Nominet Wait Listing Services – A PAB Consultation

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A.   *Purpose of this document*

At the 23rd meeting of Nominet's Policy Advisory Board (PAB), the issues of increasing amounts of abuse of Nominet's 'whois' and PRSS services were noted, and considered. The paper presented to the PAB by the executive noted that much of this abuse is generated by tag-holders or their customers repeatedly querying, or attempting to register one or more domain names, in the hope that they can perform such registration immediately after the current registration is deleted from the register (typically through non-renewal). The executive requested that the PAB should consider whether a 'Wait List Service" should be implemented. The PAB subsequently set up a subcommittee to investigate this, with specific reference to whether Nominet should operate a Wait Listing Service, what form any consultation should take, and what other mechanisms could protect Nominet from automaton abuse.

A Wait Listing Service (WLS) is defined, for the purpose of this document, as a service allowing a potential domain name registrant to increase the probability of being able to register a domain name which is already registered, should the current registration lapse. As can be seen from the document, such a service could take a variety of different forms.

Please note that a WLS does *not* allow third parties to have any increased probability of obtaining a domain name should the existing registrant renew it. If the domain name is renewed, it does not expire, and thus the WLS is not relevant. Registrants always have the option to renew as described in the terms and conditions of registration, and this overrides WLS considerations.

The subcommittee duly held an initial meeting on 5th February 2003. The meeting determined what questions should be put to an initial consultation, with a view to reporting back to the next meeting of the PAB.

This document thus constitutes a PAB consultation paper, and invites feedback to the PAB on the issues it raises. This paper is a position paper produced by a PAB subcommittee, and as such it does not necessarily represent the views of either the PAB, the CoM, or the Executive. This documented attempts to represent diverse views.

The paper is also written to encourage contributions, particularly from members, but also from other stakeholders, prior to 12th March 2002. This will allow sufficient time to collate responses, and publish them prior to the 25th meeting of the PAB, i.e. before on 2nd April 2002.

B.   *Remit*

The issues to be examined by the subcommittee are the desirability of, and processes and procedures for a wait-listing service, at a policy level. It is not the remit of the subcommittee to determine operational implementation details – these are matters to be determined by the Executive.

It should be noted that although this paper expends a fair amount of space examining proposals for different types of WLS, it is not a 'done deal' that a WLS will be instituted in any form.

C.   *Consultation and relevant stakeholders*

Nominet uses its PAB to consult with all relevant stakeholders on matters of policy. Introduction of a WLS service is a policy issue. Therefore it is important to identify relevant stakeholder groups.

The subcommittee identified the following groups as relevant:
  a)   Members and tag-holders;
  b)   Existing registrants (i.e. those holding domain names);
  c)   Potential registrants (i.e. those who would use a WLS); and
  d)   The IPR community (representing, no doubt, (b) and (c) above).

The subcommittee identified that Nominet itself was also a relevant body to consult, to determine the likely operational impact of such a service.

Q C.1   Do respondents agree that the identification of stakeholder groups is accurate and complete?

The subcommittee proposes to publish this document, in line with PAB guidelines, and, for a period of no less than 30 days, collect responses. It is envisaged that feedback will then be presented to the next PAB. It is hoped that the PAB will then either make a recommendation to the CoM, or ask the subcommittee to draft a recommendation to the CoM to be considered at a subsequent meeting. In the latter case, this draft would be available as a PAB paper for comment prior to that meeting. If the PAB recommendation to the CoM recommends introduction of a WLS, and the CoM agrees with this recommendation, the CoM would ask the executive to draft a proposed mechanism for WLS operation. Once this has been agreed within Nominet, it is proposed that this again be open for consultation prior to its implementation.

However, it would be open to the PAB at its next meeting to determine that a different process should be followed, perhaps involving different, or wider consultation.

Q C.2   Do respondents agree that the subcommittee's intended consultation process is sufficient, or should the PAB recommend a different process?

D.   *Advantages and disadvantages of a WLS*

On average 1/24th of the register renews each month, giving a monthly average of about 146,000 domain name renewals. However, the load varies substantially month to month, due to the variations in monthly registration figures. When domains are not renewed, they are, after a period, returned to the pool. Whilst at present this process is not particularly deterministic, the positive renewals process recommended by the PAB, and agreed by the CoM, will make the return of unrenewed domains to the pool a far more mechanical and predictable affair.

However, even in the current environment, various parties identify names likely to be returned to the pool, and bombard the whois servers with queries in relation to those domain names, or the automaton with speculative (in the sense that most fail) attempts at registration. These practices use up significant resources at Nominet, causing other users to experience poor performance. Often many different parties send requests for the same names. Nominet's PAB has recommended, and its CoM agreed, implementation of various anti-abuse mechanisms. However, it is recognized that the best way of discouraging people from abusing these systems in this way is to provide them with a technologically more appropriate mechanism of increasing their likelihood (possibly to the level of certainty) of registering an unrenewed domain name which does not involve the use of repeated transactions, or attempted transactions.

Further, it has to be recognized that whilst Nominet has normally characterized this behaviour as abusive because of its adverse effect on its systems, in the final analysis the motivation of those tag-holders performing these actions is merely that they are trying their best to offer a service to their customers in the only manner which is currently available to them. Their use of these techniques, no doubt at some expense (programming time, and bandwidth) is only because there is no other mechanism provided by Nominet. The fact that this behaviour exists tends to demonstrate that there is indeed demand for such a service. This would also tend to demonstrate that there is an additional possible revenue stream for many other tag-holders.

Conversely, it could be argued that there is already some form of WLS being offered by the tag-holder community, and whilst it is undoubtedly technologically inefficient, implementation by Nominet of a centralized WLS scheme would impact the businesses of those offering existing WLS services, if only by subjecting them to increased competition. A corollary of this point is that the WLS services offered by Nominet should be the minimum to ensure systemic technical efficiency, and that a free market should operate with competition between tag-holders fostering innovation, and driving down the price to the end user.

Respondents are referred to Exhibits 1 and 2. In December 2001, Verisign's Global Registry Services division (VGRS) proposed to ICANN the introduction of a WLS service. The arguments VGRS used in favour of such a service are listed as Exhibit 1. It is fair to say that the WLS proposals were not met with universal adulation in the community, and the arguments used against Verisign's proposals were summarized by the ICANN prior to their September 2002 meeting, and are reproduced as Exhibit 2. In the event, the proposal was implemented, practically unchanged, despite widespread dissatisfaction. It should be noted that many of the criticisms leveled against VGRS's proposal are specific to the nature of that proposal. Others are not relevant due to the differing structure of ICANN, registry, and registrars, when compared with that of Nominet, and its tag-holders. However, it is indisputable that this is a sensitive subject, and that every effort should be made to learn from the VGRS WLS experience, to the full extent that it is relevant to the question at hand.

Exhibit 1 should be read in the context that VGRS, as part of Verisign, is a for-profit organization, whereas Nominet is not. It is the view of the subcommittee that items 6(a)(iii), 6(a)(iv), b(i), and b(ii) are the main drivers which are relevant to Nominet. Item 6(e)(iii) is, in the subcommittee's opinion merely an example of responding to customer demand in a technologically efficient manner. Those items under 6(d), and 6(e)(ii) are merely observations of no change, or descriptions of how the system would operate, though the subcommittee notes that whether 6(d)(vi) is the case in respect of a Nominet WLS will depend on the precise implementation details.

In Exhibit 2, it is noted that two alleged adverse competitive effects of the VGRS WLS were raised by critics of the VGRS WLS under point 1. The first of these is reliant on the VGRS Registry/Registrar structure, where the registry records merely the registrar to which the name is registered, and not the registrant. This enabled registrars to offer expiring names (being recorded in the registry as assigned to that registrar) to other potential registrants directly, without going via the registry. In the Nominet model, where domain names are registered with the registry to the registrant directly, this possibility does not exist, and the subcommittee does not thus feel this first objection to be relevant in Nominet's case. However, the second objection was related to those businesses which were repeatedly querying VGRS's database, or attempting to register names, in a similar manner to those who repeatedly query Nominet's database. This argument has relevance to the Nominet scenario, though the subcommittee noted that the existing situation cannot be described as a "level playing field" and is economically inefficient.

In Exhibit 2, under 2, critics of the VGRS WLS alleged that preferential treatment was given to Snapback customers – Snapback being the proposed provider of VGRS WLS services. The subcommittee feels this is not applicable in Nominet's case.

In Exhibit 2, under 3, critics of the VGRS WLS in essence argued the price was too high. The subcommittee notes that pricing will no doubt be a sensitive issue for respondents, but that it is Nominet's tradition and ongoing practice to price services on a cost-recovery basis.

In summary, the arguments for and against a WLS are as follows:

Advantages
- A Nominet provided WLS facilitates a reduction in load on Nominet's systems – both business systems and technical systems;
- A Nomient provided WLS responds to customer demand in a technologically efficient manner, which, in a free market would lead to lower end-user price for such services;
- A Nominet provided WLS increases competition in provision of WLS-like services when compared to current de-facto arrangements, as it can be provided by each of over 2,700 tag-holders; and
- A Nominet provided WLS provides potential new revenue for tag-holders.

<u>Disadvantages</u>
- Existing tag-holders attempting to provide a WLS-like service will have their revenues exposed to increasing competition from those tag-holders using a Nominet provided WLS, and thus will lose sunk costs.

Q D.1 Do respondents agree with the subcommittee's summary of the advantages and disadvantages of a WLS? How do respondents weigh these against each-other? Is introduction of a WLS, in some form, a good policy principle?

E. Variables to be considered

There are many possible variants of a Wait Listing Service. The VGRS WLS, for instance, allows one (and no more) WLS subscriber to wait on the expiry of any given domain name, for a set amount of time, but allows the domain name waited for to be changed during the period of the WLS subscription. It would, on the other hand, be possible to have multiple WLS subscribers waiting for the same domain name, which, should it become available could be registered to either the earliest WLS subscriber waiting for that domain name, or to a random WLS subscriber. Equally, it could be that a WLS subscription relating to a domain name is not transferable. Indeed, reading VGRS's proposal only serves to indicate exactly how many variables there are in the composition of a WLS.

The subcommittee's preferred approach has been to list each of the variables, with explanation where necessary, and it invites respondents to comment as they feel appropriate.

Respondents are invited to consider, when formulating their response, the reasons why introducing a WLS is being considered in the first place. If the aim of the exercise is merely to replicate the existing system in a more technically efficient manner, the ideal WLS would in essence allow any number of WLS subscribers to wait on a different domain name, and assign the domain name, if it is not renewed, to a random subscriber. As it would no doubt be possible to subscribe multiple times, this arrangement in effect has the result of assigning the domain name to a WLS subscriber with a likelihood proportionate to the resource that the subscriber puts in, i.e. the number of subscriptions taken out, and thus the charge made. This is the argument for "minimal change", and is a point well made. However, it is also evident that there are other reasons for wishing to introduce a WLS. Whilst the current environment addresses customer demand to an extent, it is not self-evident that it addresses it in the most effective way. Therefore, it is by no means certain that the replicating the current system is necessarily the way forward.

<u>Number of subscribers waiting on a particular domain name</u>

In the simplest form, only a single WLS subscriber could wait on any given domain name. However a situation could be envisaged where more than one WLS subscriber could wait on a given name.

In the context of a WLS which awarded an expired name to the earliest WLS subscriber, then as it is presumed that subscriptions can expire, this would allow the second WLS subscriber to maintain a chance of getting the domain name.

In the context of a WLS which awarded an expired name to a random WLS subscriber, this would allow others to have the chance to get a domain name which already had a WLS subscriber. This is similar to the current system. Further, it would allow, through multiple subscriptions, any WLS subscriber to improve their chances of getting a domain name.

Q E.1 Do respondents support the idea that more than one WLS subscription should be allowed per domain name?

Mechanism of allocation to WLS subscribers on domain name expiry

If more than one WLS subscriber is allowed to wait for a given domain name, then on expiry, there needs to be a mechanism for allocating the expired domain name to one of multiple WLS subscribers. If only one WLS subscriber is allowed, then this point is moot.

The two main mechanisms suggested are either that the earliest WLS subscription against the domain name in question gets the domain name, or that the allocation is random.

Using the earliest WLS subscription mimics the first-come-first-served philosophy used in registration. It also provides increased certainty for WLS subscribers in knowing how likely they are to receive a domain name, as subsequent WLS subscriptions, coming 'lower down the list' would not affect the likelihood of a prior WLS subscription receiving the domain name.

Using the random allocation method results in an allocation which most closely mimics the current system. Under the current arrangements, multiple tag-holders bombard the automaton with speculative registration attempts, and the attempt which is successful is essentially random. Increasing the rate of attempts (by increasing the resources applied) increases the chances of capturing the domain name. In a random-allocation WLS, increasing the number of subscriptions (and thus the total charge) would also increase the chances of getting the domain name. However, it should be noted that registries in the US have been criticized for policies which involve random allocation, having such policies compared to lotteries (on which there are legal constraints), and being against public policy.

Q E.2   If respondents support the idea that more than one WLS subscription should be allowed per domain name, what mechanism should be used to allocated expired domain names amongst multiple WLS subscribers?

Periodicity of the WLS, and WLS renewals

Nominet registrations and renewals run for two year periods. There appear to be three main options for WLS subscriptions:

Firstly, they could run indefinitely in relation to a particular domain name. It must be noted that it is difficult to estimate the cost of maintaining a database entry for an indefinite period, and further that it is unlikely that Nominet could prudently commit to a particular policy indefinitely.

Secondly, the WLS subscription could run for a fixed period (for instance two years) from the point of subscription. Any expiry (including surrender) within that period would result in a WLS assignment. Under this arrangement, a WLS 'place in the queue' could be renewed, possibly using a similar positive renewals method to that proposed for registrations. Other WLS subscribers might not renew, so renewal would increase the likelihood of the WLS subscriber obtaining the domain name. The effect is different between a 'queuing' WLS, and a random allocation WLS.

Thirdly, the WLS subscription could be viewed as being in relation to a particular renewal opportunity – i.e. its periodicity could be related to the domain name in question, so the WLS subscription would run until the relevant domain name had either expired, or been renewed. Following that, the WLS subscription would lapse.

Q E.3   What period do respondents feel a WLS subscription should cover? What arrangements, if any, should be put in place for WLS subscription renewal, as opposed to simple resubscription?

Grace Period

As noted before, the WLS does *not* allow third parties to have any increased probability of obtaining a domain name should the existing registrant choose to renew it. If the domain name is renewed, it does not expire, and thus the WLS is not relevant. Registrants always have the option to renew as described in the terms and conditions of registration, and this overrides WLS considerations.

However, as documented extensively during the renewals process consultation, it is quite possible that a registrant may simply forget to renew, despite reminders. If a domain name is returned to the pool after the failure of the registrant to renew, then that situation is often capable of remedy, simply by re-registration. If others are on a wait list for the domain, this is not a possibility, as the domain will automatically be registered in a WLS subscriber's name. It has to be noted, however, that even without a 'formal' WLS, the current tactics employed by those wishing to simulate one (bombarding the automaton with queries), also removes the possibility of remedy.

Under the new 'positive renewals' system, the sequence of events whereby a domain name would be returned to the pool is as follows. On expiry a note is sent to registrant (by post and e-mail), and tag-holder (by e-mail only). Seven days after expiry, service is suspended. 60 days after expiry, the domain is returned to the pool. This period constitutes a grace period in which the original registrant can renew the domain name. Note that as some of these timescales may require slight changes to the terms and conditions of registration, the executive have proposed that an interim position with slightly more longer timescales might be introduced until any necessary changes have been implemented; however, it makes sense to evaluate the WLS in the context of the proposed stricter timescales.

It is assumed by the subcommittee that no WLS would be implemented prior to the implementation of the proposed positive renewals scheme.

Q E.4   Is the grace period within the new renewals scheme sufficient in light of WLS proposals?

Notification of existing registrants

When the WLS is subscribed to in relation to a particular domain, it would be possible to proactively (electronically) notify the current registrant and tag-holder (though it must be noted that Nominet does not currently have e-mail addresses for a substantial number of registrants). This would have the effect of alerting the registrant to the importance of renewal. It would also have the side effect of informing the registrant of the value of his domain name to others. If the registrant was able to ascertain the identity of those others, this might have the effect of encouraging a secondary market in domain names.

Further, it should be noted that it would be possible not only to inform the registrant of the existence of a new WLS subscriber, but also of their identity. Respondents are invited to consider their answers hereto in light of the next section as well.

Q E.5   What measures should Nominet take in relation to notification of registrants when a WLS subscription is made in relation to a domain name?

Publication versus confidentiality of WLS subscribers

It would be possible to publish the identity or identities of WLS subscribers in relation to a domain name, via, for instance, whois with a particular option, or the Nominet web site. It would also be possible to merely publish the number of existing subscriptions, or just the fact that subscriptions exist.

The advantages of publication include the fact that it would better allow other potential subscribers to judge the value of a subscription. Further, it would allow registrants to contact WLS subscribers and offer their domains for sale. Additionally, it is compatible with Nominet's stated policy of transparency, and of operating a *public* register.

However, there are privacy concerns, particularly in relation to personal data, though these could be mitigated by using similar publication rules to existing registration data. It is also possible that some WLS subscribers might feel that they would get a domain name more cheaply through expiry if the existing registrant was unaware of (for instance) a well-off corporate's interest in the name, though there are plenty of well known techniques for disguising such interest which are deployed today.

Q E.6   What data on WLS subscribers should be published, and how?

Structure of WLS contract

The subcommittee adopted the working assumption that the WLS would operate in the same way, contractually speaking, as the registration system. That is that tag-holders, as agents of their customers, would perform a WLS subscription, but the WLS subscription would be held in the customer's name. Of course, occasionally the customer is the tag-holder, but this is not the norm. In the ICANN environment, it appears to be the registrar which is the subscriber to the WLS, and in turn the registrar has WLS customers. This is a mirror of the ICANN registry/registrar relationship with respect to registrations.

Q E.7   Do respondents support the sub-committee's working assumption that contractually, the WLS service should mirror the registration service, i.e. that WLS subscriptions should be made in the name of the end customer?

Under these arrangements, WLS subscriptions would have a 'tag', like registrations. Nominet provides 'direct' registrations to end users (in the last resort), as well as discounted indirect registrations to member tag-holders.

Q E.8   Should the similar arrangements for direct and indirect WLS subscriptions apply?

Charges

It has been Nominet's policy to set charges on a cost recovery basis, and the subcommittee adopted the working assumption that the same would apply in relation to any WLS.

Q E.9   Do respondents agree with the subcommittee's working assumption that charges for WLS should be set on a cost recovery basis?

However, there are several mechanisms that could be used to set the charge. One key question is whether any WLS charge should include any registration that results. If not, i.e. if there is a further registration charge, and this is not paid by the tag-holder (or possibly directly by the registrant), what happens to the domain?

Another possibility is that the WLS charge should cover keeping the domain name in a database (any database) for the two-year period. Under this scenario, the first period of registration would end two years after the WLS subscription, not two years after the domain name expired and would have been returned to the pool.

Q E.10   Should WLS charges include a charge for the first period of registration? How long should that period be? What other factors to respondents feel are important in structuring WLS charges?

Applicable SLDs

Nominet operates many SLDs. Some are open (i.e. have no rules that exclude particular applicants), and some are closed. Whilst in theory it could be envisaged that somehow a wait list could be operated on all SLDs, the subcommittee made a working assumption that it would only apply to open SLDs operated by Nominet, at least in the first instance. These are *co.uk, org.uk,* and *me.uk*. It is difficult, for instance, to determine the use of a wait list in (for instance) *ltd.uk* where there is never (or hardly ever) more than one valid registrant.

Q E.11   Do respondents agree with the subcommittee's working assumption that at least initially, a WLS should be limited to co.uk, org.uk, and me.uk?

Change of tag on of WLS subscriptions

If WLS subscriptions are treated similarly to registrations, they will have an associated tag. There will, no doubt, be a similar requirement from the WLS subscriber community to ensure mobility of ISP through tag-change arrangements to the requirement for change of tag with respect to registrations. This argument appears to be so similar to the arguments in relation to tag-change on registration, that the subcommittee adopted the working assumption that tag-changes on WLS subscriptions should operate in a similar manner to tag-changes on registrations.

Q E.12   Do respondents agree with the subcommittee's working assumption that tag-changes on WLS subscriptions should be handled in a similar manner to tag-changes on registrations?

Transferability of WLS subscription to a new subscriber

If WLS subscriptions are treated similarly to registrations, they can be transferred to another entity. This might be an unrelated entity, or, for example in a corporate reorganization, might be a different company in the same group. There will, no doubt, be similar requirements from the WLS subscriber community to ensure mobility of subscription through transfer arrangements. This argument appears to be so similar to the arguments in relation to transfer of registration, that the subcommittee adopted the working assumption that transfer on WLS subscriptions should operate in a similar manner to transfer of registrations.

Q E.13   Do respondents agree with the subcommittee's working assumption that transfer of WLS subscriptions should be handled in a similar manner to transfer of registrations?

Transferability of WLS subscription to a different domain name

Somewhat surprisingly, the VGRS WLS proposal allows a WLS subscriber to change the domain name that the subscriber is waiting for. The subcommittee does not see any immediate logic behind this, other than as an attempt to justify an apparently inflated price. After all, it is not possible mid-period of registration to change the domain name one has registered. Therefore, the subcommittee has adopted the working assumption that WLS subscriptions would relate to a particular domain name, which could not be changed during the period of that WLS subscription.

Q E.14   Do respondents agree with the subcommittee's working assumption that that WLS subscriptions should relate to a particular domain name, which cannot be changed during the period of that WLS subscription?

Legal & IPR Implications

The CoM in its review of any recommendations, will no doubt take the benefit of legal advice, and it is quite right so to do. However a WLS opens up new avenues of potential legal challenge, both against WLS subscribers, and registrants.

The subcommittee notes in particular that it would be useful if WLS subscribers agreed in advance to accept Nominet's Terms and Conditions of registration should they succeed in registering the name, and also, if there is a further payment to be made on registration, to ensure such payment is made.

Q E.15   What do respondents see as the key legal and IPR ramifications of a WLS?

Dispute Resolution Service

The subcommittee notes that it is possible to challenge the registration of a domain name through the Dispute Resolution Service (or DRS).

It is conceivable that the DRS could be applied to WLS entries, though it would require some modification as the DRS looks, amongst other things, at 'use' of the domain name, which it is difficult to determine in respect of use which has yet to occur, and may never occurred.

On one view, this would provide additional protection for the rights-holder.

On another view, the rights-holder is sufficiently protected by his ability to renew the domain name concerned. The new renewals system contains an option to do this automatically. Should the registrant renew prior to each expiry, the WLS subscriber will simply be wasting his money. Further, even if the registrant wishes to relinquish the domain name, only to find it taken by a competitor, provided the original registrants retains rights in the name, the DRS is still open to him once the re-registration has taken place. Those supporting this view would note the additional complexity imposed by allowing DRS challenges on WLS subscriptions.

Q E.16   Do respondents believe that the DRS should be applicable to WLS subscriptions?

F.   Mechanisms for Feedback

Feedback from interested parties should be made by email to pab-feedback@nominet.org.uk, clearly marking your email 'WAITLIST SUBCOMMITTEE' in the subject line. Alternatively, please approach a PAB member, or the subcommittee chair, Alex Bligh, at alex@nominet.org.uk.

The subcommittee encourages contributions and comment, particularly from members, but also from other stakeholders, prior to **12th March 2002**. This will allow sufficient time to collate responses, and publish them prior to the 25th meeting of the PAB, i.e. before on 2nd April 2002.

Respondents are strongly encouraged to structure their answers primarily in terms of answers to the specific questions raised within this document. This will allow the feedback to be collated more effectively.

It will be assumed, unless explicitly marked otherwise, that all feedback submitted will be for publication. For the purposes of transparency, Nominet will normally discard feedback that is submitted 'not for publication', unless there is a compelling reason not to do so.

Alex Bligh
Nominet PAB, CoM, Chair PAB Subcommittee on Domain Name Renewals

Z.   Change Log

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Exhibit 1 – Verisign's arguments in favour of a WLS

6.   Effects on Interested Parties

a.   Effect on registries:

        i)   New service to offer to registrars.
        ii)   New revenue stream that will support the investment costs.
        iii)   Reduction in system usage for constant checks for the target name once a WLS subscription is placed.
        iv)   Elimination of many desired domain name registrations from the speculator market so that the current excessive demand on operational resources is reduced and system access is maintained at a much more reasonable level.

b.   Effect on registrars:

        i)   New service to offer to customers.
        ii)   New revenue stream.
        iii)   Reduction of registrar system usage for constant checks once a subscription is placed.
        iv)   Ensures a fair playing field / equivalent access for all registrars, regardless of their market or technological advantage.

c.   Effect on resellers.

All effects on registrars will flow down to resellers.

d.   Effect on registrants:

        i)   Current domain name registrations will not be affected in any way. A registrant will remain the registrant of its domain name indefinitely so long as it continues to meet the requirements of its chosen registrar.
        ii)   A WLS subscription will only kick in when a name is finally deleted.
        iii)   A registrant's "rights" to its registered domain name registration service will not be affected in any way.
        iv)   Registrants may still transfer or otherwise make their registered domain names available in the secondary market (i.e., "auctions," person to person transactions, etc.).
        v)   No restrictions on registrants placing a subscription on their own domain name registrations if they wish.
        vi)   Subscriptions will be processed on a first-come, first-served basis.

e.   Effect on intellectual property owners:

        i)   Same effect as on registrants, as above
        ii)   No negative effect on IP owners.
        iii)   Provides a low cost alternative to the current UDRP or other dispute mechanisms for IP owners who choose to wait out a current domain name registration. This could be likely in the event that a domain name registrant is not using a current registration in commerce or for other activities.

Exhibit 2 – Arguments against Verisign's WLS proposal put to ICANN board

1. Displacement of existing registrar-level competition. Currently, different registrars offer a variety of services to customers waiting for domain-name registrations to be deleted. These different services, which are currently offered on a competitive basis, all work on the basis of promptly registering names once they are returned to the available pool after deletion. Because the registry-level WLS would divert deleted names from being returned to the available pool, it would "trump" all of the competitive registrar-level services.

    In general, the introduction of registrar-level competition has been extremely successful, and care should be taken before a registry operator is allowed to displace that competition by exercising abilities it has acquired by virtue of being designated the registry operator.

    In the specific case of WLS, however, it is quite possible that some of the technically harmful effects of the registrar-level services (such as the high registry loads caused by "add storms") may justify instituting a registry-level WLS. It is also quite possible that the consumer benefits of having a guaranteed effective reservation (which can not be done at the registrar level) make it appropriate to allow registry-level WLS. It does not appear to me that a consensus position on these issues has yet developed in the community.

2. Serious objections have been raised to the preferential transition arrangements proposed for the current SnapBack service, but not for any of the current services with which it competes. Since only some registrars are currently offering the SnapBack service, this proposed preference raises questions as to whether equivalent access would be accorded to all registrars.

3. Many in the community believe that the price for the proposed WLS service should be limited to a cost-plus-reasonable-profit basis. Registrars, in particular, have indicated that the proposed price is several times likely costs. Maximum-price limits are intended to ensure that a registry operator does not abuse the sole-source position it achieves through its registry agreement with ICANN. Making judgments about appropriate maximum prices requires consideration of many factors, such as whether any effective market-based mechanism will be present for constraining price. On the other hand, the argument that the only true market test of the appropriateness of the product and its costs is its reception by potential purchasers would support VGRS's suggestion for a trial period after which a more informed evaluation could be made.