Summary of Proposed Changes to the .NET Registry Agreement

The changes to the draft .NET Registry Agreement and the Appendices thereto fall within several broad categories. The first category, which comprises the majority of the changes, arises from the application of Section 4.2 of the current .NET Registry Agreement, which provides that:

> "Upon renewal, in the event that the terms of this Agreement are not similar to the terms generally in effect in the Registry Agreements of the 5 largest gTLDs (determined by the number of domain name registrations under management at the time of renewal), renewal shall be upon terms reasonably necessary to render the terms of this Agreement similar to such terms in the Registry Agreements for those other gTLDs. The preceding sentence, however, shall not apply to the terms of this Agreement regarding the price of Registry Services; the standards for the consideration of proposed Registry Services, including the definitions of Security and Stability and the standards applied by ICANN in the consideration process; the terms or conditions for the renewal or termination of this Agreement; ICANN's obligations to Registry Operator under Section 3.2 (a), (b), and (c); the limitations on Consensus Policies or Temporary Specifications or Policies; the definition of Registry Services; or the terms of Section 7.3. "

This provision was included in the current .NET Registry Agreement (and similar provisions are contained in other registry agreements) to assure consistency across registries with respect to certain standard terms and provisions.

The second category of changes consists of changes required to update the agreement to reflect changes that have occurred since the current .NET Registry Agreement was signed. This category includes updating references to RFCs, fees, technical changes and other updates.

The third category of changes are changes designed to allow Verisign to better serve the internet community. This includes a change to allow Verisign to more quickly address certain imminent threats to the security and stability of the TLD or the Internet, as well as a change to help promote the development of the Internet in underserved geographies by allowing Verisign to provide special training, technical support, marketing or incentive programs directed to registrars located in such underserved geographies.

Section	Revision	Explanation
1.1	The Effective Date for purposes of this Agreement shall be ~~the date on which the TLD (as defined below) is delegated within the authoritative root- server system to nameservers designated by Registry Operator~~July 1, 2011.	Updated language to reflect renewal effective date.
1.3	Upon the Effective Date, until the Expiration Date as defined in Section 4.1 hereof, ICANN ~~hereby designates~~shall continue to designate VeriSign, Inc. as the sole registry operator for the TLD ("Registry Operator").	Updated language to reflect renewal.
2.1(b)	The factual statements ~~contained in Registry Operator's application for the TLD, or~~ made in writing by ~~Registry Operator~~both parties in negotiating this Agreement, were true and correct in all material respects at the time ~~the application was submitted to ICANN and are true and correct in all material respects as of the date this Agreement is entered into set forth above.~~made. A violation or breach of this subsection shall not be a basis for termination, rescission or other equitable relief, and, instead shall only give rise to a claim for damages.	Language conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement.
3.1(b)(v)(C)	~~for three years following the Effective Date, modify the procedure for the consideration of proposed Registry Services;~~	Deleted as no longer relevant in context of a renewal.
3.1(c) (first sentence)	Registry Operator shall establish at its expense a data escrow or mirror site policy for the Registry Data compiled by Registry Operator. Registry Data, as used in this Agreement, shall mean the following: (1) data for domains sponsored by all registrars, consisting of domain name, server name for each nameserver, registrar id, updated date, creation date, expiration date, status information, and DNSSEC delegation signer ("DS") data ~~(if Registry Operator implements DNSSEC)~~; (2) data for nameservers sponsored by all registrars consisting of server name, each IP address, registrar id, updated date, creation date, expiration date, and status information; (3) data for registrars sponsoring registered domains and nameservers, consisting of registrar id, registrar address, registrar telephone number, registrar e-mail address, whois server, referral URL, updated date and the name,	Updated to reflect implementation of DNSSEC.

Section	Revision	Explanation
	telephone number, and e-mail address of all the registrar's administrative, billing, and technical contacts; and, (4) domain name registrant data collected by the Registry Operator from registrars as part of or following registration of a domain name.	
3.1(f) (NEW)	Nothing in this Agreement shall preclude Registry Operator from making commercial use of, or collecting, traffic data regarding domain names or non-existent domain names for purposes such as, without limitation, the determination of the availability and Security and Stability of the Internet, pinpointing specific points of failure, characterizing attacks and misconfigurations, identifying compromised networks and hosts, and promoting the sale of domain names; provided, however, that such use does not disclose domain name registrant, end user information or other Personal Data as defined in Section 3.1(c)(ii) for any purpose not otherwise authorized by this agreement. In this regard, in the event the TLD registry is a "thick" registry model, the traffic data that may be accessible to and used by Registry Operator shall be limited to the data that would be accessible to a registry operated under a "thin" registry model. The process for the introduction of new Registry Services shall not apply to such traffic data. Nothing contained in this Section 3.1(f) shall be deemed to constitute consent or acquiescence by ICANN to a re-introduction by Registry Operator of the SiteFinder service previously introduced by the Registry Operator on or about September 15, 2003, or the introduction of any other service employing a universal wildcard function, except that this sentence shall not prohibit the provision of nameservice or any other non-registry service for a domain or zone used for other than registration services to unaffiliated third parties by a single entity (including its affiliates) for domain names registered through an ICANN-accredited registrar. To the extent that traffic data subject to this provision is made available, access shall be on terms that are non-discriminatory.	Section conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement. Additional language added to clarify restrictions on wildcard services.
Section 5.3	ICANN's aggregate monetary liability for violations of this Agreement shall not exceed the amount of Registry-Level Fees paid by Registry Operator to ICANN within the preceding twelve-month period pursuant to Section 7.2 of this Agreement. Registry Operator's aggregate monetary	Language conformed to the Registry Agreements for 5 largest TLDs

Section	Revision	Explanation
	liability to ICANN for violations of this Agreement shall be limited to fees and monetary sanctions, if any, due and owing to ICANN under this Agreement within the preceding twelve month period. In no event shall either party be liable for special, indirect, incidental, punitive, exemplary, or consequential damages arising out of or in connection with this Agreement or the performance or nonperformance of obligations undertaken in this Agreement, except as provided pursuant to Section 4.4 of this Agreement. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, REGISTRY OPERATOR DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES RENDERED BY ITSELF, ITS SERVANTS, OR ITS AGENTS OR THE RESULTS OBTAINED FROM THEIR WORK, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE.	pursuant to Section 4.2 of current .NET Registry Agreement.
6.3	Upon any expiration of this Agreement as provided in Section 4.1 or termination of this Agreement as provided in Sections 6.1 and 6.2, the parties agree to work cooperatively to facilitate and implement the transition of the registry for the TLD in accordance with this Section 6.3. Registry Operator shall agree to provide ICANN or any successor registry authority that may be designated for the TLD with any data regarding operations of the registry for the TLD necessary to maintain operations that may be reasonably requested in addition to that data escrowed in accordance with Section 3.1(c)(i) hereof.	Revised to clarify that cooperation covenant applies to any expiration or termination of the Agreement.
7.1(a)(i)	All registrars (including any registrar affiliated with Registry Operator, if any) can connect to the shared registration system gateway for the TLD via the Internet by utilizing the same maximum number of IP addresses and SSL certificate authentication;	Language conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement.
7.1(b) (NEW)	Notwithstanding Section 7.1(a), Registry Operator may for the purpose of supporting the development of the Internet in underserved geographies provide training, technical support, marketing or incentive programs based on the unique needs of registrars located in such	Language added to allow the development of programs designed to allow Verisign

Section	Revision	Explanation
	geographies to such registrars, so long as Registry Operator does not treat similarly situated registrars differently or apply such programs arbitrarily. Registry Operator may implement such programs with respect to registrars within a specific geographic region, provided, that (i) such region is defined broadly enough to allow multiple registrars to participate and (ii) such programs do not favor any registrar in which Registry Operator may have an ownership interest over other similarly situated registrars within the same region.	to better serve the public interest by supporting the development of the Internet in underserved regions by providing training, technical support and marketing and incentive programs targeted towards registrars in underserved geographies. ICANN encourages public comment on the scope and application of this draft provision.
7.1(c) (formerly 7.1(b))	Registry Operator shall not act as a registrar with respect to the TLD. This shall not preclude Registry Operator from registering names within the TLD to itself through a request made to an ICANN-accredited registrar. In addition, where there is an imminent threat to the Security and Stability of the TLD or the Internet, this provision shall not preclude Registry Operator, for the purpose of protecting the Security and Stability of the TLD or the Internet, from temporarily preventing the registration of one or more names; provided, as soon as practicable but no later than 3 business days of taking such action, Registry Operator provides ICANN with a written notice of such action, which notice shall list all affected names, state the expected length of time that such names will not be available for registration, and explain why Registry Operator took such action. The contents of such notice shall be treated as confidential to the extent permitted by law. If ICANN disagrees with such action, it will instruct Registry Operator to release such names and Registry Operator shall immediately release such names upon receipt of such written instructions from ICANN.	The additional language was added to allow Verisign to take quick action to respond to certain malicious activities (i.e. Conficker) that pose an imminent threat to the security and stability of the .NET TLD and the Internet. Verisign may take such actions but will be subject to ICANN oversight with respect to blocking of registrations.
7.2(a)	~~Commencing on 1 July 2005,~~ Registry Operator shall pay	Updated to

Section	Revision	Explanation
	ICANN a Registry-Level Transaction Fee in an amount equal to US$0.75 for each annual increment of an initial or renewal domain name registration and for transferring a domain name registration from one ICANNaccredited registrar to another during the calendar quarter to which the Registry- Level Transaction Fee pertains. ICANN intends to apply this fee to purposes including: (a) a special restricted fund for developing country Internet communities to enable further participation in the ICANN mission by developing country stakeholders, (b) a special restricted fund to enhance and facilitate the security and stability of the DNS, and (c) general operating funds to support ICANN's mission to ensure the stable and secure operation of the DNS.	remove out of date language.
7.2(c)	~~Commencing on 1 July 2005,~~ Registry Operator shall pay ICANN a quarterly Fixed Registry-Level Fee in an amount equal to US$37,950 for each quarter ~~during the twelve-month period ending June 30, 2006~~. Such fee is subject to increase on July 1 of each year thereafter in an amount established by ICANN's Board of Directors, but not to exceed a sum equal to 115% of the prior year's fee. One dollar (USD) of the Fixed Registry- Level Fee shall be waived for each dollar that the Registry-Level Transaction Fee exceeds US$2,000,000 per annum.	Updated to remove out of date language.
7.2(d)(i)	The transactional component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each fiscal year but shall not exceed US$~~0.15~~0.25	Revised to reflect updated fee cap.
7.2(d)(ii)	The per-registrar component of the Variable Registry-Level Fee shall be specified by ICANN in accordance with the budget adopted by the ICANN Board of Directors for each fiscal year~~, but the sum of the per- registrar fees calculated for all registrars shall not exceed the total Per-Registrar Variable funding established pursuant to the approved 2004- 2005 ICANN Budget~~.	Revised to remove restriction on annual adjustment to per-registrar component of Variable Registry-Level Fee.
Section 7.3(a)	~~From 1 July 2005 through 31 December 2006, the~~The price to ICANN-accredited registrars for new and renewal domain name registrations and for transferring a domain name registration from one ICANN-accredited registrar to another, shall not exceed a total fee of US$~~4.25~~5.40, which fee consists of (A) a Registry Operator service fee ("Service Fee") equal to US$~~3.50~~4.65, and (B) an ICANN	Updated language to reflect current pricing. Added language to clarify that special registrar programs

Section	Revision	Explanation
	fee equal to US$0.75. ~~On 1 January 2007, the controls on Registry Operator's pricing set forth in this Section 7.3(a) shall be eliminated. Commencing on 1 January 2007, the~~<u>The </u>Service Fee charged during a calendar year for each annual increment of a new and renewal domain name registration and for transferring a domain name registration from one ICANN-accredited registrar to another, shall not exceed the highest Service Fee charged during the preceding calendar year multiplied by 1.10. The same Service Fee shall be charged to all ICANN-accredited registrars. Volume discounts and marketing support and incentive programs may be made if the same opportunities to qualify for those discounts and marketing support and incentive programs ~~is~~<u>are </u>available to all ICANN-accredited registrars. <u>For the avoidance of doubt, the programs expressly permitted by Section 7.1(b) shall not be a violation of this Section 7.3(a).</u>	expressly permitted by new Section 7.1(b) (see above) will not be a violation of this provision.
Section 8.1	Registry Operator shall indemnify, defend, and hold harmless ICANN (including its directors, officers, employees, and agents) from and against any and all <u>third-party</u> claims, damages, liabilities, costs, and expenses, including reasonable legal fees and expenses, arising out of or ~~directly~~ relating to ~~third-party claims against ICANN and any of the following: (a) ~~<u>: (a) ICANN's reliance, in connection with its decision to delegate the TLD to Registry Operator or to enter into this Agreement, on information provided by Registry Operator in its application for the TLD; (b) Registry Operator's </u>establishment or operation of the registry for the TLD; (~~b~~<u>c</u>) Registry ~~Services to the extent the acts giving rise to the claim were performed by or at the direction~~<u>Operator's provision </u>of Registry ~~Operator~~<u>Services</u>; (~~c~~<u>d</u>) collection or handling of Personal Data by Registry Operator; (~~d~~<u>e</u>) any dispute concerning registration of a domain name within the domain of the TLD for the registry; and (~~e~~<u>f</u>) duties and obligations of Registry Operator in operating the registry for the TLD~~. With respect to each of (a), (c), (d), and (e), such indemnification obligation shall not apply to any claim arising, in whole or in part, out of any conduct of~~	Language conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement.

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	~~ICANN inconsistent with ICANN's obligations under~~<u>; provided that Registry Operator shall not be obligated to indemnify, defend, or hold harmless ICANN to the extent the claim, damage, liability, cost, or expense arose due to a breach by ICANN of any obligation contained in</u> this Agreement. For avoidance of doubt, nothing in this Section 8.1 shall be deemed to require Registry Operator to reimburse or otherwise indemnify ICANN for the costs associated with the negotiation or execution of this Agreement, or with the monitoring or management of the parties' respective obligations under this Agreement. Further, this section shall not apply to any request for attorney's fees in connection with any litigation or arbitration between or among the parties.	
8.1(b)	<u>For any claims by ICANN for indemnification whereby multiple registry operators (including Registry Operator) have engaged in the actions or omissions that gave rise to the claim, Registry Operator's aggregate liability to indemnify ICANN with respect to such claim shall be limited to a percentage of ICANN's total claim, calculated by dividing the number of total domain names under registration with Registry Operator within the TLD (which names under registration shall be calculated consistently with Section 7.2 hereof for any applicable quarter) by the total number of domain names under registration within all TLDs for which the registry operators thereof that are engaging in the same acts or omissions giving rise to such claim. For the avoidance of doubt, in the event that a registry operator is engaged in the same acts or omissions giving rise to the claims above, but such registry operator(s) do not have the same or similar indemnification obligations to ICANN at set forth in 8.1(a) above, the number of domains under management by such registry operator(s) shall nonetheless be included in the calculation in the preceding sentence.</u>	Language conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement.
Section 8.2	~~If any third-party claim is commenced that is indemnified under Section 8.1 above, notice thereof shall be given to ICANN as promptly as practicable.~~ If ICANN receives notice of any third-party claim that is indemnified under Section 8.1 above, ICANN shall promptly notify Registry	Language conformed to the Registry Agreements for 5 largest TLDs

Section	Revision	Explanation
	Operator of such claim. Registry Operator shall be entitled, if it so elects, in a notice promptly delivered to ICANN ~~within a reasonable period of time~~, to immediately take control of the defense and investigation of such claim and to employ and engage attorneys reasonably acceptable to the indemnified party to handle and defend the same, at the indemnifying party's sole cost and expense, provided that in all events ICANN shall be entitled to control at its sole cost and expense the litigation of issues concerning the validity or interpretation of ICANN policies or conduct. ICANN shall cooperate, at its own cost, in all reasonable respects with Registry Operator and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom; provided, however, that the indemnified party may, at its own cost and expense, participate, through its attorneys or otherwise, in such investigation, trial and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy affecting ICANN other than the payment of money in an amount that is indemnified shall be entered into without the consent of ICANN~~, which consent~~ ~~shall not be unreasonably withheld~~. If Registry Operator does not assume full control over the defense of a claim subject to such defense in accordance with this Section, Registry Operator may participate in such defense, at its sole cost and expense, and ICANN shall have the right to defend the claim in such manner as it may deem appropriate, at the ~~reasonable~~ cost and expense of Registry Operator.	pursuant to Section 4.2 of current .NET Registry Agreement. Also revised to clarify notice requirements in the event of a third party claim.
8.5	Any assignment of this Agreement shall be effective only upon written agreement by the assignee with the other party to assume the assigning party's obligations under this Agreement. Moreover, neither party may assign this Agreement without the prior written approval of the other party, which shall not be unreasonably withheld. Notwithstanding the foregoing, ICANN may assign this Agreement ~~(i)~~ in conjunction with a reorganization or re-incorporation of ICANN, to another nonprofit corporation organized for the same or substantially the same purposes~~, or (ii) as may be required pursuant to the terms of that certain Memorandum of Understanding between ICANN and the U.S. Department of Commerce, as the same may be amended from time to time~~.	Language conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement. Removed

Section	Revision	Explanation
	Registry Operator must provide notice to ICANN of any subcontracting arrangements, and any agreement to subcontract portions of the operations of the TLD must mandate compliance with all covenants, obligations and agreements by Registry Operator hereunder. Any subcontracting of technical operations shall provide that the subcontracted entity become party to the data escrow agreement mandated by Section 3.1(c)(i) hereof.	reference to the Memorandum of Understanding with the DOC as that agreement is no longer in force.
8.8	All notices to be given under or in relation to this Agreement shall be given either (i) in writing at the address of the appropriate party as set forth below or (ii) via facsimile or electronic mail as provided below, unless that party has given a notice of change of postal or email address, or facsimile number, as provided in this agreement. Any change in the contact information for notice below shall be given by the party within 30 days of such change. Any notice required by this Agreement shall be deemed to have been properly given (i) if in paper form, when delivered in person or via courier service with confirmation of receipt or (ii) if via facsimile or by electronic mail, upon confirmation of receipt by the recipient's facsimile machine or email server, provided that such notice via facsimile or electronic mail shall be followed by a copy sent by regular postal mail service within two (2) business days. Whenever this Agreement shall specify a URL address for certain information, Registry Operator shall be deemed to have been given notice of any such information when electronically posted at the designated URL. In the event other means of notice shall become practically achievable, such as notice via a secure website, the parties shall work together to implement such notice means under this Agreement.	Language conformed to the Registry Agreements for 5 largest TLDs pursuant to Section 4.2 of current .NET Registry Agreement.

Appendices

No changes are being made to Appendices 1 , 2, 3, 5, 6, 8 and 9 in connection with the renewal.

Appendix 4 has been revised to: (i)   add a new row for the number of attempted-adds (successful and unsuccessful) domain name create commands and (ii) clarify that the .net report will be provided as a separate report.

Appendix 7 has been revised to: (i) update references to RFCs; (ii) delete out of date references to the RRP, (iii) reflect DNSSEC, IPv6 and IDNA 2008 implementations; (iv) require documentation of EPP extensions; and (v) delete obsolete provision.

Appendix 10 has been revised to: (i) update references to RFCs; (ii) delete out of date references to the RRP; and (iii) delete obsolete provisions.