CADNA
The Coalition Against Domain Name Abuse

Comments on the RySG Alternative Proposal for Continuity Operations Instrument

The Coalition Against Domain Name Abuse (CADNA) appreciates the opportunity to provide comments on the Registries Stakeholder Group (RySG) Alternative Proposal for Continuity Operations Instrument and apologizes for the late submission of these comments.

As a Coalition of major brand owners, CADNA is particularly sensitive to the ways in which policy decisions around the New gTLD Program will impact businesses that choose to apply for and operate their own new gTLDs. We understand that switching from the current Continuing Operations Instrument (COI) model to a Continued Operations Fund (COF) model will create an unnecessary burden for businesses that are planning to operate "single registrant" or "closed" registries for .BRAND gTLDs (by "single registrant" and "closed," we mean that the registries will not sell second-level domains to third parties, but rather use them for internal purposes).

Switching to a COF model will require all new gTLD applicants to deposit a sum of money into the COF. This means that in addition to the filing fees that a brand owner will incur – from the $185,000 application fee to any Extended Evaluation, String Contention or other fees, as well as legal and consulting expenses – applicants will also have to budget an as-yet-undetermined quantity of cash to contribute to the COF. Alternatively, under the COI model, applicants have the option of providing either a cash deposit or a letter of credit to demonstrate their capacity to maintain registry operations.

Taking away the option to provide a letter of credit in order to satisfy the continued operations requirement will force businesses applying for new gTLDs to budget for an extra $50,000 (that is the sum the RySG recommended in its July proposal to implement the COF). Given ICANN's timing – approving the Program in June and opening the application period the following January – this puts businesses in the difficult position of having to find extra room in their budgets quickly. Especially given recent economic conditions, switching to a COF model and requiring a cash deposit seems unnecessary and unfair.

As for the claims that the COI model will give applicants the incentive to underestimate the projected size of their new registries, CADNA believes that this is overly cynical. For businesses applying for new gTLDs, it behooves them to create accurate business models and realistic cost projections in order to understand what it will take to operate a registry. The incentive for businesses to intentionally underestimate the the continued operations requirement is low when compared to the possibility of facing non-compliance problems down the road because they did not accurately answer other application questions about their business model, namely Question 18.

CADNA l The Coalition Against Domain Name Abuse, Inc.
1632 Wisconsin Ave, NW
Washington, D.C. 20007
+1 202.223.9252