

VeriSign Application for Registry Service: “Rapid Zone Updates”

This memorandum provides an analysis of the ICANN preliminary determination period and recommendation on the VeriSign DNS Update Service proposal. It supplements previous written updates on the proposed service to the ICANN Board on 26 March 2007 and 9 April 2007.

Executive Summary

In accordance with published procedures, ICANN conducted a preliminary evaluation of the proposed new registry service submitted by VeriSign. This preliminary process included consultation with internal and external experts, members of the ICANN Board, SSAC, and members of the community including registrars. The preliminary determination did not identify any significant competition or security and stability issues with the proposed registry service. ICANN recommends approval of the proposed service, and VeriSign may proceed with implementation. In addition, constituency consultation indicated the new service might result in several benefits that are described below.

Background

On 22 March 2007, VeriSign submitted a proposal for a “DNS Update Service” under Section 3.1(d)(iv) of the .COM and .NET Registry Agreements. Upon receipt of the proposal, ICANN commenced its 15-calendar day preliminary determination period under the guidelines of the .COM and .NET Registry Agreements and Registry Services Evaluation Policy (<http://www.icann.org/registries/rsep/rsep.html>) and posted public notice of the proposal on the ICANN website (http://www.icann.org/registries/rsep/submitted_app.html#2007003 and <http://www.icann.org/registries/rsep/verisign-notice-22mar07.pdf>).

In September 2004, VeriSign implemented rapid zone updates, enabling updates to the .COM and .NET zone every 3 minutes (prior to this VeriSign propagated updates to the .COM and .NET zones every 12 hours). Although VeriSign updates these zones every 3 minutes, VeriSign publishes that updated data twice a day. This data includes domain names, nameservers, IP address additions, deletions and modifications. The proposed service would enable registrars and others (i.e., anyone who wishes) who currently obtain zone file access in the .COM and .NET TLDs twice daily, to receive updated zone information every five minutes.

The DNS Update Service would be offered in two tiers: 1) accredited .COM and .NET registrars would use the service for limited internal purposes, such as facilitating the administration of .COM and .NET registrations, 2) registrars and other customers would use the service in connection with or as part of value added

services. Users under both tiers would be subject to a license agreement and fee. Free updates to the .COM and .NET zones would continue to be available every 12 hours to all who sign the zone file access agreement.

VeriSign states that the service would be used by recipients to build brand protection and fraud detection services for their customers, and promote security and stability by providing a useful tool to online security companies, ISPs, search engines, financial services companies, and other stakeholders.

ICANN Preliminary Determination Activities

Stability and Security Issues

During the preliminary determination period, ICANN consulted with internal and external experts on competition and security and stability issues: the Chair of the Security and Stability Advisory Committee (SSAC), ICANN's Chief Technical Officer, IANA Technical Liaison, Chief Security Officer and Technical Systems Manager.

Steve Crocker passed the request for preliminary consideration on to the SSAC. SSAC reviewed the proposed change and does not see a security or stability problem nor is there a need for deeper examination.

It is important to note that Steve Crocker also raised important issues regarding the timing and limited depth of SSAC review that can be accomplished during the 15-day period. There will be additional discussion and definition in this area.

After review and discussion, ICANN's Chief Technical Officer also concluded that additional inquiry into technical aspects of the proposed service was not required.

In response to questions from ICANN, VeriSign confirmed that root zone operations would not be affected by the DNS Update Service. They also pointedly confirmed that DNS services (.COM and .NET) would not be affected by the operations associated with the new service.

Competition Issues

On competition issues, ICANN staff and, in particular, the General Counsel's Office reviewed the proposal and consulted with external competition counsel at Jones Day. Additional input was received from members of the ICANN Board and community members including members of the Registrars Constituency.

ICANN provided notice to the Registrars Constituency when the service request was delivered to ICANN and discussed the proposal with several registrar representatives during the ICANN meeting in Lisbon, Portugal (24-30 March 2007). No major concerns were raised during those discussions.

ICANN conducted conference calls with VeriSign to pose additional questions on competition and the potential impact of the proposed service on the secondary market. In light of the fact that VeriSign stated that they had additional competition information that could be shared with ICANN, ICANN and VeriSign mutually agreed to postpone the deadline on the preliminary determination until the close of business Pacific Daylight Time on Wednesday, 11 April 2007.

On 9 April 2007, VeriSign provided confidential supplemental information responding to ICANN on questions regarding potential competition issues and potential effects of the service on the secondary market. VeriSign indicated that, after consideration, it does not know of any potential uses of the DNS Update Service that would create a competitive disadvantage among registrars or an impact to the secondary market.

During the preliminary evaluation period, ICANN consulted with registrars especially knowledgeable in DNS market practices, monitored the registrar constituency mailing list and monitored other mailing lists to obtain a better understanding of any potential competition issues and potential effects on the secondary market. The registrars that were asked about the proposal indicated that they had conducted their own evaluation of the DNS Update Service and could not find any negative arguments against it. These registrars raised the following points:

- The service would shed light on the activity of those engaged in domain tasting and expose bad actors. “This [service] elevates bad actors into the light of day.” “All it does is ‘out’ people who are probably bad guys.”
- The service does not seem susceptible to gaming; “it prevents gaming.”
- The service will increase choice for registrars: they can continue to obtain information in twelve-hour increments, purchase the service directly from VeriSign, or purchase the service from value-added providers.
- The service would provide “more granularity” regarding tasting activities but not impact the practice significantly.
- Phishers and others currently alter name servers and conduct fraudulent activity during the time between the twice daily publication of zone file updates. That is, they make nameserver changes to conduct fraudulent activity immediately after one publication and make the change back prior to the next publication – there is a twelve-hour window to conduct this activity.
- Intellectual property owners, brand protection managers and law enforcement would be able to improve their ability to search the .COM and .NET zones for “typo-squatters”. “The service would advantage law enforcement to thwart phishing.” (One opinion was that the additional twelve-hour extra notice period might not be a significant advantage.)

- After consideration and attempts to, “poke holes in it,” there was no apparent ability to use the service for “bad” purposes.

Comments from other sectors of the community have indicated that VeriSign’s proposal would assist those who use zone file information provided by VeriSign to address such problems as phishing, fraud and identity theft.

External counsel and ICANN staff agreed that there are no apparent competition issues that require that this matter be forwarded to relevant competition authorities at this time.

Recommendation for the Preliminary Determination

During this period, ICANN makes a "preliminary determination" whether a Registry Service requires further consideration by ICANN because it reasonably determines such Registry Service: (i) could raise significant Security or Stability issues or (ii) could raise significant competition issues. As a result of the work above, ICANN’s preliminary determination is that further consideration is not required. ICANN’s internal experts, SSAC and feedback from the Board have not identified any significant security and stability issues. Staff discussions with technical experts have indicated the proposed service may have a positive effect on Internet security and stability. Consultations with registrars and with expert Counsel have not identified significant competition issues.

Section 3.1(c)(iii) of the .COM and .NET Registry Agreements requires that VeriSign “provide bulk access to the zone files for the registry for the TLD to ICANN on a continuous basis in the manner ICANN may reasonably specify from time to time.” VeriSign has indicated that it will continue to offer zone file access to any user under the existing terms of the Zone File Access Agreement in Appendix 3 of the .COM and .NET Registry Agreements.

Since this service falls within the meaning of that clause, implementation of the proposed service will not require a change to the existing .COM and .NET Registry Agreements.

ICANN recommends approval of the DNS Update Service, and VeriSign may proceed with implementation of the proposal.

Appendix - Public Comments on the Proposal

ICANN may take any public comments into consideration during the preliminary determination period. While no comments on the DNS Update Service were submitted to the open public forum on new registry services (available at <http://forum.icann.org/lists/registryservice/>), the proposed service was discussed

on the Registrars Constituency list. None of the Registrar comments raised any specific negative concerns against the proposal.

<http://gnso.icann.org/mailing-lists/archives/registrars/msg04675.html>

<http://gnso.icann.org/mailing-lists/archives/registrars/msg04673.html>

<http://gnso.icann.org/mailing-lists/archives/registrars/msg04672.html>

<http://gnso.icann.org/mailing-lists/archives/registrars/msg04670.html>

Rick Wesson of Alice's Registry stated "I'm pleased to see VGRS taking [a] leadership position on this kind of new service."

Six comments related to the proposal were also posted on the GA list:

<http://gnso.icann.org/mailing-lists/archives/ga/msg06318.html>

<http://gnso.icann.org/mailing-lists/archives/ga/msg06319.html>

<http://gnso.icann.org/mailing-lists/archives/ga/msg06320.html>

<http://gnso.icann.org/mailing-lists/archives/ga/msg06331.html>

<http://gnso.icann.org/mailing-lists/archives/ga/msg06342.html>

<http://gnso.icann.org/mailing-lists/archives/ga/msg06347.html>