Harms Caused by Vertical Separation and limits on cross-ownership.

1. Harms to consumers
   1. Increased pricing to consumers and prevention of price reductions.
      1. A vertically-integrated registry/registrar could pass on lower prices to consumers. Vertical separation rules will therefore increase prices to consumers.
      2. A Chinese-Wall arrangement will mean duplicate staffing, rent, etc. costs for a “separated” registry-registrar, resulting in higher prices.
      3. Registries and registrars will be prevented from merging, thereby preventing marketplace efficiencies and keeping prices artificially high for consumers.
   2. Consumer confusion/difficulty
      1. Because many new TLDs will not be carried by particular registrars, the inability to purchase domains at a vertically-integrated registry-registrar may prevent sales of domain names to people who want to buy them.
      2. Dispersal of responsibility – it will be more difficult to pursue bad actors (e.g., cybersquatters) because there are multiple loci of responsibility in a vertically-separated registry-registrar function.
2. Harms to businesses
   1. Businesses, either registries, registrars, or those providing registry services (e.g., DNS providers) will be prevented from pursuing business mergers or shareholding arrangements with each other.
   2. Existing businesses, whether registries or registrars, will be restricted from pursuing otherwise legitimate business opportunities.
   3. Some new gTLD registries may not be able to find appropriate registrars for their new gTLD, and, if prevented from selling gTLDs directly to the public, may find either no distribution channel, or a substandard one.
   4. New gTLD registries who do not wish to sell to the public may be forced to work with registrars in order to register names on their own behalf – an obvious absurdity
3. Cost to ICANN (and trickle-down costs)
   1. Vertical separation and cross-ownership restrictions will need to be enforced. This will increase costs at ICANN. Eventually these costs may find their way to the consumer.
4. Legal Liability for ICANN
   1. Restrictions on vertical integration may be held to be restraint of trade in some jurisdictions, and ICANN may be sued on these grounds.