Hi Jeff,

I appreciate your question, and you have, of course, reached the crux of the issue: So what are the dangers of cross-ownership? It seemed worth a little time to gather thoughts and put them in together for you.

If you would allow me , I would like to rephrase the question from a negative to a positive: What are the benefits of a structurally-separated model? What about the Registry-Registrar system today is beneficial and helps create a level playing field among ICANN-accredited registrars? What might we lose by changing to a system of full vertical integration?

**Exclusive position of the Registry**

The Registry, as you know, is in an exclusive position. There is only one Registry in the world that operates .ORG; there is only one registry in the world that will operate .MUSIC, .SHOE and .ROCKS in the future. That’s an exclusive and privileged position, and in our community, it includes duties and responsibilities.

Now within a Registry I am coming to understand the depth and breadth of the data we collect and the complexity of the operations we run – and the extent of our work with both data and operations as potential competitive uses, and which we must provide equally and fairly -- to create a level playing field for all registrars and to foster and support the full and fair competitive process between registrars.

Among other forms of valuable *domain name data*, we have:

1. Customer detail for all registrants: we are a thick registry and hold the data for all our domain name registrants. Thus, we know all the .ORG customers of Registrar A, Registrar B and Registrar C. This data is accessible in the Whois, but we hold the master database, and could easily run searches of this data for competitive reasons if we chose (for example, to show Registrar A all of Registrar B’s customers). We don’t because that would be unfair: we are bound to treat Registrar A the same as Registrar B and protect their data equally. In addition, we have no incentive to share this data in a competitive way: it is our contractual responsibility and duty to treat all registrars, and their customer data, equally and fairly.
2. EPP data: This data of the Extensive Provisioning Protocol provides a stunning overview of activities and interest in the TLD space, including when someone checks domain name availability, creates a domain name, drops a domain name, and updates a domain name. This is invaluable data for marketing and sales . Yet, we would never show Registrar A the names being most queried from across the world because that would give Registrar A a competitive advantage over Registrars B, C and D. We are bound to treat all registrars fairly and protect their data equally.
3. Dropped Names Data: We know before anyone else before anyone else, other than the dropping registrar. We also know in what order the domain names will be dropped, and the confidential algorithm by which we drop them. One can easily imagine a system in which one or two registrars are favored in a drop, but we don’t do that. Our goal, and obligation, is to provide all registrars with equal access to the dropped names, and an equal opportunity to register them for their customers.

There are many other forms of useful data, including traffic data and registrar sales data, all which could provide competitive advantage and which must not provide in an unfair or unequal manner to certain registrars over others.

On the *operational side,* Registries must provide access to systems in an equal and fair manner.

*Registry* *operational services*, with competitive considerations, include:

* New registry services: when and how we will be rolling out new registry services;
* Algorithms for various access and coordination functions; and even
* The Equipment we use.

In a vertically integrated situation, with a shared data center, shared operational personnel, and/or shared offices, the ability to pass on, observe or overhear information about technologies, systems, operations, algorithms, plans, and patches is high –there is a danger of intentional sharing of data (.e.g., for system development and maintenance purposes) or unintentionally leaving it around (e.g., leaving a piece of paper on the floor with outlines of a new service). A co-mingled registrar/registry operation would have a hard time separating out the operational functions, and difficulty providing a level playing field for all registrars.

**Goals of a Registry: Security and Stability of the TLD and the Internet.**

Overall, I find the goals of the registries compelling: it is the security and stability of their TLDs and the DNS space. That is the passion and preoccupation of PIR, and the whole of the Registry Constituency. In a comment to be filed by the Registry Constituency in the DNS-Cert proceeding, due tomorrow, the Registry Constituency will together submit:

“TLD Registry Operators play a critical role in the secure and stable operation of the DNS and we welcome the opportunity to discuss initiatives to improve DNS security, stability, and resiliency. Registries’ infrastructures, personnel, expertise, technology, investments, and operational practices have underpinned the secure and stable functioning of the Internet as it has scaled globally over the past two decades. Indeed, registries are on the “front lines” of defense against a variety of security threats that occur on a daily basis. As such, registries have developed expertise in addressing a broad range of threats. Registries have successfully coordinated with other actors in the DNS and Internet services spaces to address threats ranging from simple operator errors to those caused by sophisticated bad actors. Registries look forward to consulting with ICANN on these important issues and to engaging with other actors to further develop these initiatives.”

We have a system of separations that works: Registries address the security and stability of their TLD and the Internet. Registrars work with registrants – and find the boldest, most innovative ways to connect people, organizations and business with the domain names and the domain name services they need. The growth, the brilliance and dramatic changes of the registrar field are extraordinary in my experience, which dates back to 1996 in this field.

*But it was done within a DNS system of checks and balances and of requirements for equal access, equal treatment, and equal information (with a further separation of ownership to back it up). That too has served us, and the Internet community, well.*

Thus, we strongly support extending the system of structural separation to the new gTLDs.

Jeff, I hope I have gone some distance in answering your question. I look forward to our ongoing discussion and dialogue.

Best,

Kathy

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