

Date

The Honorable Alan Davidson
Assistant Secretary of Commerce
for Communications and Information
National Telecommunications and Information Administration
U.S. Department of Commerce

Re: NTIA and Verisign Cooperative Agreement Discussions

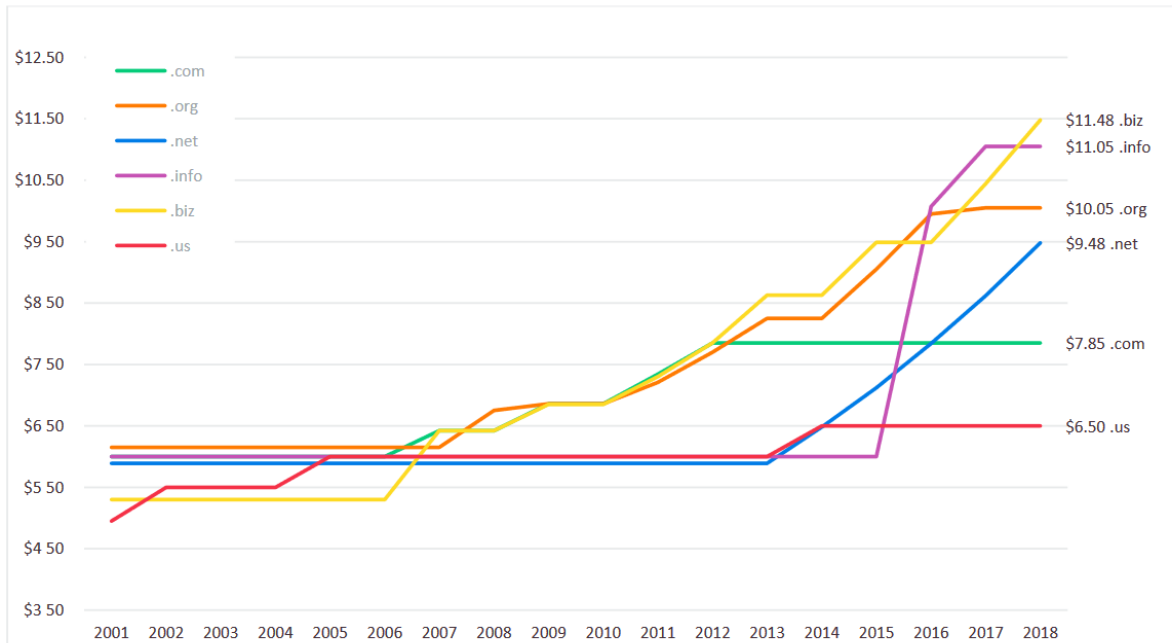
Dear Assistant Secretary Davidson,

Thank you for NTIA's decision to renew the cooperative agreement, reaffirming the importance of the security, stability, and resilience of the Internet's unique identifier systems, and for protecting and promoting the multistakeholder model. We also welcome the dialog that NTIA and Verisign have committed to in connection with "the health of the .com ecosystem, including retail and secondary markets." To help facilitate these discussions, we have some suggestions on how NTIA can work in conjunction with the ICANN Governmental Advisory Committee (GAC) and the rest of the ICANN community through the ICANN multistakeholder model to help provide a factual framework to enable these discussions now and in the future.

Section 2.5 of the Base ICANN Registry Agreement (RA) requires the Registry Operator to "reasonably cooperate" with any ICANN Org "economic study on the impact or functions of new generic top-level domains on the Internet, the DNS or related matters." However, neither Verisign's .NET or .COM RA appears to contain a similar provision, notwithstanding these two TLDs accounting for approximately 80% of the global gTLD market and public comments filed last year calling for the inclusion of this provision in the .NET RA. Sadly, ICANN and Verisign declined to include this provision in the executed .NET RA, and are likely to exclude this provision in the new .COM RA.

While ICANN has conducted limited economic studies in the past, it has failed to undertake a complex analysis of the entire DNS ecosystem, as alluded to in the NTIA communication dated 2 August 2024. Specifically, ICANN needs to include both gTLD and ccTLD pricing in its analysis. Despite gTLDs and ccTLDs serving the same technical function, there appears to be a growing disparity between gTLD and ccTLD pricing. To highlight one such example, consider the disparity between gTLD and the .US ccTLD pricing, we would like to direct your attention to the following graph, which was included in Neustar's .US RFP regarding pricing.¹

¹ See https://www.ntia.gov/files/ntia/publications/technical_proposal_volume_3.pdf



Since 2018, the disparity between gTLD and .US ccTLD pricing appears to have only exacerbated. Preliminary data suggests that similar ccTLDs have exhibited a similar disparity to gTLD pricing over the last ten to fifteen years. To be clear, we are not opposed to registry operators raising their prices when Registry Operators are investing in best practices to ensure the security, stability, and resiliency of the DNS. Therefore, we would appreciate it if NTIA could provide an update on the status of the trusted notifier program, announced in conjunction with Amendment 35, which was designed to "provide transparency and accountability in the .com top-level domain."²

We would also like to encourage that any analysis of the DNS supply chain ecosystem be comprehensive in nature, e.g. economic, security, and governance. The importance of such a comprehensive analysis of the DNS supply chain ecosystem is validated by the OECD white paper *Security of the Domain Name System (DNS)* that documents a "complex ecosystem" with "supply-chain attacks targeting part of the DNS ecosystem such as registrars and registries."³

This comprehensive review of the DNS ecosystem is vital to reaffirm the transparency and accountability that NTIA and Verisign committed to in Amendment 35 to the Cooperative

² See <https://www.ntia.gov/press-release/2018/ntia-statement-amendment-35-cooperative-agreement-verisign>

³ OECD (2022), "Security of the Domain Name System (DNS): An introduction for policy makers", *OECD Digital Economy Papers*, No. 331, OECD Publishing, Paris, <https://doi.org/10.1787/285d7875-en>.

Agreement. Verisign should follow the best-in-class practice of other gTLD Registry Operators and commit to including contractual language in the .COM and .NET RAs to participate in ICANN's economic studies. This call for ICANN to undertake a comprehensive economic study has been requested by multiple stakeholders within the ICANN community, e.g. ICANN's Competition, Consumer Choice, and Consumer Trust Review Team (September 2018), multiple public comments by ICANN Registrar Stakeholder Group, and various .NET public comments.

We look forward to collaborating with the NTIA and the rest of the ICANN community to advance this common interest.

Sincerely,

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