



January 22, 2020

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Chief Executive Officer

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Members of the Board of Directors

John Jeffrey  
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Internet Corporation for Assigned Names and Numbers  
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Dear ICANN Leadership:

On January 16, 2020, several members of Congress wrote to you regarding the agreement reached among the Internet Society, Public Interest Registry (PIR) and Ethos Capital with respect to the .ORG top-level domain.

A number of important issues were raised in the letter that we would like to address, just as we welcomed the opportunity to address questions posed in a letter dated December 23, 2019, to which we replied on January 6, 2020 (attached).

As we stated in our [response](#), this transaction serves the public interest in several important ways. First, it will ensure the long-term growth and development of the .ORG domain by enabling PIR to expand its work and the services it provides to the nonprofit community and other .ORG users in innovative and socially responsible ways. Second, it will provide essential support for the ongoing work of the Internet Society by providing a substantial endowment that will ensure its ability to continue its efforts to build a more accessible, inclusive and secure Internet around the world.

In addition, Ethos has announced it will maintain the same technology, and will keep PIR's management team in place, so that .ORG will remain secure, reliable and stable. And the Internet Society, Ethos and PIR have taken the unprecedented step of publishing PIR's notice of change of control to ICANN, as well as the answers to ICANN's questions, in what has been the most transparent process of a change of indirect control in ICANN's history.

In our response of January 6, we outlined in detail the commitments that Ethos and PIR have made to serve .ORG users. Since that letter, we have taken additional steps to reflect these commitments, including [publishing](#) the key elements of the Certificate of Formation for the new Public Benefit LLC. The Certificate of Formation will include language embodying the following commitments:

- *Public Benefit:* The Company will promote and support the purpose-driven and other organizations and individuals that use the .ORG top-level domain name and other top-level domain names managed by the Company and its subsidiaries, by committing to: (a) provide high-quality domain services and related products and services, (b) found and support a charitable foundation and (c) promote a culture of accountability and transparency for the registry, employees and customers.
- *Affordability:* The Company's business strategy will include consideration of the affordability of domain name registrations and the importance of providing customers with a strong value proposition for the services that the Company and its subsidiaries provide. The Company will not increase, and will not permit any of its subsidiaries to increase, annual fees for initial or renewal registration of a .ORG domain name by more than 10% per year on average.
- *Stewardship Council:* The Company shall establish a stewardship council (the "PIR Stewardship Council") from which it will seek strategic advice and recommendations to help guide PIR management and the board in considering the interests of .ORG stakeholders. The Company will delegate to the PIR Stewardship Council rights to oversee and appropriate a portion of the PIR charitable foundation's funds to finance initiatives undertaken in support of the .ORG community.

We also want to reiterate that there will be absolutely no change to the security, reliability or stability of the .ORG registry. As noted, the registry operator is not changing – it will remain PIR, with its excellent management team and technical expertise provided by Afilias. And PIR will continue to invest as much as it does in ensuring the .ORG registry is run in accordance with exemplary technical standards, and maintains its outstanding record of uptime.

Finally, we want to correct the record on points contained in the letter of January 16 with respect to both the economic nature of this transaction and the nature of PIR's current obligations to the Internet Society's ownership. To clarify:

- Since 2003, when stewardship of the .ORG registry was transferred to the Internet Society, all of PIR's surplus income has been contributed to the Internet Society every year. PIR has since contributed over \$450 million to the Internet Society.
- The debt used to acquire PIR in this transaction represents only 30% of the capital structure. Interest on the loan will be \$24 million in the first year, substantially less than the \$58 million PIR currently contributes to the Internet Society annually, and will decline in each subsequent year. Based on the terms of the loan and cash flow from the business, we will be able to repay all of the debt in a reasonable amount of time while still investing in the

growth of .ORG and contributing to a .ORG Community Enablement Fund to help nonprofits and others around the world.

- The economic assumptions made by an Afiliast sub-contractor are invalid (see <https://thenew.org/the-technical-security-and-stability-of-org/>), and the ability to achieve a reasonable rate of return is independent of those erroneous assertions.
- PIR is not the only for-profit entity in the value chain. For every .ORG registration, for-profit entities like Afiliast, DNS service providers and registrars earn a profit. Yet there is no question of their stewardship or ability to service .ORG in furtherance of the public interest. Indeed, .ORG registrants do not register their names through PIR directly, but must go through their registrars, which are nearly all for-profit entities. In addition, the .ORG domain was run by a for-profit entity prior to PIR being established – and the .ORG community and domain both thrived during this time.
- As you know, PIR does not set the price for customers. For the sake of simplicity, PIR is basically a wholesaler in the marketplace that sells to the retail registrars. As stated above, Ethos and PIR have committed to maintaining the same approach to wholesale prices and potential price increases that has been in place for the past 17 years. However, registrars, which are nearly all for-profit entities, ultimately set prices for all .ORG customers.
- The allegation that Ethos will have the “ability and incentive” to sell DNS query data is wrong. Registry operators know that any DNS query data that could be gathered from a registry’s name servers would not provide sufficient user information for targeted marketing or monetization.
- PIR does not offer different renewal prices to new versus current registrants. It must, pursuant to its contract with ICANN, offer the same wholesale price to all registrars, who then decide what price they will offer to registrants, in a competitive market. As noted, registrars, and not PIR, determine the price charged to registrants; PIR does not and cannot control the prices that registrars charge registrants.
- Finally, comparing Ethos to other “publicly traded PE firms” as a way to justify the claim that it will have to take money out of PIR to generate acceptable returns is fundamentally wrong. Under no circumstance would Ethos compromise the integrity and reliability of the .ORG domain for the benefit of itself or any other investor. The greatest value in .ORG is its reputation, the values it represents and the loyalty of its customers. Ethos would not take any steps that could threaten the very attributes that make .ORG such a valued and trusted domain, just as any rational organization – for-profit or nonprofit – would never acquire another entity simply to devalue it. Any suggestion to the contrary is wrong.

We respect the right of Members of Congress to express views regarding Ethos’ acquisition of PIR. We respectfully disagree, however, when their views are based on erroneous assumptions or fail to acknowledge the strong merits of this transaction.

Unfortunately, this recent letter overlooks the clear commitments PIR and Ethos have made, as well as the immense opportunity Ethos' investment will create for both PIR and the Internet Society to advance their important work for the public benefit and the Internet at large. We remain dedicated to building the strongest possible .ORG to enable mission-driven organizations and others to do good around the world, and to doing right by all stakeholders. We are encouraged by the support we have seen, including from key figures in the .ORG and Internet communities, such as [Vint Cerf](#) and [Mike Godwin](#).

We look forward to continuing an open dialogue and engagement with the community. But we hope that our discussion will be based on a common understanding of the facts. Ethos and PIR will together continue responsible stewardship of .ORG. We will not raise prices outside of PIR's historical limits and practices, nor reduce services, nor impose "arbitrary censorship," nor otherwise abuse the trust that comes with responsible stewardship. As the Internet landscape continues to change, Ethos' investment in .ORG will be vital to ensure the domain can keep pace with this evolution, both now and over the long-term.

Sincerely,



Andrew Sullivan  
*The Internet Society*



Jon Nevett  
*Public Interest Registry*



Erik Brooks  
*Ethos Capital*

Attachment: Letter of January 6, 2020

January 6, 2020

The Honorable Ron Wyden  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Richard Blumenthal  
United States Senate  
706 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Elizabeth Warren  
United States Senate  
317 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Anna Eshoo  
United States House of Representatives  
241 Cannon Office Building  
Washington, D.C. 20515

Dear Senator Wyden, Senator Blumenthal, Senator Warren and Congresswoman Eshoo:

Thank you for your letter of December 23, 2019, regarding the agreement reached among the Internet Society, Public Interest Registry (PIR) and Ethos Capital with respect to the .ORG top-level domain. We welcome this chance to respond to your questions, and want to assure you that we have kept, and will continue to keep, the interests of .ORG registrants and users, and of the public, first and foremost in the operation of PIR.

On November 13, 2019, our organizations announced that Ethos would acquire PIR from the Internet Society in a transaction that is designed and intended to serve the public interest in two distinct ways: (1) by ensuring the long-term growth and development of the .ORG domain, and (2) by providing essential support for the ongoing work of the Internet Society. The acquisition was approved unanimously by both the Board of Directors of PIR and the Board of Trustees of the Internet Society.

The Internet Society and PIR believe that the sale to Ethos will enhance and support .ORG's continued growth and make the domain even more reliable and useful for non-profit organizations and other .ORG users. For context, the Internet Society currently is the sole member of PIR and relies on PIR's revenue to meet its annual operating budget. By necessity, this constrains the resources PIR has available to invest in developing new products and services to support the non-profit community and other users. Under Ethos' ownership, PIR will be better able to invest in serving registrants' needs, including by introducing new products and services.

We embraced this acquisition precisely because we have long recognized that .ORG is a special domain. As <https://www.keypointsabout.org/> makes clear, we believe that .ORG is a vital part of the work of the nonprofit community and other mission-driven organizations, past and present, and that it will continue to play an important role in their digital future. This is the case

even though, when the Internet Corporation for Assigned Names and Numbers (ICANN) awarded the operation of .ORG to the Internet Society in 2002, that agreement did not require that .ORG be operated by a non-profit entity or by a non-governmental organization. In fact, from 1993 to 2003, .ORG was operated by a for-profit company. This transaction and a return to for-profit status will support .ORG's ability to continue to adapt to the changing Internet and domain name landscape.

We also believe that this transaction will enhance the Internet Society's ability to serve its charitable mission. The Internet Society has two basic aims. It works to connect the half of the world's population that does not have, or cannot afford, Internet access – including in the United States in both rural and urban areas. It also works to defend the Internet against daily attacks by those who seek to undermine it – whether they be governments attempting to use the Internet as a means of social control or private sector efforts to limit access. This work requires substantial and stable investment over a long period of time. With the sale to Ethos, the Internet Society will be able to secure its future funding to continue its important work. When the acquisition is complete, the Internet Society will be free of dependence on any single company or Internet-related industry for financial support. The organization will instead have a substantial new endowment, which will ensure its ability to continue efforts to build a more accessible, inclusive and secure Internet around the world.

As Vint Cerf, an Internet pioneer, founding President of the Internet Society and former Chairman of the Board of ICANN, said in support of the acquisition: "When the Internet Society won the bid to operate the .ORG registry, it enabled a productive and sustainable future for the organization. Public Interest Registry exercised its stewardship to the benefit of the registrants and the Internet Society's mission. I am looking forward to supporting Ethos Capital and PIR in any way I can as they continue to expand the utility of the .ORG top-level domain in creative and socially responsible ways."

Expanding the work of PIR and the services it provides to users in innovative and socially responsible ways will be key. The Ethos and PIR teams bring decades of experience to the operation of top-level domains and the work of PIR, and are excited to put that knowledge to work to create an even stronger PIR and .ORG. In this respect, PIR and Ethos have announced a number of commitments to serve .ORG users related to pricing and operation of the registry.

Importantly, Ethos and PIR commit to anchor PIR in a Public Benefit LLC structure prior to completing the transaction. This form of structure will enshrine the mission of PIR in the governing documents. It is one of the primary ways Ethos expects to provide accountability for the governance of PIR, and to provide assurance to .ORG registrants and users that Ethos will uphold its commitments. The Statement of Public Benefit embodied in the company's Certificate of Formation will specifically state PIR's commitments to devoting resources to serve a public benefit. This will include the commitment described below to adhere to PIR's historical pricing practices.

Ethos will maintain PIR's historical practices on pricing. At less than \$10 per year, .ORG remains one of the most affordable domains in the marketplace. Ethos has committed to limit any potential increase in the price of a .ORG domain registration to no more than 10% per year on average, even though today there are no regulatory pricing constraints on PIR or virtually every other domain name registry. Based on domain prices today, a 10% increase would equate to about \$1. As such, .ORG will continue to be one of the most affordable domain names in the world.

Ethos plans to embed its pricing commitments in the Public Benefit LLC being established. Any changes to these commitments would be subject to a formal process involving both the PIR Board and the PIR Stewardship Council that is under formation. Keeping pricing reasonable is especially important to attract new .ORG registrants now that there is a vibrant and highly competitive domain name market in which users can choose from over 1,000 top-level domains.

It should be noted that shortly after announcement of the transaction, speculators that warehouse .ORG and other domain names, with the aim of selling them later for huge profits, fueled rumors about potentially extreme price increases. What might be a relatively modest increase for a nonprofit organization holding a single registration, would mean something substantially different for a speculator holding tens of thousands of domain names. We responded to these unfounded claims by providing clear guidance on PIR's plans with respect to reasonable pricing.

As you note, Ethos has announced formation of the Stewardship Council, which will be established within 90 days of the transaction closing. The Council will be an independent and transparent body that will serve as a resource for both PIR and .ORG registrants.

Ethos and PIR have begun drafting a charter for the Council, which will be available for public comment. The charter will outline the scope, authority, independence and selection process for the Council. Once established, the Council will seek input from .ORG registrants to convey advice and recommendations to PIR's leadership on key matters. The Council will also be a leading voice in recommending new services and capabilities to be offered through the .ORG platform to serve the mission-driven community.

In addition, the Council will oversee a Community Enablement Fund that will invest in initiatives serving .ORG users. For example, the fund will finance the .ORG Impact Awards, which will recognize the success and positive impact of non-profit organizations. The Fund will also benefit PIR's educational and outreach efforts around the world.

The initial stewards on the Council will be selected by the Board of PIR from among persons knowledgeable in the fields of mission-driven, charitable and non-profit organization management across a broad spectrum. This may include social entrepreneurship, community development, economic empowerment, social advocacy, human rights and general philanthropy. One of the first priorities for the Council will be to create a nomination process

and selection committee. That body, in conjunction with the PIR board, will be the entity that selects the Council members. The Council will meet at least twice a year, and members will have staggered, overlapping terms of up to three years.

Ethos has also made commitments with respect to freedom of expression and upholding human rights more broadly. PIR and Ethos take the preservation of freedom of expression seriously, and the registry's commitment to free speech will continue unabated. Notably, the Council will be empowered to ratify strong rules protecting freedom of expression and safeguarding against censorship.

To protect and promote human rights, PIR and Ethos have proudly engaged with ARTICLE 19, a nongovernmental organization dedicated to helping people around the world freely express themselves and actively engage in public life without fear of discrimination in furtherance of Article 19 of the Universal Declaration of Human Rights. As PIR and Ethos stated in a [recent announcement with ARTICLE 19](#) regarding a new initiative to bolster how Internet registrars and registries can support human rights, "Ethos and PIR are united in our commitment to maintaining the highest level of integrity in the registry's operations and upholding .ORG's reputation and position as the most trusted platform for mission-driven organizations, individuals and others on the Internet."

Similarly, we take the safety of Internet users seriously. While PIR and Ethos recognize that the domain name system is not usually an appropriate tool to address website content questions and speech issues, if a site hosted on a .ORG domain engages in specific imminent threats of violence or distributes child sexual abuse materials (CSAM), PIR will not hesitate to take action under its existing Anti-Abuse Policy – just as it has always done.

PIR's anti-abuse and takedown principles and procedures across all of our TLDs are [public and transparent](#), and that will not change. In 2019 the registry suspended more than 36,000 .ORG domain names for technical abuse of the DNS (i.e., phishing, malware, botnets, etc.) while it suspended only ten domain names based on their website content. Of these names, eight were suspended for distribution of CSAM, and two were dedicated to the illegal distribution of opioids. Neither CSAM nor the illegal distribution of opioids are protected speech in the United States.

PIR will be a Pennsylvania limited liability company, and therefore under the jurisdiction of U.S. courts, including with respect to any takedown request processed in accordance with U.S. law.

A number of the above commitments are also contained in the filings and information that we have provided to ICANN. We have agreed to ICANN's request to publicly post our registry transfer request and our answers to its questions in accordance with the principles set forth in ICANN's Documentary Information Disclosure Policy. In addition, PA public court filings will be made available on PIR's website.

In closing, all three parties — PIR, Ethos and the Internet Society — are dedicated to ensuring a smooth and seamless transition, and to continuing the mission-driven purpose of .ORG and PIR. PIR's operation of .ORG will continue as usual, with the same excellent management team and registry services operator. Ethos is committed to investing in the long-term vitality of .ORG and its users, and intends to serve the needs of the community for many years to come. For all of these reasons, we believe this acquisition serves the public interest.

Sincerely,



Andrew Sullivan  
*President and CEO of the Internet Society*



Jon Nevett  
*President and CEO of Public Interest Registry*



Erik Brooks  
*Founder and CEO of Ethos Capital*