Internet Corporation for Assigned Names & Numbers
Contractual Compliance
2013 RAA Audit Report – September 2016

2016 Audit Report

https://www.icann.org/resources/pages/compliance-reports-2016

Table of Contents[1]

I.   Background

ICANN's Contractual Compliance team's mission is to ensure that all contracted parties (Registrars and Registries) comply with their agreements, including the consensus policies that are incorporated into those agreements, as applicable. ICANN strives to achieve this goal through prevention, enforcement and education.

Goal of the Audit Program: To allow ICANN to identify, inform, manage and help remediate any deficiencies found with the contracted parties. The deficiencies identified would relate to specific provisions and/or obligations as set out by the Registrar Accreditation Agreement (RAA) and the Registry Agreement (RA), including ICANN Consensus Policies that are incorporated into those agreements, as applicable. The Audit Program is geared toward identifying and collaborating with the contracted party to remediate those deficiencies, while ensuring that proper controls exist to mitigate future deficiencies related to the obligations in the RAA and the RA.

---

[1] This update is provided for information purposes only. Please do not rely on the information contained within this update to make conclusions or business decisions.

II.   Executive Summary

On 26 September 2016, ICANN launched an audit round to test and validate the selected Registrars' compliance with the terms of the 2013 version of the RAA. This report constitutes the results of the audit that took place from September 2016 through May 2017.

The audit criteria for this round consisted of the following factors:

- Contracted parties that have not been previously audited

- Contracted parties that were audited over 2 years ago

- Contracted parties with highest numbers of 3rd Notices per number of domains under management calculated over the past 12 months

- Contracted parties from the previous audit round that were subject to follow-up by ICANN to verify the effectiveness of prior audit findings remediation

Fifty-five (55) Registrars were selected for this audit round. Of the 55 Registrars in scope, 48 were tested in the 2009 RAA Audit launched in 2012 and met the following criteria at the time of the September 2016 audit launch:

- Had not been audited since 2012
- Operated as stand-alone registrars and not as part of a registrars' family (in some cases, registrars who are members of such families might have received audit waivers)

The audit round was conducted through the testing of data and the review of documentation, selected Registrar websites, and correspondence between the selected Registrar and registered name holders.

The remaining seven (7) Registrars had received a partially remediated report in the 2013 RAA Audit launched in September 2015 and were subject of a follow-up verification of successful remediation or previously noted deficiencies.

During the Request for Information (RFI) phase, two (2) Registrars were granted an audit deferral to the next audit round due to change in ownership and transfer of documentation and one (1) Registrar terminated their accreditation with ICANN. In addition, during the Audit phase, one (1) Registrar terminated their accreditation with ICANN. Finally, during the Remediation phase, one (1) Registrar requested that the audit be postponed to the next audit round due to unforeseen circumstances. As a result, 50 Registrars were audited.

During the Audit Phase, ICANN reviewed nearly 6,200 documents collected in 13 different languages.

By 12 May 2017, ICANN had issued a final audit report to the 17 Registrars that demonstrated resolution of all initial findings noted in their respective draft audit report. The remaining 33 Registrars were still in the process of remediation and are implementing necessary changes to address the instances of non-compliance. ICANN will follow-up with eight (8) of these Registrars in the upcoming audit round as their agreed-upon due date for compliance will have been reached. ICANN will follow-up with the remaining 25 Registrars in a later audit round once their agreed-upon due date for compliance has been reached.

III. Audit Program Scope and Timeline

Audit Program Scope

The Audit Program operates on a recurring cycle. Registrars may be subject to an audit cycle based on the criteria previously mentioned in addition to other special circumstances or considerations.

Audit program scope details can be found by clicking the following link:

https://www.icann.org/resources/pages/audits-2012-02-25-en

Timeline

The Audit Program consists of six phases with specific milestone dates:

1) **Pre-Audit Notification Phase** – Issue a general audit announcement to notify all contracted parties two weeks prior to the audit start date

2) **Request for Information (RFI) Phase** – Issue a notice of audit to the selected contracted parties. In addition, a follow-up email is sent to those who were not selected

3) **Audit Phase** – Review and assess responses and, where applicable, test and validate

4) **Initial Report Phase** – Issue the initial audit reports containing initial findings to the selected contracted parties

5) **Remediation Phase** – Collaborate with the selected contracted parties to remediate initial findings discovered (if any) during the Audit Phase

6) **Final Report Phase** – Issue final audit reports to selected contracted parties and publish final report at https://www.icann.org/resources/pages/compliance-reports-2016

The following table summarizes the Audit Program milestones and dates:

Audit Program Milestone Dates								
Pre-Audit Notification	**RFI Phase**			**Audit Phase**		**Initial Report Phase**	**Remediation Phase**	**Final Reports Issued**
	1st Notice	**2nd Notice**	**3rd Notice**	**Begin**	**End**	**Date Issued**	**Start / End**	**Date**
26 Sep 2016	4 Oct 2016	25 Oct 2016	1 Nov 2016	9 Nov 2016	13 Jan 2017	16 Jan 2017	Jan 2016 / May 2017	June 2017

IV. Registrar Audit Program

The following table summarizes Registrars selected to participate in the audit.

Phases	Count
RFI Phase	
Registrars selected for the audit	55
Audit not completed due to postponement (during RFI or Audit Phase)	(2)
Audit not completed due to termination (during RFI or Audit Phase)	(2)
Total Remaining Registrars	51
Initial Report Phase	
Registrars passed all audit tests	0
Registrars requiring follow-up and remediation	51
Registrar Total	51
Remediation Phase and Final Report Phase	
Registrars completed resolution of initial findings	17
Registrars implementing a remediation plan	33
Remediation not completed due to postponement (during Remediation Phase)	1
Registrar Total	51

The following table summarizes the RAA provisions that were tested for contractual compliance and the number of Registrars with deficiencies found during remediation.

A deficiency is defined as an initial finding noted in the audit report that is validated during remediation. For example, if a registrar's reseller agreement was found to have insufficient language during the Audit Phase, and the registrar agreed to update their reseller agreement to be in compliance with the RAA, this would be considered a deficiency.

RAA Test Area	Description	# of Registrars with Deficiencies	% of Registrars with Deficiencies
3.7.7.1 to 3.7.7.12	Registration Agreement	33	75%
3.18	Abuse Contact and Reporting	24	55%
3.13	Registrar Training	19	43%
3.3.1 to 3.3.5	Whois - Port43/Web, Corresponding Data Elements	17	39%
3.12	Reseller Agreement	17	39%
2.2	Registrar Use of ICANN Name, Website and Trademarks	15	34%
3.7.5.3 to 3.7.5.6	EDDP; Domain name renewal, provision of applicable information to registrants	14	32%
4.1	Consensus Policies - Inter-Registrar Transfer Policy (IRTP) and Transfer Emergency Action Contact (TEAC)	14	32%
4.1	Expired Registration Recovery Policy (ERRP)	13	30%
3.7.7	Self-Registered Domains	12	27%
3.16	Link to Registrant Educational Information	12	27%
3.14	Obligations Related to Proxy and Privacy Services	11	25%
3.7.8	Business Dealings, Including with Registered Name Holders	10	23%
3.15	Self-Assessment	10	23%
3.19	Technical Specifications (DNSSEC Compliance)	10	23%
4.1	Whois Data Reminder Policy (WDRP)	10	23%
7.6	Update Primary Contact Information in RADAR	10	23%
3.8	Domain-Name Dispute Resolution	7	16%
3.4.2	Retention of Registration Data (Registration Agreements and Payments)	4	9%
3.17	Contact Details on Registrar Website	4	9%
3.7.11	Complaints & Dispute Resolution Process	3	7%
3.4.1	Retention of Registration Data (Electronic Database Maintenance)	1	2%
4.1	Restored Names Accuracy Policy (RNAP)	1	2%

A test area is a provision consisting of multiple requirements, resulting in several test steps. For example, one registrar could have multiple deficiencies under test area 3.4.2; however, all deficiencies within a test area are counted as one.

Each selected Registrar received an individual audit report noting any initial findings identified in the audit. ICANN shared these audit reports only with the selected Registrars and are not available to the public. Fifty-one (51) Registrars received a report noting initial findings and also received a request (1st Notice) to participate in the remediation process to cure noted findings in accordance with ICANN's notification process (i.e. 15 days for the 1st Notice, 5 days for the 2nd Notice, 5 days for the 3rd Notice). For more information on the process, see:

https://www.icann.org/resources/pages/approach-processes-2012-02-25-en.

Thirty-three Registrars were still in the process of remediation and are implementing necessary changes to address the instances of non-compliance. ICANN will follow-up with eight (8) of these Registrars in the upcoming audit round as their agreed-upon due date for compliance will have been reached. ICANN will follow-up with the remaining 25 Registrars in a later audit round once their agreed-upon due date for compliance has been reached. The following table summarizes the RAA provisions that will be followed-up on in the upcoming audit rounds:

RAA Test Area	Description	# of Registrars for Follow-Up	% of Registrars for Follow-Up
4.1	Consensus Policies - Inter-Registrar Transfer Policy (IRTP) and Transfer Emergency Action Contact (TEAC)	14	42%
3.7.8	Business Dealings, Including with Registered Name Holders	13	39%
4.1	Expired Registration Recovery Policy (ERRP)	13	39%
4.1	Whois Data Reminder Policy (WDRP)	11	33%
3.12	Reseller Agreement	7	21%
3.4.2	Retention of Registration Data	6	18%
3.19	Technical Specifications (DNSSEC Compliance)	4	12%
3.13	Registrar Training	2	6%
3.18	Abuse Contact and Reporting	2	6%
3.7.7.1 to 3.7.7.12	Registration Agreement	2	6%
3.14	Obligations Related to Proxy and Privacy Services	1	3%
3.7.11	Complaints & Dispute Resolution Process	1	3%
3.7.7	Self-Registered Domains	1	3%
3.8	Domain-Name Dispute Resolution	1	3%

Enforcement Update - Notice of Breach and Termination

The following table summarizes the number of notices of breach issued, breaches cured, and terminations resulting from the audit as of the date of this report. All notices of breach and termination are available at:

http://www.icann.org/en/resources/compliance/notices.

Phase	Self-Terminated	Notice of Breach	Cured	Total Terminated
RFI Phase	1	0	0	1
Audit Phase	1	0	0	1
Remediation Phase	0	1	1	0

Breakdown: Remediation Phase – Notice of Breach

The following selected Registrar was issued a breach notice during the Remediation phase and was able to cure all breach notice items.

IANA	Registrar	Status
1489	Megazone Corp., dba HOSTING.KR	Cured

Contracted Parties Representation

The 51 Registrars represented 21 countries and provided documents in 13 languages:

Countries
- Australia
- Austria
- Canada
- China
- Denmark
- Germany
- Hungary
- India
- Italy
- Korea (South)
- Morocco
- Netherlands
- Norway
- Panama
- Russian Federation
- Spain
- Sweden
- Turkey
- United Kingdom
- United States
- Viet Nam

Languages
- Chinese
- Danish
- Dutch
- English
- French
- German
- Hungarian
- Italian
- Korean
- Russian
- Spanish
- Turkish
- Vietnamese

V. Audit Program Key Statistics

RFI Phase – Notifications & Data Collection

The following table summarizes the number of selected Registrars receiving a 1st, 2nd or 3rd notice as part of the RFI Phase.

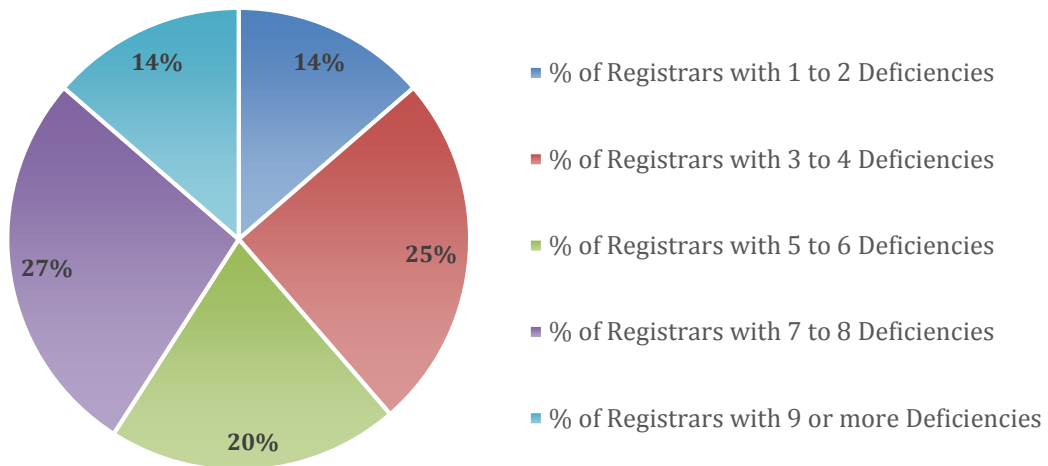| Statistic Description	1st Notice		2nd Notice		3rd Notice	
Number of Registrars to Receive Notice	55	100%	26	47%	14	25%

The table below shows the progression of data uploaded by selected Registrars from the RFI Phase through the start of the Audit Phase.

Statistic Description	4 Oct 2016	25 Oct 2016	1 Nov 2016	8 Nov 2016
Registrar Documents Uploaded	0	2,844	3,750	6,200

Audit Phase – Registrar Reporting

The 51 Registrars received an ICANN Initial Audit Report at the end of the Audit Phase. Many of the findings noted in the reports were then fully remediated after collaboration with the selected Registrars. The chart below provides an overview of the percentage of selected Registrars with deficiencies.

Registrar Deficiency Profile

- % of Registrars with 1 to 2 Deficiencies
- % of Registrars with 3 to 4 Deficiencies
- % of Registrars with 5 to 6 Deficiencies
- % of Registrars with 7 to 8 Deficiencies
- % of Registrars with 9 or more Deficiencies

Remediation Phase – Notifications

Based on the results of the Audit Phase, 51 Registrars participated in the Remediation Phase to cure initial findings noted in their Audit Report. The following table summarizes the number of selected Registrars receiving a 1st, 2nd or 3rd notice as part of the remediation process.

1st Notice		2nd Notice		3rd Notice	
51	100%	42	76%	25	50%

VI. Audit Program Key Recommendations

A. General

- Registrars are encouraged to communicate questions regarding acceptable documentation or unique process / procedures as they arise ICANN to avoid delays in the audit process.

- Registrars should maintain accurate Registrar Contact Information Database (RADAR) primary contact information to ensure timely communication.

- Registrars that are a part of a Registrar "family" that are operationally and technically the same should proactively identify its members and communicate this to ICANN.

- When communicating to ICANN, Registrars should send emails with "receipt requested" option to ensure all emails are received by ICANN.

- All Registrars should review the current Audit Program on ICANN's webpage to understand the areas ICANN is reviewing and self-verifying their processes are compliant with the selected areas and proactively begin addressing the area prior to ICANN initiating an audit.

B. RFI Phase

- Registrars should ask for clarifications regarding the data requested (e.g. acceptable evidence to demonstrate compliance with the Whois Accuracy Program Specification).

- Registrars are encouraged to participate in Audit webinars and ask questions for clarification.

- ICANN will continue to recognize the uniqueness of Registrars' business models and methods of operation and adjust requirements accordingly if communicated in advance and agreed.

- Registrars should provide detailed explanations within their RFI questionnaire if documents requested are not available or if alternatives have been submitted.

C. Audit Phase

- Registrars should review their ICANN Audit Report immediately upon receipt and seek clarification if they do not understand any of the findings.
- ICANN will work to update the language used in the audit report to be more specific in terms of the issue.

D. Remediation Phase

- Registrars should respond to the first (1st) notice of the remediation phase with at least partial information and/or documentation addressing the findings noted in their audit report.
- ICANN will communicate the remediation process and the communication structure more clearly in future audit rounds.
- ICANN will send notices on a more consistent time schedule.

VII. Conclusion

Seventeen (34%) of the 50 Registrars receiving a final report completed the audit with findings noted and were able to fully resolve them prior to the completion of the Remediation Phase. Thirty-three (66%) of the 50 Registrars completed the audit with deficiencies noted and were unable to fully resolve them prior to the completion of the Remediation Phase. These Registrars are implementing necessary changes to prevent the instances of non-compliance from recurring in the future. ICANN will follow-up with eight of these Registrars in the upcoming audit round as their agreed-upon due date for compliance will have been reached. ICANN will follow-up with the remaining twenty-five Registrars in a later audit round once their agreed-upon due date for compliance has been reached.

Appendix A – Selected Registrars

IANA_#	Registrar Name
9	Register.com, Inc.
15	COREhub, S.R.L.
52	Hostopia.com Inc. d/b/a Aplus.net
64	Domain Registration Services, Inc. dba dotEarth.com
65	DomainPeople, Inc.
69	Tucows Domains Inc.
83	1&1 Internet AG
99	pair Networks, Inc.d/b/a pairNIC
112	Catalog.com
120	Xin Net Technology Corporation
168	REGISTER.IT SPA
321	Registration Technologies, Inc.
444	Inames Co., Ltd.
453	AllGlobalNames, S.A. dba Cyberegistro.com
471	Bizcn.com, Inc.
472	Dynadot, LLC
642	Ladas Domains LLC
648	Webagentur.at Internet Services GmbH d/b/a domainname.at
696	Entorno Digital, S.A.
817	MAFF, Inc.
839	Realtime Register B.V.
841	Tiger Technologies LLC
895	Google Inc
898	Alantron BiliÅŸim Ltd Åžti.
959	Tropic Management Systems, Inc.
976	http.net Internet GmbH
985	Own Identity, Inc.
1001	Domeneshop AS dba domainnameshop.com
1005	NetEarth One Inc. d/b/a NetEarth
1090	Active Registrar, Inc.
1111	DomainContext, Inc.
1114	Media Elite Holdings Limited
1249	DotAlliance Inc.
1326	Webair Internet Development, Inc.
1328	RegistryGate GmbH

1340	Arctic Names, Inc.
1362	Regtime Ltd.
1365	Open System Ltda – Me
1397	HooYoo Information Technology Co. Ltd.
1435	AB RIKTAD
1446	Larsen Data ApS
1452	Interweb Advertising D.B.A. Profile Builder
1489	Megazone Corp., dba HOSTING.KR
1493	Ilait AB
1501	DotRoll Kft.
1509	Cosmotown, Inc.
1560	Genious Communications SARL/AU
1586	Mat Bao Trading & Service Company Limited d/b/a Mat Bao
1588	Beijing Sanfront Information Technology Co., Ltd
1604	DanDomain A/S
1609	Synergy Wholesale Pty Ltd
1716	EU Technology (HK) Limited
1733	Beijing Zihai Technology Co., Ltd
1745	LogicBoxes Naming Services Ltd
10007	Domain The Net Technologies Ltd.