

COMMENTS ON .auDA 2012 INDUSTRY ADVISORY PANEL ISSUES PAPER – JUNE 2012

Dear Paul,

Please find below AusRegistry's response to the 2012 Industry Advisory Panel Issues Paper – June 2012. We thank you for the opportunity to respond.

Kind regards,



Adrian Kinderis
Chief Executive Officer
AusRegistry Pty Ltd

The method of 2LD registry operator selection/appointment post-2014

Issues for consideration

Issue 1.1 How to extract the best value for the Australian Internet community, through whichever registry selection mechanism, beyond 2014.

AusRegistry wishes to acknowledge from the outset its position as the current Registry Operator and wholesale provider under licence from auDA for all commercial .au domain names (*.com.au*, *.net.au*, *.id.au*, *.asn.au* and *.org.au*) and the non-commercial domain names *.gov.au* and *.edu.au*.

Throughout its licence period, AusRegistry has demonstrated and continues to demonstrate strong commitment to developing the .au domain. The results of this commitment are evidenced by the marked increase in the number of .au domain names by more than 600% since December 2002. While the majority of this growth has taken place in the .com.au second level domain, the other commercial second level domains have also developed.

Since 2002, this growth has enabled AusRegistry to reduce the 2-year wholesale price of domain names, for example in the .com.au and .net.au spaces, from \$35.45 (ex GST) in 2002 to \$13.25 (ex GST) in 2012. This has clear, quantifiable advantages for the consumers of .au domain names, as does the steady increase in competition resulting from the increased number of participating Registrars. There are currently 37 accredited Registrars, each of which is entitled to the wholesale domain prices offered by AusRegistry.

AusRegistry supports auDA's commitment to achieving the best value for the Australian Internet community.. AusRegistry will participate in whichever process the Panel determines is the most appropriate method of achieving best value, whether RFT, EOI, RFP or contract negotiation, and its

participation will be undertaken with the same transparency and willingness to deliver value as demonstrated in previous processes.

Issue 1.2 Pros and cons of maintaining the provision allowing for multiple registries

AusRegistry concurs with the Panel's assessment that the .com.au second level domain is, in the present market, necessary to support the other second level domains. In the current environment, there is little incentive to make upgrades or improvements to the other 2LDs infrastructure and management without the return on investment generated by the .com.au 2LD.

Despite significantly lower registration volumes, the other 2LDs have benefitted considerably from the investments made by AusRegistry in developing and maintaining 'best of breed' infrastructure and supporting systems. AusRegistry has delivered wholesale price reductions in all second level domains, not simply the .com.au 2LD, but this is made possible only by AusRegistry's operation of the .com.au domain name space.

Looking ahead, AusRegistry supports the retention of policy supporting multiple registries in .au in order to maintain flexibility and adapt to future market conditions. AusRegistry cautions, however, that unbundling the second level domains could lead to varying user experiences, which could then create the possibility of user confusion and dilute the overall strength of the .au brand and reputation.

Equally, .au accredited Registrars will incur significant costs if they are required to develop their systems to meet the technical requirements of multiple Registry providers. This may increase the possibility for Registrars to only support the .com.au 2LD.

Further, AusRegistry notes that the current RLA requires the Registry Operator to support any new 2LDs introduced to the .au namespace. A multiple Registry Operator environment would add complexity and cost to this process.

Issue 1.3 Possible effect of the introduction of new gTLDs

As a participant in the new gTLD program, AusRegistry believes that it would be inappropriate to offer any specific comments on the possible effect of the introduction of new gTLDs.

As a company, AusRegistry has always been solely dedicated to supporting the .au namespace. It is no secret that we have participated in the new gTLD Program as a Registry Services Provider through its subsidiary, AusRegistry International (trading as ARI Registry Services). We believe this is of enormous benefit as any new requirements, expertise and learnings gained from this participation can be shared with the .au Community. In the short term .au will benefit from new gTLD Registry mandatory requirements such as IPv6 and DNSSEC – both of which will be added to the .au Registry System when appropriate.

AusRegistry further acknowledges that, if it is selected to continue as the .au Registry Operator, it must maintain flexibility to respond to changing market conditions in such a dynamic market environment, to address any challenges, and work collaboratively with auDA to ensure that the .au

domain remains a trusted and well-recognised space that is dedicated to and focussed on supporting Australian business, organisations, individuals and government bodies.

Issue 1.4 Scope of competition amongst potential registry operators in Australia

As the current Registry Operator, AusRegistry considers that it would be inappropriate to make specific recommendations on the scope of competition amongst potential registry operators in Australia.

AusRegistry agrees that there is no evidence of pent-up demand for registry competition in .au. With this in mind, AusRegistry highlights the concerns raised by the Panel of the significant cost of executing a full RFT process and whether these can be offset given the limited current scope of competition amongst potential Registry Operators able to maintain a local presence and operate the registry from within Australia.

AusRegistry utilises Australian-located infrastructure and Australian-developed software. AusRegistry employs leading Australian technicians while also providing a supportive environment for career entrants, and operates an Australian-located support desk. This broader commitment to the national infrastructure and agenda is standard practise amongst country code Top-Level Domains, and AusRegistry is fully supportive of and willing to continue to contribute to auDA's efforts in this regard.

The policy and process for registrar accreditation

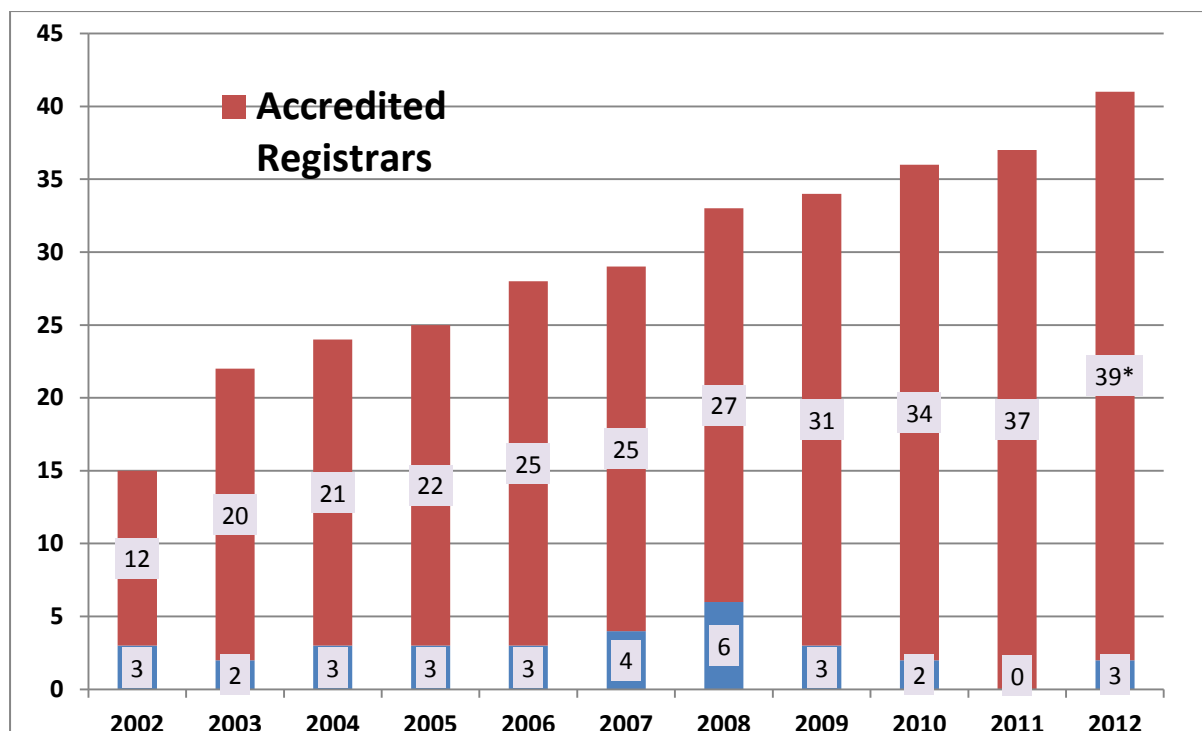
Issues for consideration

Issue 2.1 The current accreditation fees and processes

AusRegistry is committed to the health and competitiveness of the Australian domain name market and fully supports the growth taking place in the Registrar and Reseller sectors of the industry. Accreditation fees and processes are core components of the health and competitiveness of the market and Registrars' and Resellers' ability to participate in it.

AusRegistry notes that current accreditation fees are comparable to industry standards for other namespaces. This consistency supports a position of not increasing accreditation fees.

Further, current accreditation fees and processes clearly do not present a barrier to market entry; this position is supported by the growth in auDA-Accredited Registrars over the past decade.



*Figure includes two auDA Registrars

Registrar Growth in the .au ccTLD: 2002-2012

AusRegistry believes that the current accreditation fees strike an appropriate balance. Higher fees risk bringing auDA accreditation out of line with industry standard practice and deterring well prepared Registrars willing and able to make a long term contribution to the industry. Lower fees may have the effect of attracting companies insufficiently prepared to assume the responsibilities of accreditation and long-term compliant operation.

Issue 2.2 The accreditation of overseas-based registrars

AusRegistry fully supports open competition in the .au domain name marketplace and the resultant benefits to Australian consumers of increased competition, innovation and service delivery from increased numbers of accredited Registrars, irrespective of their geographical location. To this end, AusRegistry encourages the Panel not to recommend intervening in the market by placing restrictions upon overseas-based Registrars.

Current requirements that overseas-based Registrars register with the Australian Securities and Investment Commission and the Australian Tax Office, consistent with requirements upon Australia-based Registrars, provide Australian consumers with certainty and confidence, thus contributing to overall confidence in .au.

Issue 2.3 The accreditation of registrars for drop-catching purposes

AusRegistry recommends that a Working Group be established to give deeper consideration to drop-catching business models and how these can be better accounted for in the .au market and auDA accreditation process.

Registrar security

Issues for consideration

AusRegistry places the utmost importance on security and protecting the integrity and stability of the .au namespace. Consistent with this commitment, AusRegistry's DNRS architecture was developed taking into consideration a broad range of security threats. The operation of this architecture is supported by a comprehensive set of security policies. Robust processes are in place to implement these policies, including a change management process, an incident management process, a problem management process, a security incident management process, and an access management process.

Working collaboratively with auDA, AusRegistry has additionally developed a Registrar Contingency Plan to mitigate and manage the risk to Registrants in the event of a Registrar's failure.

AusRegistry operates an ISO27001:2006-compliant Information Security Management System (ISMS) for Domain Name Registry Operations. ISMS is an organisation-wide system encompassing all levels of Information Security policy, procedure, standards, and records. The AusRegistry group of companies is also ISO9001:2008 certified; this is the most widely known and internationally accepted model for a quality management system.

AusRegistry fully supports the implementation of a mandatory security standard for registrars and, consistent with this commitment, played a key role in the development of the draft auDA ISS Compliance Policy, with two senior AusRegistry staff members participating in the drafting team. AusRegistry supports the draft ISS and will work diligently to facilitate its implementation if it is accepted by the industry.

The status and regulation of resellers

Issues for consideration

Issue 4.1 The definition of "reseller" and mechanisms for identifying as a reseller

AusRegistry is committed to the health and competitiveness of the Australian domain name market and believes that Resellers make a substantial contribution to that end. AusRegistry therefore fully supports the involvement of Resellers in the .au domain name market and their continued provision of services to Australian domain name consumers.

AusRegistry believes that clarity in the definition of 'reseller' in the Registry Agreement will have benefits for consumers, Resellers, Registrars and auDA. As the Panel has noted, the current definition does not capture the broad range of activities undertaken by Reseller companies providing services to domain name consumers.

AusRegistry supports reconsideration of the current definition of resellers in order to enable Resellers to participate more fully and openly in the .au domain name market.

Issue 4.2 The benefits and difficulties associated with a formalised auDA-reseller relationship

As noted in response to Issue 4.1, AusRegistry fully supports the involvement of Resellers in the .au domain name market. As Reseller activity increases and matures, Resellers increasingly contribute to growth in the market for .au domain names and thus the overall health and viability of the namespace.

To this end, AusRegistry will support a position taken by Resellers on formalisation of their relationship with auDA. Specifically, if Resellers consider that the benefits of a formalised relationship outweigh the costs and will assist in facilitating their participation in the market, AusRegistry supports that position.

AusRegistry believes that there is high potential for the benefits of formalising the relationship between auDA and Resellers to outweigh the costs to Resellers and auDA. Formalisation has the distinct advantage of ensuring that Resellers, who as a group constitute an increasingly large proportion of the membership of auDA's Supply Class, are directly subject to auDA policy. Required formalisation will promote compliance to a degree that voluntary schemes cannot, thus contributing to the take-up of best practice and serving as a deterrent to Reseller companies unable to meet auDA policy standards. Further, efficiencies may be gained in terms of increasing the effectiveness of enforcement actions and the speed of their resolution, thus offsetting the costs of administering a large number of new contractual relationships.

Issue 4.3 The desirability of listing resellers in WHOIS

AusRegistry supports the full participation of Resellers in the .au domain name market and acknowledges the role WHOIS listing plays in achieving full participation. AusRegistry acknowledges that changes to WHOIS impact not only the Registry Operator but also Registrars. With that in mind, AusRegistry recommends deeper engagement with the industry to ensure that technical feasibility is fully examined. Significant investment would be required to change registry systems to enable listing Resellers in WHOIS. Robust end-to-end testing would also be required to ensure that the WHOIS user experience is not degraded or otherwise negatively impacted by any changes.

As noted by the Panel, the current approach creates opportunity for confusion, particularly on the part of Registrants given the direct relationship between Registrant and Reseller. This relationship, which is critical to the continued strength and growth of the .au market, is not currently reflected in the WHOIS record. AusRegistry is concerned that registrant confusion may have significant and long-term negative effects on domain name registration and the .au reputation and brand.

AusRegistry agrees with the Panel that listing resellers in WHOIS may be beneficial to consumers and the industry as a whole. In AusRegistry's view the risks identified above justify careful consideration of this issue. AusRegistry is committed to assisting in this process, and will be open to participating on further Working Groups to deliver a result that has the support of the industry.

The policy and process for registrar transfers

Issues for consideration

Issue 5.1 The current process for authorisation of registrar transfers

In AusRegistry's view, the proposed change to require losing registrars to approve a transfer-out if requested by a Registrant adds unnecessary complexity and regulation to the transfer process. Other namespaces do not impose such a requirement; doing so is likely to reduce the overall competitiveness of .au domain names.

AusRegistry notes that domain names registered in gTLDs are subject, pursuant to ICANN's Policy on Transfer of Registrations between Registrars, to a 5-day Pending Transfer period during which the losing Registrar must respond to a notification from the Registry. The .au Registrar transfer process, with its 48-hour delay to prevent fraudulent activity, is significantly more efficient and competitive than this process. The impact of this difference will be all the more apparent as new gTLDs are added to the root, all being subject to the 5-day Pending Transfer requirement.

For these reasons, AusRegistry recommends that auDA not mandate that Registrars approve a transfer-out on request of the Registrant.

Issue 5.2 Bulk domain name transfers between registrars, specifically upon acquisition

The implementation of a bulk transfer policy will create significant change in the current registration system. AusRegistry highlights that significant change such as this must, to ensure ongoing security and stability of the registry, be backed by thorough planning and careful end-to-end testing. Changes to facilitate bulk domain name transfers between Registrars must be carefully managed. The Registry Operator will need to commit considerable resources to facilitate this change.

With these important considerations in mind, AusRegistry supports the Panel's preliminary view and its emphasis on ensuring that auDA's policy on bulk domain name transfers between registrars is not unnecessarily restrictive and does not increase Registrant vulnerability. AusRegistry will engage fully with auDA and Registrars to implement a policy that facilitates bulk transfers with minimum impact on Registrants.

Issue 5.3 Bulk domain name transfers by resellers

As stated in response to Issues 4.1, 4.2 and 4.3 above, AusRegistry supports the full participation of Resellers in the .au domain name market and wishes to encourage the positive effect Reseller participation has on competition. AusRegistry agrees with the Panel's assessment that the prohibition on bulk transfers as it applies to resellers has the effect of limiting competition and reseller mobility. AusRegistry therefore supports the Panel's preliminary view and its emphasis on Registrant safeguards and other protective measures.