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SMWG Teleconference - 4 April 2011

Present: Lujia Chen, Brett Fenton, Jo Lim, George Pongas, Ned O'Meara, Michael Sojevic, Peter Stevenson

Apologies: Rod Keys, Chris Wright

Actions

- JL to draft minutes and revise issues paper
- GP to provide registry statistics in relation to registranttransfers
- GP and CW to review 2009 AusRegistry proposal to auDA re drop platform

Discussion

1. Welcome and introductions

Members of the Working Group introduced themselves.

2. Working Group role and process

JL outlined the role of the Working Group and its operational processes (see Attachment).

3. Draft issues paper

The Working Group discussed the draft issues paper prepared by auDA staff. Once finalised, the paper will be released for public consultation.

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The following amendments and additions were agreed:

Background

Highlight that a major reason for making policy changes to facilitate an open secondary market in .au domain names, was in recognition of the fact that a "black market" in .au domain names already existed.

Current situation

If possible, include registry statistics from the past 12 months to show the number of registrant transfers made by domainers versus the general public. GP advised that a quick analysis of the previous month's registrant transfers showed a rough 50-50 split, however there were an unusually high number of transfers in the month which may have skewed the results.

Consumer issues

1. Registrant transfer fees

Broaden this section to include the registrant transfer process as well as fees.

Working Group members noted that the transfer process differs from registrar to registrar, which can be confusing and unnecessarily complicated for consumers. Some registrars have a streamlined and mostly automated process, while others use a manual process. In the absence of any mandatory standard, the process and fee is a business decision for each registrar, based on the volume of transfers they receive, and their desire to differentiate themselves in the market.

It was felt that most registrants probably believe that they have to process a registrant transfer through the current registrar of record, which acts as a limitation on competition and consumer choice. Working Group members saw no reason why auDA should not advise people that it is permissible for a registrant to transfer their domain name to another registrar before processing the registrant transfer. It was also suggested that registrars who bundle the domain name licence fee with a transfer fee should be required to disclose the quantum of each fee.

Working Group members also raised security concerns associated with registrant transfers, especially given that some domain name transactions are worth large amounts of money. It was suggested that some registrars' processes may be inadequate in this regard.

The Working Group agreed to propose that auDA should mandate a minimum standard for registrant transfer processes. It was thought that this would benefit consumers by providing for greater consistency and improved security across the industry.

2. Six month prohibition on transfers

If possible, include registry statistics to show the number of registrants transfers processed within the first six months versus transfers at seven months, and later.

Working Group members thought that the six month prohibition is probably not achieving its intended objective. It was also noted that the policy is inconsistent, in that the six month block only applies to new creates and not to transferred domain names (ie. there is nothing to stop someone buying a domain name on the secondary market and immediately offering it for sale).

The Working Group agreed that it would not put forward any suggestions or proposals at this stage, but would wait to consider public feedback.

3. Drop catching services

The Working Group acknowledged that some market participants already provide information about drop catching services and the secondary market generally. However, it was noted that this information is really only available to people who are already "in the know"; the issue is how to extend it to the general public.

Working Group members agreed to propose that there should be a formal accreditation process for registrars that want to provide drop catching services. This would allow auDA to publish an official list of registrars that are accredited to provide drop catching services, along with authoritative and competition-neutral information for consumers.

4. Auction listings

The Working Group raised an additional consumer issue regarding out-of-date listings on auction sites. Sometimes a registrant will list their domain name for sale, but then let the domain name expire when it fails to sell, without removing the listing. This can cause problems when someone who has purchased a domain name is unaware that the domain name is still listed for sale.

Industry issues

1. Registry operations

GP and CW will review AusRegistry's 2009 proposal to auDA to set up a separate drop platform. Some Working Group members expressed concerns that the proposal would undermine market competition and destroy the equity that some registrars have built up over years of operation. It was suggested that there may be alternative technical solutions to address registry load issues. For example, the drop time could be changed to off-peak, although it was recognised that the overhead would probably be too burdensome for the registry.

2. Registrar connection sharing

JL advised that auDA has not seen an increase in the number of applications that appear to be for drop catching purposes.

Working Group members suggested that this issue may be best addressed via the registrar accreditation process. For example, auDA could make it harder and/or more expensive for an entity to accredit second and subsequent registrars.

Another approach may be to limit the number of EPP connections across a registrar group, thereby negating or at least minimising any competitive advantage associated with owning multiple registrars. This could be done by giving a group of registrars the same number of connections as a single registrar. Alternatively, the number of connections for each registrar in a group might be limited, eg. the first registrar gets five connections, the second one gets three connections, etc.

3. Registrar competition

GP advised that under the Registry Usage Policy, registrars are supposed to notify the registry if they propose to increase their transaction rate, however this does not always happen.

Working Group members noted that having an accreditation process for drop catching, as proposed under Consumer issue 3 above, would ensure that registrars meet defined technical requirements and are aware of registry policy before they commence operations. It was suggested that AusRegistry could set up an OTE for drop catching, to quarantine this activity from the rest of the registry.

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