

Competition Authority Model (CAM)

The Competition Authority Model (CAM) is one of the proposals in ICANN's Vertical Integration Working Group to resolve the complex and contentious issues surrounding vertical integration and co-ownership. The proposal draws on provisions in existing gTLD registry contracts that allow referral to national competition authorities to resolve questions about market power and consumer protection. It is designed to allow new and innovative gTLD business models while protecting the rights of registrants. The CAM proposal begins with a rebuttable presumption in favor of maintaining the existing bifurcation of registry and registrar functions within the domain name market place. It prohibits cross ownership between registry and registrar as originally set forth in the ICANN Board Nairobi resolution, but allows up to 100% cross ownership and even full vertical integration under the rules of a waiver/exemption process.

Further information on the CAM Proposal is available:

Summary – [camv3 summary](#)

Proposal – [camv3](#)

1. LIMITS ACROSS TLDS

The CAM model seeks to break away from ICANN's current one-size fits all distribution model, and to provide a framework that can both scale going forward and provide room for innovative new distribution models that are very different from those of existing TLDs' registry operators

Limits across TLDs depend on the particular details of the application. The CAM baseline modeled after the ICANN Board resolution in Nairobi prohibits registrars from owning registries. However, if granted a waiver/exemption through the Competition/Consumer Evaluation Standing Panel (CESP), limits/restrictions would not apply.

2. CONTROL/OWNERSHIP

Any request by a Registry or Registrar, whether in the initial application or post delegation, seeking to acquire any ownership interest in an Registrar of Registry would be subject to a multi-step process. This process would apply to new gTLD applicants as well as existing Registrars and Registries seeking an ownership interest in a different type of Registration Authority. For new gTLD application this process would be part of the initial and extended review process. For gTLDs that have already been delegated, the process would resemble the current Registry Service Technical Evaluation Panel (RSTEP) process.

Control/Ownership limits depends on the particular details of the application. The CAM baseline modeled after the ICANN Board resolution in Nairobi prohibits cross ownership/control. However, if granted a waiver/exemption through the Competition/Consumer Evaluation Standing Panel (CESP), control/ownership would be permitted provided that appropriate compliance safeguards specifically outlined in the proposal are incorporated.

3. OWNERSHIP LIMITS

It depends on the particular details of the application. The CAM baseline modeled after the ICANN Board resolution in Nairobi prohibits cross ownership. However, if granted a waiver/exemption through the Competition/Consumer Evaluation Standing Panel (CESP), control/ownership would be permitted provided that appropriate compliance safeguards specifically outlined in the proposal are incorporated. The CAM model itself can be adapted to any baseline ownership limit.

4. EXCEPTIONS

Those entities that wish to vertically integrate or obtain co-ownership may do so by requesting an exemption/waiver. These requests would be forward to a standing panel entitled the Competition/Consumer Evaluation Standing Panel (CESP). This panel is modeled after the existing Registry Service Technical Evaluation Panel (RSTEP) that is incorporated into existing registry agreements as part of the Registry Services Evaluation Process (RSEP). This panel would be given pre-defined set of guidelines evaluating the applications for waver or exception. If the CESP "quick look" or initial analysis raised no competition or consumer protection concerns, the exemption/waiver would be granted.

If the CESP initial analysis raises competition or consumer protection concerns or indicates a need for a more detailed or extended analysis to properly evaluate the proposal, then ICANN shall refer the matter to the appropriate national competition and/or consumer protection agencies. This referral process is modeled after the same contractual provisions which are currently incorporated into existing registry agreements.

5. REGISTRY SERVICE PROVIDERS

Following the baseline criteria established in Nairobi by the ICANN Board of zero cross ownership, an exemption/waiver would be required.

6. COMPLIANCE AND ENFORCEMENT

The CAM proposal proposes a three tiered approach toward contractual compliance. The first being ICANN's normal compliance efforts. The second being an annual audit that any entity seeking a waiver/exemption would have to pay a third party to undertake. The third being an expanded Post Delegation Dispute Resolution Procedure (PDDRP) for third parties to initiate their own administrative remedy against a registration authorities non-compliance, coupled with a strict three strikes rule for repeat offenders.

Questions:

What is the best way to prevent gaming in a cross-owned entity -- percentage ownership caps, restrictions on control, both or something else?

- The three tiered contractual compliance approach set forth in the CAM proposal which empowers third parties to file an administrative dispute.

Do the benefits of increased competition (registrars becoming registries or back-end service providers) outweigh the potential risks of gaming from a cross-owned entity, or vice-versa?

- It depends on the particular details of the application. However, recognizing that such a determination is outside the scope and mandate of ICANN's narrow technical mandate, therefore such issues are deferred to a properly constituted panel of experts to make that determination.

Common ownership

Should a registry be able to own a registrar, and vice versa, provided it doesn't distribute its own TLD?

- It depends on the particular details of the application. However, recognizing that such a determination is outside the narrow scope and technical mandate of ICANN, such issues are

deferred to a properly constituted panel of experts to make that determination, and grant a waiver/exemption if there are no consumer/competition harms.

What is an acceptable level of cross-ownership (0 – 100%) if self-distribution is permitted?

- It depends on the particular details of the application. However, recognizing that such a determination is outside the narrow scope and technical mandate of ICANN, such issues are deferred to a properly constituted panel of experts to make that determination, and grant a waiver/exemption if there are no consumer/competition harms.

What is an acceptable level of cross-ownership (0 – 100%) if self-distribution is prohibited?

- It depends on the particular details of the application. However, recognizing that such a determination is outside the narrow scope and technical mandate of ICANN, such issues are deferred to a properly constituted panel of experts to make that determination, and grant a waiver/exemption if there are no consumer/competition harms.

Should a registry be able to control a registrar, and vice versa, provided it doesn't distribute its own TLD?

- It depends on the particular details of the application. However, recognizing that such a determination is outside the narrow scope and technical mandate of ICANN, such issues are deferred to a properly constituted panel of experts to make that determination, and grant a waiver/exemption if there are no consumer/competition harms.

Absent an arbitrary restriction on percentage of cross-ownership, what constitutes control?

- The CAM baseline is modeled after the ICANN Board resolution in Nairobi which prohibits cross ownership/control. However, if granted a waiver/exemption through the Competition/Consumer Evaluation Standing Panel (CESP), control/ownership would be permitted provided that appropriate compliance safeguards specifically outlined in the proposal are incorporated.

What restrictions should be put in place to prevent control? Do these vary if self-distribution is prohibited?

- The CAM baseline is modeled after the ICANN Board resolution in Nairobi which prohibits cross ownership/control. However, if granted a waiver/exemption through the Competition/Consumer Evaluation Standing Panel (CESP), control/ownership would be permitted provided that appropriate compliance safeguards specifically outlined in the proposal are incorporated.

Enforcement and Compliance

Is ICANN capable of enforcing contract compliance to prevent gaming in a cross-owned entity?

- It depends upon the number of gTLD, ICANN budgetary concerns and the mandate to do so. However, the CAM proposes two additional compliance enforcement mechanism that are independent of ICANN compliance staff.

Scope

Should the scope of ICANN contracts be increased?

- Yes. ICANN should rename/restructure the existing proposed Registry Agreement as currently found in the Draft Applicant Guidebook (DAG) into more modular agreement. The title of the document should also be renamed Registration Authority Master Agreement

(RAMA) to reflect the continued blurring between resellers, registrars, registry owners and registry service providers in the existing marketplace. The chapeau of this agreement would broadly define the relationship between the parties (ICANN and the Registration Authority) and would be modeled in large part after the current accountability framework that ccTLD administrators have entered into with ICANN. This base agreement would then be supplemented through a series of standard addendums/annexes that could reflect a number of business models, e.g. standard Registrar, standard Registry Operator; Sponsor; Registry Operator seeking to provide domain name registrations services to registrants; Intergovernmental and Public Sector Applicants; and restrictions imposed on Registration Authorities (Registries/Registrars) by national competition authorities.

• The PDDRP should be expanded to empower third parties to bring claims for contract/compliance breaches.

Specifically, should Registry Service Providers be required to enter into contracts with ICANN?

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Should other entities (eg Resellers) also be required to enter into contracts with ICANN?

- (Not determined at this time)

Exceptions to cross-ownership and self-distribution restrictions

Permitted for Single-Registrant, Single-User (SRSU) TLDs?

- Yes if a waiver/exemption granted by Competition/Consumer Evaluation Standing Panel (CESP)

Permitted for "orphaned" TLDs that can't get registrar distribution?

- Yes if a waiver/exemption granted by Competition/Consumer Evaluation Standing Panel (CESP)

Permitted for "community" TLDs?

- Yes if a waiver/exemption granted by Competition/Consumer Evaluation Standing Panel (CESP)

Should there be numeric caps for any or all of these?

- Not required if a waiver/exemption granted by Competition/Consumer Evaluation Standing Panel (CESP)

Interim solution

Should the results of this first-phase VI-WG PDP be limited to the first round of new TLDs only?

- It depends on what the results of the first phase are. there should be a review before the the second round of new gTLDs of all aspects of the New gTLD program including any CO/VI provisions.

Further Info:

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