry fee for the registration of the SCDN, which fee shall be in compliance with registry fee pricing provisions under Section 7.3(d) of the .com Agreement for the registration of any other .com domain name at the time. As of the submission date of this proposal, that registry fee, defined as the Maximum Price in the .com Agreement, is \$7.85.

Consultation

Please describe with specificity your consultations with the community, experts and or others. What were the quantity, nature and content of the consultations?:

Please see our more detailed response to this question below.



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a. If the registry is a sponsored TLD, what were the nature and content of these consultations with the sponsored TLD community?:

Not applicable.

b. Were consultations with gTLD registrars or the registrar constituency appropriate? Which registrars were consulted? What were the nature and content of the consultation?:

Verisign has consulted with registries, registrars, and potential registrants. In fact, registrars and registrant customers of registrars have expressed interest in registering SCDNs in open forums. In addition, registrars and registrants have approached Verisign to determine whether it was possible to release SCDNs specifically, and reserved names in general, for registration and, if so, what steps were required. These consultations also included discussions regarding various approaches for the allocation of SCDNs. With respect to discussions regarding allocation methods, the subject of the distribution of proceeds was often discussed.

The gTLD Registry Stakeholders Group (RySG) is in support of the release of SCDNs as long as the implementation is appropriate and customized to address the unique attributes, if any, of each registry. The RySG statement can be found at <https://www.icann.org/resources/pages/proposed-scsld-allocation-framework-2008-06-13-en>.

c. Were consultations with other constituency groups appropriate? Which groups were consulted? What were the nature and content of these consultations?:

Verisign has actively participated in GNSO work, including the evaluations made by the Reserved Names Working Group where all of the constituencies recommended that SCDNs should no longer be reserved.

d. Were consultations with end users appropriate? Which groups were consulted? What were the nature and content of these consultations?:

Although Verisign has not conducted formal consultations with end users, consultants have approached Verisign in an informal manner on behalf of clients wishing to register SCDNs. Many of these potential registrants and consultants favor the release of SCDNs in the .com registry, as well as other gTLD registries. They have been active in the new gTLD process, including providing input to the Reserved Names Working Group. In October 2014, Verisign participated in a meeting regarding SCDNs that was hosted by the US Chamber of Commerce. This meeting included representatives from ICANN staff and potential registrants and representatives of potential registrants. It has also been noted in ICANN communications that end users have also contacted ICANN regarding the release of SCDNs. See ICANN Synthesis on Single-Character



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Domain Names at the Second-Level which may be found at <http://gnso.icann.org/drafts/icann-synthesis-on-sldns-27feb08.pdf>.

e. Who would endorse the introduction of this service? What were the nature and content of these consultations?:

The GNSO Council, by a super majority vote, approved the recommendations sent to the ICANN Board for the introduction of new gTLDs. In so doing, the GNSO Council endorsed the recommendations of the Reserved Names Working Group set forth in the RN-WG Report, which included the following recommendations that: (i) SCDNs not be reserved at the second level in the future gTLDs; (ii) SCDNs currently reserved in existing gTLDs be released; and (iii) registries be permitted to release any combination of two letter and/or digit strings provided that measures to avoid confusion with any corresponding country codes are implemented. The public comment period on potential allocation methods for SCDNs ran from October 16 to December 15, 2007. ICANN received 36 public comments on potential allocation methods for SCDNs at the second-level. None of the comments contained any significant objection to the removal of the reservation of SCDNs for gTLD registries. Several comments emphasized the value of using funds generated from the release of SCDNs to enhance security and stability of the Internet.

The gTLD Registries Constituency communicated support for lifting the reservations of SCDNs provided a 'one-size fits all' approach is not imposed on all gTLD registries. As noted earlier, the RySG statement can be found at <https://www.icann.org/resources/pages/proposed-scsld-allocation-framework-2008-06-13-en> and at the public comment site at <http://forum.icann.org/lists/allocationmethods/msg00034.html>. Verisign has participated in discussions with interested parties, including representatives from multiple GNSO constituencies and stakeholder groups. The discussions included a dialogue about how best to use any proceeds received from the registration of SCDNs. In these discussions there was a strong consensus that registration proceeds should benefit the broader Internet community-a point which was reinforced during the ICANN public comment period. At the direction of the GNSO Council, with community input, ICANN developed a proposed allocation framework and use of funds from the allocation of single-character labels within SCDNs. The framework proposed an auction mechanism and disbursement of funds toward areas of public good for the Internet community as noted at <https://www.icann.org/resources/pages/proposed-scsld-allocation-framework-2008-06-13-en>. Verisign's proposed service under this proposal is consistent with the recommendation of the GNSO Council to auction SCDNs and disburse the proceeds towards areas of public good for the Internet community.

f. Who would object the introduction of this service? What were(or would be) the nature and content of these consultations?:

Given the lack of objection to similar proposals and subsequent implementations by other gTLD registries with no reported issues, Verisign is unaware of any opposition to the introduction of the proposed service. Verisign looks forward to reviewing any comments raised in any public comments that may be received once this proposal is posted.



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Under the proposed service, the registration of the SCDN will be allocated through a pro-competitive and fair auction process and any potential registrant may participate in the auction process and select any ICANN-accredited registrar for the management of the SCDN if awarded to their registrant. No restrictions will be placed on how the registrant may select the ICANN-accredited registrar.

Timeline

Please describe the timeline for implementation of the proposed new registry service:

At this time, Verisign does not have a specific implementation date for the proposed service. Verisign intends to conduct a trial with release and auction of one single-character label. From long-standing interest in o.com, Verisign has selected this SCDN for the trial and intends to release only this label through an auction allocation process. Prior to the trial, Verisign will provide registrars with a minimum advanced notice of 60 days in order to notify potential registrants.

Business Description

Describe how the Proposed Service will be offered:

Note that this proposal covers only one SCDN in the .com registry. The registry will register the SCDN in the manner in which it registers other domain names, with the exceptions set forth below. In addition, the SCDN will be allocated through an auction managed by a third party auction service provider selected by Verisign.

Nonprofit Beneficiary

As referenced in the background section above, proceeds derived from the auction of the SCDN subject to this RSEP will be provided to at least one of the nonprofit organizations, or its successors, set forth on Exhibit A hereto. None of the auction proceeds will directly or indirectly be used to benefit Verisign, its affiliates, or its directors, officers, or employees, other than to the de minimis extent those proceeds are used by the nonprofit(s) to benefit the Internet community in general. The nonprofit's, including its successor's, mission will align the use of funds resulting from the auction of the SCDN toward areas of public good of the Internet community, which may include one or more of the following:

- o development, evolution, and use of open Internet protocols*
- o enhancing the cybersecurity readiness and response of public and private sector entities*
- o online safety for children*
- o improving security, stability and universal accessibility of the Internet*
- o capacity building for the benefit of the Internet community (such as assisting those in developing areas in applying to*



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become registries and registrars)

None of the nonprofit organizations, including its successors, identified in Exhibit A have or will make any contributions, or conduct any activities directed by, or on behalf of, Verisign.

Disbursement of Proceeds to the Nonprofit Beneficiary

The winning registrant will submit the auction proceeds to an independent tax-exempt trust that will be set up by the third party auction service provider (the "Trust"). An independent third party trustee (the "Third Party Trustee") will (i) select the nonprofit organization(s) to receive the auction proceeds as outlined above and (ii) manage the receipt and distribution of the auction proceeds to the nonprofit(s). Verisign and its affiliates, directors, officers, or employees, will not be (i) acting as a trustee of the Trust, (ii) named in the Trust, or (iii) named as a party to the Trust. The Third Party Trustee will not conduct any activities directed by, or on behalf of, Verisign except as set forth in this proposal.

Provisioning

Under the proposed service, Verisign intends for the SCDN to be allocated via an auction. Receipt of payment in the amount of the winning bid will entitle the registrant to obtain an initial five (5) year registration. The auction will be managed by a third party auction service provider selected by Verisign. Under the SCDN trial, Verisign plans to remove only o.com from the Schedule of Reserved Names in Appendix 6. The domain name will be allocated through an auction administered by the third party auction service provider as described below.

The third party auction service provider will be required to pre-qualify potential registrants for participation in the auction, which may include asking potential registrants to submit documentation to the third party auction service provider describing the planned marketing and usage of the registered domain name, demonstrating the ability to pay, and additional requirements as may be required by the third party auction service provider. A team formed by the third party auction service provider will review and approve the proposals based upon pre-determined qualifications.

The winning registrant must: (i) submit the entire amount of the winning bid directly to the Trust within fourteen (14) calendar days from the date on which it was determined to be the winner (the "First Installment of the Winning Bid"); and (ii) commit to submitting to the Trust five percent (5%) of the First Installment of the Winning Bid for each year that the domain name is renewed after expiration of the initial five (5) year registration period (each a "Subsequent Installment") up until, and including, the twenty-fifth (25th) year the winning registrant renews the SCDN (the "Expiration of the Subsequent Installment"). The Subsequent Installments are intended to encourage a continuous funding stream to the nonprofit organization(s) up until the Expiration of the Subsequent Installment. By way of example, if the auction took place in 2020 and the winning bid was \$10,000, the First Installment of the Winning Bid for the SCDN would be \$10,000 and be paid in 2020, and the Subsequent Installment for each year after the five (5) year initial term would be \$500 and be paid in 2026



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through 2045 (i.e., 5% of the First Installment of the Winning Bid).

In the event a winning registrant fails to complete the payment transaction within the fourteen (14) day time period, the: (i) registrant will forfeit its right to register the single-character label, and (ii) domain name may be made available to the second highest bidder. This process will continue until a full payment is received.

Upon completion of the First Installment of the Winning Bid payment, the third party auction service provider will issue an authorization code to the winning registrant. The winning registrant will provide this authorization code to its registrar of choice. This registrar-of-record for the winning registrant must provide the authorization code to Verisign to complete the initial registration. The initial term will expire five (5) years from the date of creation. Verisign will charge the registrar the then-applicable registration fee for each annual increment of a new domain name registration (multiplied by five (5) increments for a five year term) for the SCDN, which may be paid using its current SRS account. There will be no Add Grace Period for the SCDN allocated via this method.

Because Verisign is not processing the payment of any auction proceeds, the registrar-of-record for the winning registrant will not be permitted to use its current SRS accounts to secure payment of the winning bid, either in whole or in part.

After registration, the registrar-of-record will be able to execute any updates for the SCDN requested by its registrant in the same manner in which all updates are currently executed.

Should Verisign determine that the winning registrant is not complying with the terms of the auction agreement executed by the winning registrant to participate in the auction (the "Auction Agreement"), including failing to provide to the nonprofit(s) any Subsequent Installments when due, Verisign will have the right to terminate the registration and the domain name will enter the standard Redemption Grace Period. The registrar-of-record will be able to restore the domain name only if the issue is successfully cured during the Redemption Grace Period. Following the 5-day Pending Delete period, the domain name will be held by the registry for re-auction or other allocation process at a future date and time.

Following the initial registration, the specifications of Appendix 7 in the .com Registry Agreement will apply for all EPP operations including grace period and pending period policies, except for the Add Grace Period, Renewal Grace Period, Auto-Renew Grace Period and the Pending Delete Period, as noted elsewhere in this proposal.

The winning registrant may renew the SCDN for as many years as the .com Agreement will permit, provided the winning registrant submits the Subsequent Installment(s) of the Winning Bid to the Trust up until the Expiration of the Subsequent Installment and standard registration fees to the registry. Prior to the Expiration of the Subsequent Installment, in order to renew the SCDN, the winning registrant must submit the Subsequent Installment of the Winning Bid to the Trust, and following Verisign's receipt of notification from the Third Party Trustee confirming payment, the registrar-of-record for the domain name may submit the renewal request to Verisign and will be charged the then-applicable fee for each annual



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increment of a new domain name registration. After the Expiration of the Subsequent Installment, in order to renew the SCDN, the registrar-of-record for the domain name will submit the renewal request to Verisign and will be charged the then-applicable fee for each annual increment of a new domain name registration.

Prior to the Expiration of the Subsequent Installment, payment of the Subsequent Installment of the Winning Bid and the then-applicable registration fee will also apply to transfers of the SCDN, as applicable, because an additional year will be added to the term of the particular domain name, subject to the 10-year maximum, as part of the transfer process in accordance with standard domain name lifecycle. A registrant may transfer the SCDN between registrars in accordance with ICANN's Policy on Transfer of Registrations between Registrars. However, the registrant is only permitted to transfer the SCDN to another registrant acquiring all or substantially all of the assets of the registrant.

If the SCDN is not explicitly renewed prior to the expiration date, it will be automatically renewed for a single year in the same manner as non-single-character domain names. Prior to the Expiration of the Subsequent Installment, the winning registrant must complete the payment of the Subsequent Installment of the Winning Bid and the registrar of record must complete the payment of the then-applicable registration fee within fourteen (14) days of the auto-renewal, or the registry reserves the right to explicitly delete the registration and make the SCDN available through a subsequent auction or other allocation method. If the SCDN is not renewed, then the winning registrant will be released from its commitment to pay a future Subsequent Installment of the Winning Bid.

If a deletion by the registrar of record occurs for the SCDN, the domain name will enter the standard 30-day Redemption Grace Period. If the SCDN is not restored during this period, the domain name will enter a 5-day Pending Delete Period. During the Pending Delete Period, the SCDN will not be included on the registry's Pending Delete Report and at the end of the Pending Delete Period the SCDN will not be available for re-registration and may be re-auctioned or placed through another allocation method.

Fees

Registration and Renewal: The price Verisign will charge and receive for each initial and renewal registration of the SCDN will be the same as Verisign charges for other .com domain names.

The First Installment of the Winning Bid will be paid by the winning registrant to the Trust and will be allocated by the Third Party Trustee as follows:

- o An amount agreed upon in advance will be paid to (i) the third party auction service provider for auction administration services and (ii) the Third Party Trustee for services relating to the management and distribution of the funds in the Trust;*
- o An amount, not more than \$1,000,000, will be held by the Trust as a reserve for expenses the Third Party Trustee may incur to enforce (a) the Auction Agreement and (b) requirements the selected nonprofit organization(s) must meet in order to*



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receive the funds, such as using the funds toward areas of public good of the Internet community; and
o The remaining amount of the First Installment of the Winning Bid will be distributed to the selected nonprofit organization(s), as discussed above.

Each Subsequent Installment of the Winning Bid will be paid by the winning registrant to the Trust and will be allocated by the Third Party Trustee as follows:

o An amount agreed upon in advance will be paid to the Third Party Trustee for services relating to the management and distribution of the funds in the Trust; and

o The remaining amount of the Subsequent Installment(s) of the Winning Bid will be distributed to the nonprofit organization(s) discussed above. The Third Party Trustee will notify Verisign upon receipt of payment.

Describe quality assurance plan or testing of Proposed Service:

Verisign has demonstrated the ability to deliver scalable and reliable registry services. The rigorous processes and extensive suite of quality assurance tests and performance testing will be applied to maintain the functionality, data integrity and data accuracy of the proposed service.

Please list any relevant RFCs or White Papers on the proposed service and explain how those papers are relevant.:

Subsequent to the initial registration process, the provisioning protocols currently implemented will apply. These may include:

RFC 4930 Extensible Provisioning Protocol (EPP)

RFC 4931 Extensible Provisioning Protocol (EPP) Domain Name Mapping

RFC 4932 Extensible Provisioning Protocol (EPP) Host Mapping

RFC 4934 Extensible Provisioning Protocol (EPP) Transport over TCP

Contractual Provisions

List the relevant contractual provisions impacted by the Proposed Service:

Schedule of Reserved Names (Appendix 6, Section B)

Appendix 7 as it relates to:

Add Grace Period

Renewal Grace Period



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Auto-renew Grace Period

Pending Delete Period

Appendix 9 to add the proposed service as an Approved Service

What effect, if any, will the Proposed Service have on the reporting of data to ICANN:

Contractually required reports will not deviate. To the extent that additional communication with registrars is needed with regard to the proposed service, Verisign will consult with registrars to develop a process.

What effect, if any, will the Proposed Service have on the Whois?:

None.

Contract Amendments

Please describe or provide the necessary contractual amendments for the proposed service:

Schedule of Reserved Names (Appendix 6, Section B) - ICANN will authorize the release of the SCDN.

Approved Services (Appendix 9) - The proposed service would be added as an Approved Service.

Add Grace Period (AGP) - There will be no AGP for the SCDN allocated under this proposed service.

Renewal Grace Period - Prior to the Expiration of the Subsequent Installment, there will be no Renewal Grace Period for the SCDN. Prior to the registry accepting a renewal request, Verisign will require notification by the Third Party Trustee that a Subsequent Installment of the Winning Bid payments has been completed. After the Expiration of the Subsequent Installment, there will be a Renewal Grace Period for the SCDN.

Auto-renew Grace Period - If the SCDN is not explicitly renewed prior to the expiration date, it will be automatically renewed for a single year in the same manner as non-single-character domain names registered within the SRS. Prior to the Expiration of the Subsequent Installment, the registrant must complete the payment to the Trust, the Third Party Trustee must notify Verisign of the Subsequent Installment of the Winning Bid, and the registrar-of-record must complete the payment of the then-applicable registration fee within fourteen (14) days of the auto-renewal, or the registry reserves the right to explicitly delete the registration and make the SCDN available through a subsequent auction or other allocation method.

Pending Delete Period - If the SCDN exits the Pending Delete Period, it will not be included on the registry's Pending Delete



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Report and it will be held by Verisign and will not be available for registration until a later auction or other allocation process.

Benefits of Service

Describe the benefits of the Proposed Service:

The proposed service is intended to meet the desire for potential registrants to register the SCDN, which no longer needs to be reserved, as well as to provide funding to one or more nonprofits for meaningful and worthwhile projects for the public good that help advance the Internet.

Competition

Do you believe your proposed new Registry Service would have any positive or negative effects on competition? If so, please explain.:

The proposed service is pro-competitive and will have no negative effects on competition. The proposed service will expand the allowable domain names that are available to registrants in a non-discriminatory and competitive manner. Competition to register the newly-available domain name will be preserved as it will initially be allocated on the basis of an auction that will be open to all pre-qualified registrants.

How would you define the markets in which your proposed Registry Service would compete?:

The .com domain name registry operates an unrestricted, unsponsored top-level domain and thus, any Internet user anywhere in the world may participate in the auction and compete to register the SCDN in the .com TLD. The .com domain name registry competes with other gTLD registries and ccTLD registries a number of which currently offer SCDNs (e.g., .org, .biz, .pro, .cat, .travel, .mobi, .coop, .info and .tel). The .com domain name registry also competes with the many other paid and unpaid services used by individuals and businesses to establish an online identity.

What companies/entities provide services or products that are similar in substance or effect to your proposed Registry Service?:

The following registries have been approved by ICANN to register SCDNs:

All new gTLD registries, plus existing gTLD registries, including .org, .biz, .pro, .cat, .travel, .mobi, .coop, .info and .tel. In addition, many country code top level domain name registries currently permit registration of SCDNs.



ICANN Registry Request Service

Ticket ID: B6H5U-2X7N1

Registry Name: VeriSign, Inc,

gTLD: .COM, .NET, .NAME

Status: ICANN Review

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In view of your status as a registry operator, would the introduction of your proposed Registry Service potentially impair the ability of other companies/entities that provide similar products or services to compete?:

No. Note that other gTLD and ccTLD registries offer now, or are free to propose and provide, SCDN registration services using whatever allocation mechanism they choose.

ICANN has approved proposals to release SCDNs for nine (9) gTLD registries who have submitted RSEP requests. See <http://www.icann.org/en/registries/rsep/>.

Do you propose to work with a vendor or contractor to provide the proposed Registry Service? If so, what is the name of the vendor/contractor, and describe the nature of the services the vendor/contractor would provide.:

A third party auction service provider will provide the auction aspects of the proposed service. A third party trustee will manage and distribute the proceeds in the Trust to the nonprofit(s).

Have you communicated with any of the entities whose products or services might be affected by the introduction of your proposed Registry Service? If so, please describe the communications.:

As explained in more detail above, Verisign has consulted with numerous parties regarding the potential service, including registries, registrars and potential end users.

Do you have any documents that address the possible effects on competition of your proposed Registry Service? If so, please submit them with your application. (ICANN will keep the documents confidential).:

Verisign does not have any documents to submit.

Security and Stability

Does the proposed service alter the storage and input of Registry Data?:

No. The single registration that is being considered is non-material when compared to the number of registrations managed within .com. Additionally, there are mechanisms in place that help ensure that previously registered SCDNs that are deleted are not placed back into the available inventory of domain names and may be allocated at a later date. In addition, the amount of storage and data input required for the registration and lifecycle support of the SCDN in the .com registry is



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negligible.

Please explain how the proposed service will affect the throughput, response time, consistency or coherence of responses to Internet servers or end systems:

The proposed service will have no impact on throughput, response time, consistency or coherence of the responses to Internet servers or end systems for the same reasons as the previous question. The transaction volume required for the registration and lifecycle support of the SCDN in the .com registry is negligible.

Have technical concerns been raised about the proposed service, and if so, how do you intend to address those concerns?:

No. There have been no technical concerns raised about the registration of single-character labels.

Other Issues

Are there any Intellectual Property considerations raised by the Proposed Service:

To the extent of our knowledge, the implementation of the proposed service will not interfere with the intellectual property rights of any third parties.

There is no proposed sunrise period for the provisioning of the SCDN and, if any disputes arise from the allocation of this SCDN, it is recommended that the Uniform Dispute Resolution Policy be used.

Does the proposed service contain intellectual property exclusive to your gTLD registry?:

(1) Trademark or similar rights may exist or arise with respect to trade names or terminology used in connection with the proposed service. (2) Copyright protection may exist or arise in connection with code written or materials created in connection with the proposed service. (3) Certain information or processes related to the proposed service may be confidential to Verisign and/or subject to trade secret protection. (4) Verisign is not aware of the issuance of any patents by any party with respect to the proposed service.

List Disclaimers provided to potential customers regarding the Proposed Service:



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Verisign will likely include industry standard disclaimers (e.g., disclaimer of all warranties with respect to the data) in the agreement(s) governing the proposed service.

Any other relevant information to include with this request:

None.