GNSO gTLD Registries Stakeholder Group Statement

Issue: Initial Report on Vertical Integration Between Registrars and Registries

Date: 12 August 2010

Issue Document URL: Initial Report

This statement on the issue noted above is submitted on behalf of the gTLD Registries Stakeholder Group (RySG). The statement that follows represents a consensus position of the RySG as further detailed at the end of the document. The RySG statement was arrived at through a combination of RySG email list discussion and RySG meetings (including teleconference meetings).

The RySG submits these comments in response to the Interim Report of the Vertical Integration PDP Working Group (VIWG). The RySG recognizes the significant work that has taken place in the VIWG by a significant number of participants (over 60) from across the ICANN community. The RySG also notes the compressed timetable under which the VIWG has to work to produce a report to the Board (through the Council).

The RySG wishes to underscore the following points for the VIWG to consider:

- The Interim Report reflects no consensus for any of the proposals. The RySG recognizes that the lack of consensus is in part a byproduct of the compressed schedule and the resulting time and resource constraints otherwise needed to address the complex issues surrounding vertical integration and a strong divergence of views among the participants in the VIWG. The RySG also recognizes that, due to the significant and entrenched differences among the large number of participants, full consensus may never be realized. The RySG encourages the VIWG to continue its efforts to reach a compromise and consensus recommendation for future rounds of new TLDs, even if full consensus is unlikely.

Proposals were put forward by a number of participants in the VIWG. While none of the proposals has consensus support on its own, it is important to note (as reflected in polling) that proposals that would prohibit or restrict vertical integration (e.g. JN2 and RACK+ proposals) have broader combined support than proposals that would permit unrestricted vertical integration. For example, there is strong support for continuing 15% ownership caps and imposing a restriction on a vertically integrated registry and registrar from selling in its own TLD, while there is less support for allowing 100% cross ownership and unrestricted vertical integration. It should also be noted that the proposals calling for restrictions had the broadest support across the various interests in the VIWG. To the extent that polls are given weight, the interests participating in the respective polls should be taken into account when determining the level and nature of support.
A number of polls were also taken with regard to “molecules” and “atoms.” The effort to develop molecules and atoms was an attempt by the co-Chairs to find at least partial consensus among the VIWG. A number of VIWG members noted concern with the inclusion of molecules and atoms in the Interim Report and the inclusion of polls taken with respect to molecules and atoms. Atoms were singular elements taken from the various proposals. The fundamental flaw with putting any stock in molecules or atoms is that a VIWG member could support an atom in isolation and could indicate that support in response to a poll. However, should that atom be combined with another atom from a different proposal that VIWG member might negate his or her earlier support for the first atom. As such, polls showing support for atoms or molecules without further context are at best incomplete or, at worst, misleading.

As the VIWG moves toward a final report to the Council (and ultimately the Board), it should refrain from presenting molecules or atoms in a manner that creates a false impression of consensus where it does not exist. Importantly, the inclusion of molecules or atoms in this manner risks presenting the Council and the Board with an “a la carte menu” of elements of vertical integration policy that do not have the same qualitative support as the proposals that were discussed in far greater detail and where poll results were based on comprehensive proposals and not a subset of fractured elements.

The RySG encourages the VI-WG to continue its work and, in time for the next version of the Initial Report (to be submitted prior to the next GNSO Council meeting on August 26, 2010) incorporate a comprehensive list of potential harms from vertical integration and/or cross-ownership. To be most helpful to the GNSO Council and the ICANN Board, the list should include the range of potential consumer harms that might result from both allowing and prohibiting vertical integration and/or cross-ownership.

RySG Level of Support

1. **Level of Support of Active Members:** Majority
   1.1. # of Members in Favor: 8
   1.2. # of Members Opposed: 0
   1.3. # of Members that Abstained: 0
   1.4. # of Members that did not vote: 5

2. **Minority Position(s):** N/A

General RySG Information

- Total # of eligible RySG Members\(^1\): 14

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\(^1\) All top-level domain sponsors or registry operators that have agreements with ICANN to provide Registry Services in support of one or more gTLDs are eligible for membership upon the “effective date” set forth in the operator’s or sponsor’s agreement (RySG Articles of Operation, Article III, Membership, ¶ 1). The RySG Articles of Operation
- Total # of RySG Members: 13
- Total # of Active RySG Members\(^2\): 13
- Minimum requirement for supermajority of Active Members: 9
- Minimum requirement for majority of Active Members: 7
- # of Members that participated in this process: 13
- Names of Members that participated in this process: 13

1. Afilias (.info & .mobi)
2. DotAsia Organisation (.asia)
3. DotCooperation (.coop)
4. Employ Media (.jobs)
5. Fundació puntCAT (.cat)
6. Museum Domain Management Association – MuseDoma (.museum)
7. NeuStar (.biz)
8. Public Interest Registry - PIR (.org)
9. RegistryPro (.pro)
10. Societe Internationale de Telecommunication Aeronautiques – SITA (.aero)
11. Telnic (.tel)
12. Tralliance Registry Management Company (TRMC) (.travel)
13. VeriSign (.com, .name, & .net)

- Names & email addresses for points of contact
  - Chair: David Maher, dmaher@pir.org
  - Vice Chair: Jeff Neuman, Jeff.Neuman@Neustar.us
  - Secretariat: Cherie Stubbs, Cherstubbs@aol.com
  - RySG representative for this statement: Brian Cute, briancute@AFILIAS.INFO

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2 Per the RySG Articles of Operation, Article III, Membership, ¶ 6: Members shall be classified as “Active” or “Inactive”. A member shall be classified as “Active” unless it is classified as “Inactive” pursuant to the provisions of this paragraph. Members become Inactive by failing to participate in a RySG meeting or voting process for a total of three consecutive meetings or voting processes or both. An Inactive member shall have all rights and duties of membership other than being counted as present or absent in the determination of a quorum. An Inactive member may resume Active status at any time by participating in a RySG meeting or by voting.