



Internet Corporation for Assigned Names and Numbers

26 January 2004

Via E-mail and U.S. Mail

Russell Lewis
Executive Vice President and
General Manager, Naming and Directory Services
VeriSign
21345 Ridgetop Circle LS2-3-2
Dulles, VA 20166-6503

Re: Conclusion of WLS Negotiations

Dear Rusty:

Thank you for your cooperation in completing negotiations concerning the additional terms and conditions under which ICANN will give its consent to VeriSign's request to offer a Wait Listing Service (WLS). I have been authorized to conduct these negotiations on behalf of ICANN pursuant to ICANN Board resolutions 02.100 and 03.80. Based on our discussions, the following summarizes VeriSign's proposals for meeting all of the concerns specified by the relevant resolutions.

Condition A: Subscriptions under the WLS in the .com and .net top-level domains shall not be taken by VeriSign Global Registry Services until at least six months have elapsed after implementation of the Redemption Grace Period for all deleted names in those top-level domains.

VeriSign implementation: The Redemption Grace Period was implemented in .com and .net on 25 January 2003. Since more than six months have passed since that date, VeriSign has effectively satisfied the concerns expressed in Condition A.

Condition B: No preference in connection with, or exclusion from, WLS shall be given because of any registrar-level reservation service.

VeriSign implementation: VeriSign has agreed that it will not give any preference (or exclusion) in connection with WLS to any registrar as a result of its participation in any registrar-level reservation service. VeriSign will not "grandfather" any registrar-level backorder or waiting list reservations, and will not exclude any registered names from availability for WLS subscriptions. All ICANN-accredited registrars will be free to participate in offering WLS, and all registrars will be given equivalent access to the WLS systems and software for

the purpose of placing WLS subscriptions. All registrar connections and bandwidth to the WLS systems will be distributed equally across all connected registrars. WLS subscriptions will be fulfilled on a strictly first-come/first served basis. All registrars will be given equal and adequate notice (at least 30 days' notice) of the details of the launch of the service. In offering WLS, VeriSign will comply with the following: (1) VeriSign will not show any preference or provide any special consideration to any ICANN-accredited registrar with regard to the WLS service; (2) VeriSign will not in any way attempt to warehouse, or purchase WLS subscriptions in its own right other than through an ICANN-accredited registrar; (3) VeriSign subsidiaries and affiliates engaged in providing WLS services shall not have access to, and VeriSign itself will not use, confidential user data or proprietary information of an ICANN-accredited registrar received by VeriSign in the course of providing WLS services, except as necessary for WLS management and operations; (4) VeriSign will take appropriate precautions to prevent the disclosure of confidential user data or proprietary information from any ICANN-accredited registrar, received by VeriSign in the course of providing WLS services, to its affiliates or subsidiaries, except as necessary for WLS management and operations; (5) confidential information about VeriSign's WLS services will not be shared with employees of any ICANN-accredited registrar, except as necessary for WLS management and operations; (6) VeriSign will conduct internal neutrality reviews on a regular basis. Also, as described in your letter to ICANN dated 12 December 2003, non-registry personnel including third-party software providers will not have direct access to WLS systems or data.

Condition C: To avoid an incumbent registrar acquiring a preference in obtaining a WLS subscription through advance knowledge of or control over the deletion of a domain-name registration, there shall be appropriate limitations on that registrar's ability to obtain a WLS subscription on any domain name that it is concurrently sponsoring in the registry.

VeriSign implementation: VeriSign has agreed to include the following provision in the contract between VeriSign and registrars offering WLS subscriptions: "No registrar shall use advance knowledge or control over the deletion of a domain-name registration to obtain a commercial benefit related to a WLS subscription." Through enforcement of this provision, VeriSign and ICANN will cooperatively work to prevent registrars from using inside information to attain an unfair market advantage in buying or selling WLS subscriptions. While we were not able to reach agreement on the details of a "blackout" period that would have limited "insider trading" of WLS subscriptions by preventing their sale near each registration's expiration date, we do agree that on balance, a blackout period is not required. ICANN Board resolution 03.80 modified the original Condition C from resolution 02.100, removing any explicit reference to a blackout period. Also, the original rationale for the blackout period (see <<http://www.dnsso.org/clubpublic/ga/Arc10/msg02274.html>>) has been vitiated by

ICANN's recent adoption of a uniform "gTLD Registrar Domain-Name Deletion Policy" (see <<http://www.icann.org/carthage/deletes-topic.htm>>).

Condition D: With regard to transparency of information regarding WLS subscriptions, there shall be an effective mechanism for actively notifying the current domain-name holder upon the placing of a WLS subscription on the name, without revealing the identity of the party holding the WLS subscription.

VeriSign implementation: In summary, VeriSign will attempt to ensure that the registrant of a name is notified in the event that a WLS subscription is placed on the registrant's name (whenever the registration is placed) by:

- Posting of a daily report to a registrar's ftp server listing WLS subscriptions received the previous calendar day (Eastern Time) for domain name registrations for which that registrar is the registrar of record;
- Posting of a listing that will be updated at least weekly on the registrar restricted access portion of VeriSign's website showing registrars who have not agreed to notify registrants so that WLS registrars can fulfill the registrant notification responsibility; and
- Providing the following recommended notification language to registrars, which the registrar of record or the WLS registrar would communicate to the current registrant: "This notice is to inform you that a Wait Listing Service (WLS) subscription has been placed on the domain name <insert domain name> registered with us. Should you choose not to renew your domain name registration with us, the domain name will be deleted and registered to the WLS subscriber."

Condition E: The WLS shall be offered for a trial period of twelve months, with subscriptions offered for a one-year term so that they last no longer than one year past the end of the trial period.

VeriSign implementation: VeriSign has agreed to offer WLS for a trial period lasting one year. Subscriptions lasting one year will be offered throughout the one-year trial period, so effectively WLS will be operational for up to two years even if the sale of WLS subscriptions never extends beyond the proposed trial period.

Condition F: There shall be a data-gathering and evaluation program, to be specified in the negotiated revisions to the agreements, that includes mechanisms for analyzing whether the WLS harms the legitimate interests of consumers or others.

VeriSign implementation: VeriSign will provide reasonable cooperation with an independent third party study designed to evaluate the effect of WLS on the

legitimate interests of consumers and others. The evaluator will be jointly selected by Verisign and ICANN, and will be an economist with significant experience in technology and competition issues. The costs of the WLS evaluation, not to exceed US \$30,000, will be borne by VeriSign. A complete report of the results of the evaluation shall be provided by the evaluator to ICANN and VeriSign no later than one month prior to the conclusion of the one year trial period for the offering of WLS. A summary of the evaluation report, excluding any information that ICANN and VeriSign agree (such agreement not to be unreasonably withheld) is confidential or proprietary, will be posted on the ICANN web site no later than the last day of the WLS trial period.

Provided the outline above is acceptable to you, we will proceed to report a successful conclusion regarding the status of our negotiations on the additional terms and conditions, and will seek approval from ICANN's Board of Directors and the United States Department of Commerce. Nothing within this letter constitutes a waiver of any provisions or obligations of either party within our agreements.

Thank you for your cooperation with these negotiations. Please feel free to contact me if you have any questions.

Sincerely,

John O. Jeffrey
General Counsel & Secretary
Internet Corporation for Assigned Names and
Numbers

cc: U.S. Dept. of Commerce
Kathy Smith
ICANN
Paul Twomey
Kurt Pritz
Dan Halloran
VeriSign
James Ulam
Chuck Gomes