

**Internet Corporation for Assigned Names  
and Numbers (ICANN)  
Contractual Compliance 2017 Annual Report**

**January – December 2017**



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<http://www.icann.org/en/resources/compliance>

<sup>1</sup> This update is provided for information purposes only. Please do not rely on the information contained within this update to make conclusions or business decisions.

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## Highlights of 2017

**Enhanced transparency.** In early 2017, the Internet Corporation for Assigned Names and Numbers (ICANN) community requested enhanced transparency and additional data surrounding the work of ICANN's Contractual Compliance department. Read below to learn about our initial efforts to enhance transparency in our reporting and metrics.

**Contracting support.** In 2017, in support of the new gTLD program, the Contractual Compliance team performed over 605 compliance checks of prospective registry operators. It also conducted 668 registrar-related compliance checks. These checks are conducted to ensure contractual compliance prior to approving contract renewal, entry into new contracts, or changes to the contracted party's services. Read below about the team's efforts to enforce the contracts and policies, and to proactively and collaboratively address non-compliance issues.

**Complaint volume.** In 2017, the complaint volume increased by approximately 11% from 2016, primarily due to complaints related to the WHOIS Accuracy Reporting System (WHOIS ARS). In addition to handling 50,489 complaints in 2017, the team conducted proactive monitoring reviews, outreach activities, and completed several continuous improvements efforts. More details are provided in the sections below.

**Audits.** In 2017, there were two audit rounds of 114 registrars on the 2013 Registrar Accreditation Agreement (RAA) and two audit rounds of 31 gTLDs on the new Registry Agreement (RA) inclusive of 17 TLDs subject to safeguards applicable to Category 1 gTLDs. For the 2017 calendar year, the audit team reviewed over 11,000 documents in 16 languages from 75 countries. Also, by the end of 2017, the new Registry Agreement audits covered 31 registry service providers out of a total 38. This effort is important as a registry service provider services multiple registries.

**Development and training.** Employee development in 2017 consisted of ICANN Contractual Compliance training for all staff, ICANN in-house soft skill training, and extensive external training that led to certifications and continuing education credits. In 2017, several team members obtained their certification in the Compliance & Ethics Professional Level I, and the Society of Corporate Compliance and Ethics.

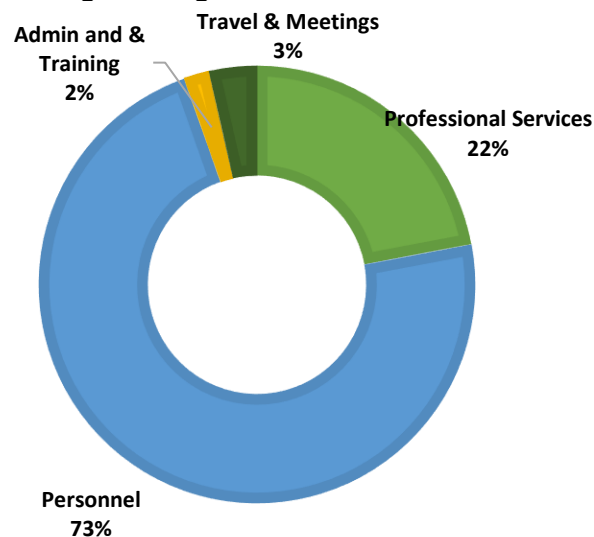
## Financial Overview

The Contractual Compliance budget decreased by 3.9% to USD 4.6 million in fiscal year 2018. The funds were allocated for personnel, contractual compliance audits, and travel. Support from shared service departments decreased by 2.2% to USD 2.6 million.

US Dollars in thousands	(Revised) FY18 Budget (3%)	FY17 Budget	Increase/ (Decrease)		(Adopted) FY18 Budget	FY17 Budget	Comments	FY17 Actual	FY16 Actual
Contractual Compliance Department Budget	\$4,501	\$4,828	(\$327)	-6.8%	\$4,640	\$4,828	Contractual Compliance department operating costs to cover personnel, travel & meetings, professional services and administration. Decrease due to costs savings on employee hiring strategy and gained efficiency in audits.	\$4,185	\$3,896
Shared Resources	\$2,533	\$2,590	(\$57)	-2.2%	\$2,533	\$2,590	Support from other departments: IT, meeting logistics, Finance, HR, Admin, etc.	\$2,574	\$2,500
<b>Total Functional View of Contractual Compliance Activities</b>	<b>\$7,034</b>	<b>\$7,418</b>	<b>(\$384)</b>	<b>-5.2%</b>	<b>\$7,173</b>	<b>\$7,418</b>		<b>\$6,759</b>	<b>\$6,396</b>

Detailed information regarding ICANN's fiscal year 2018 budget is available [here](#). The Portfolio Management System, at the link [here](#), provides additional information about the Contractual Compliance Portfolios and the projects to support each. Project budget and resource allocation are provided below to enhance budget transparency and support previous public comments from the community.

Below is a high-level breakdown of the Contractual Compliance department's FY18 budget by the four main budget categories.



Below is a breakdown of cost by portfolio and projects for the department's FY18 budget.

FY18 Project list								
Project #	Project Name	FY18 Budget Total	Portfolio Mgt System Resource Allocation %	FY18 Budget Personnel	FY18 Budget Travel & Meetings	FY18 Budget Professional Services	FY18 Budget Admin	FY18 % of Budget
<b>Portfolio - Contractual Compliance Function</b>								
152052	Contractual Compliance for Registrars & Registries	\$ 2,617,986	69.5%	\$ 2,268,994		\$ 348,992		58.2%
152053	Contractual Compliance Administration & Training	\$ 674,679	17.2%	\$ 560,551	\$ 60,000		\$ 54,128	15.0%
152054	Contractual Compliance Reporting	\$ 136,659	3.3%	\$ 108,659		\$ 28,000		3.0%
152055	Contractual Compliance Outreach	\$ 127,410	2.3%	\$ 74,410	\$ 53,000			2.8%
152056	Contractual Compliance Audit Program	\$ 835,515	6.8%	\$ 220,515		\$ 615,000		18.6%
21000	ICANN 60 (Abu Dhabi)	\$ 20,250			\$ 20,250			0.4%
21800	ICANN 61 (Puerto Rico)	\$ 16,673			\$ 16,673			0.4%
12460	ICANN 62 (Panama)	\$ 8,520			\$ 8,520			0.2%
<b>Portfolio - Contractual Compliance Initiatives &amp; Improvements</b>								
15257	Contractual Compliance Improvements	\$ 52,273	0.7%	\$ 21,273			\$ 31,000	1.2%
15258	Contract, Policy or Working Group Efforts	\$ 10,742	0.3%	\$ 10,742				0.2%
	<b>Total</b>	<b>\$ 4,500,707</b>	<b>100.0%</b>	<b>\$ 3,265,144</b>	<b>\$ 158,443</b>	<b>\$ 991,992</b>	<b>\$ 85,128</b>	<b>100.0%</b>
	<b>FY18 budget Breakdown</b>		<b>100.0%</b>	<b>\$ 0.73</b>	<b>\$ 0.04</b>	<b>\$ 0.22</b>	<b>\$ 0.02</b>	

## ICANN Meetings and Outreach Activities

The Contractual Compliance team attended ICANN's 58th, 59th, and 60th Public Meetings in 2017. The team conducted the Contractual Compliance Program Update and hosted closed sessions with registrars and registries at ICANN58. The team also hosted a closed session with registrars at ICANN60. In addition, the team met with other stakeholder groups, conducted face-to-face meetings with registrars and registry operators, and participated in multiple sessions and discussions with the community.

Outreach activity with Southeast Asian (SEA) registrars was conducted by the Asia Pacific (APAC) Contractual Compliance team in January 2017 at the ICANN Singapore APAC regional office. In addition, the APAC Contractual Compliance team conducted outreach workshops with China and South Korea registrars in 2017.

The team also participated at the Global Domains Division Summit in Madrid, Spain. The team conducted a round table with the Consumer Safeguards Team and Complaints Officer, in addition to holding face-to-face meetings and participating in many of the sessions.

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We also conducted outreach activity in Istanbul, Turkey with registrars and registry operators. The team, in partnership with the Global Domains Division team, worked with the contracted parties on contractual compliance related matters.

Additional information on all the outreach activities is available [here](#).

## Data Protection Regulations and Contractual Compliance

On 2 November 2017, the ICANN organization published a statement from Contractual Compliance addressing concerns raised by the community regarding the ICANN Contracted Parties' ability to comply with ICANN agreements and policies while being compliant with data protection regulations. In particular, the European Union's General Data Protection Regulation (GDPR), effective 25 May 2018, was of major interest. The statement is published [here](#). The ICANN org is committed to collaborating with the community to find viable solutions to the concerns raised. Additional materials related to data protection and privacy can be found on ICANN's website [here](#).

## Contractual Compliance Contributions to Domain Name Registrant Effort

In summer of 2017, Contractual Compliance team members joined a newly formed ICANN org cross-functional team that regularly interacts with registrants and began discussing opportunities to increase registrant knowledge and awareness. The team contributed content and reviews of the news and updates that are published [here](#). The goal is to better educate end users on what registrants can do to manage their domain names.

## Participation in ICANN Policy Development Process

In 2017, Contractual Compliance continued to participate in the Policy Development Process (PDP) Working Groups and reviews. Most of the efforts focused on:

- Participation in implementation review team meetings and implementation support activities for the Privacy and Proxy Services Accreditation Issues PDP, Translation and Transliteration of Contact Information, Policy and Protection of IGO, and INGO Identifiers in all gTLD policy.
- Providing data and metrics for the Competition, Consumer Trust, and Consumer Choice Review and New Generic Top-Level Domain (gTLD) Subsequent Procedures PDP.
- Review of meeting, subgroup topics, and sessions, for the Review of all Rights Protection Mechanisms in all gTLD PDPs.
- Participation in discussions and observation of policy and program progress in preparation for compliance readiness for Thick WHOIS Transition Policy, gTLD Registration Data Services, and the Registration Directory Access Protocol pilot program.
- Contributing information regarding compliance approach and attendance at ICANN meeting sessions for the New gTLD Registry Agreement Specification 11(3)(b) Security Framework and Advisory.

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- Contributing to ICANN org's responses to recommendations in multiple Security and Stability Advisory Committee Advisories, and support as requested by the Second Security, Stability, Resiliency of the Domain Name System Review.

### Contractual Compliance Online Learning

ICANN org launched a Domain Name Renewal infographic to increase community awareness and knowledge of compliance. The infographic can be found [here](#).

### Contractual Compliance Improvements and Initiatives

[Enhancing Transparency in Contractual Compliance Reporting](#) was a major initiative in 2017. In October, Contractual Compliance began publishing an improved monthly dashboard report to provide more detailed information on the subject matter of complaints. Contractual Compliance reports are publicly available on icann.org. This is consistent with the various recommendations and requests from the Competition, Consumer Choice, and Consumer Trust Review Team, the Governmental Advisory Committee, and other stakeholders. In addition, the team deployed new quarterly and annual reports. Other improvements in 2017 included system updates to support the reporting transparency, as well as updates to clarify communication during the complaint process. A list can be found in Appendix A.

### Performance Measurement in 2017

With the launch of new annual reports as stated above, Contractual Compliance annual metrics and the list of formal notices will no longer be included in this report. The 2017 annual metrics reports are located [here](#).

## Contractual Compliance Registrar Program Summary

In 2017, the Contractual Compliance team continued to focus on outreach with registrars, proactive monitoring, and targeted reviews to improve compliance with the 2013 Registrar Accreditation Agreement (RAA). Some of the efforts included WHOIS verification reviews and a proactive approach to remediation validation to ensure continued compliance by contracted parties on previously remediated issues.

In 2017, the Contractual Compliance team continued to participate in WHOIS Accuracy Reporting System (ARS) initiative. The WHOIS ARS is a framework for conducting repeatable assessments of WHOIS accuracy over time and publicly reporting the findings. The team received complaints regarding WHOIS inaccuracies and WHOIS format issues. WHOIS inaccuracy complaints were processed as individual WHOIS inaccuracy complaints, and the WHOIS format data was used to select registrars for targeted outreach.

Based upon community feedback, Contractual Compliance began publishing metrics for WHOIS ARS complaints [here](#), including additional metrics for complaints that were

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closed before a first notice, and complaints that received at least one notice. For additional information regarding WHOIS ARS, please see WHOIS ARS [here](#).

## Most Common Issues In 2017

Listed below were the most common issues addressed by ICANN org in regards to registrar compliance:

### 1. WHOIS Inaccuracy:

- a. Registrars failing to verify or validate WHOIS information as required by the WHOIS Accuracy Program Specification (WAPS) of the 2013 RAA.
- b. Registrars not distinguishing between the terms “verification” (which means to confirm or correct) and “validate” (which means to ensure data is consistent with standards) as used in WAPS.
- c. Registrars asking their resellers to confirm the accuracy of the WHOIS information of domain names of which ICANN received complaints, rather than providing confirmation from the registrant.
- d. Registrars failing to provide supporting documentation for updated or changed WHOIS information.
- e. Registrars failing to suspend domain names within 15 calendar days of receiving a WHOIS inaccuracy complaint and the Registered Name Holder failing to respond as required by WAPS.

### 2. Transfer Policy:

- a. Reporters are not aware that making a material change to registrant information will result in a 60-day lock for a Change of Registrant (COR).
- b. Reporters and registrars are not aware that once a 60-day lock is applied for COR, it cannot be removed.
- c. If registrars provide the option to opt out of the 60-day lock, they must do so before a COR is completed.
- d. Reporters are not aware that the designated agent may approve a COR without informing the registrant.
- e. Reporters are not aware that it is optional for registrars to provide the opportunity to opt out of the 60-day lock.
- f. Registrars applying 60-day locks for WHOIS data changes that are not COR as defined by the Transfer Policy.

### 3. WHOIS Format:

- a. Registrars failing to display WHOIS data in the layout specified in the Registration Data Directory Service (WHOIS) Specification of the 2013 RAA, the Additional WHOIS Information Policy (AWIP), and the Advisory: Clarifications to the Registry Agreement, and the 2013 Registrar Accreditation Agreement (RAA) regarding applicable Registration Data Directory Service (WHOIS) Specifications.
- b. Registrars failing to display WHOIS data in the syntax required by the 2013 RAA or related standards.



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#### **4. Renewal/Redemption, Expired Domain Deletion Policy (EDDP), Expired Registration Recovery Policy (ERRP):**

- a. Registrars that rely on their resellers to send the renewal notifications on their behalf and do not ensure that the notifications are actually sent and copies are maintained.
- b. Registrants unable to renew domain names through a reseller.
- c. Registrars not complying with the web posting obligations provided by the ERRP.
- d. Registrars not disrupting the DNS resolution path prior to deletion as required by the ERRP.
- e. Registrars that change the Registrant at Expiration's (RAE) name to their own subsidiaries or resellers on the date of expiration of the domain names, without providing the RAE clear information on their terms of service concerning expiration and renewals.
- f. Registrars not sending renewal notices to the registrant listed in the public WHOIS or at the intervals required by the ERRP.

#### **5. Abuse:**

- a. Registrars not taking reasonable and prompt steps to respond appropriately to reports of abuse, which at a minimum, should require registrars to forward valid complaints to the registrants.
- b. Reporters unaware the 2013 RAA does not require registrars to suspend every domain subject to a valid abuse complaint.
- c. Reporters submitting complaints to ICANN org without first reporting the alleged abuse to registrars.

#### **6. Data Escrow:**

- a. Registrars not escrowing data on the schedule specified by ICANN org.
- b. Registrars on the 2013 RAA failing to escrow both the public WHOIS data and underlying customer information for domains utilizing privacy or proxy services.
- c. Registrars failing to escrow data for all gTLDs under management.

#### **7. Uniform Domain Name Dispute Resolution Policy (UDRP):**

- a. Registrars not maintaining the status quo of the domain names involved in the proceedings, allowing them to be transferred to other registrars or registrants, or allowing domain names to be deleted.
- b. Registrars not locking a domain name subject to a UDRP within two business days of receiving a UDRP complaint from a UDRP provider.
- c. Registrars not providing the information requested within two business days of receiving a verification request from a UDRP provider.
- d. Improving communication between UDRP providers and registrars.

#### **8. Other Related Domain Registration Issues:**

- a. Registrars failing to maintain records as required by the RAA and not ensuring that resellers maintain and provide them upon request.

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- b. Registrars not able to provide ICANN with copies of communications they claim were sent to their registrants.

## Contractual Compliance Registry Program Summary

Contractual Compliance began 2017 with its yearly review of new generic top-level domains' (gTLDs) compliance with the annual certification requirements. We continued to monitor overall compliance with the registry agreements and related policies by processing matters received from external complaints, internal monitoring efforts, and review of public information. ICANN org reviewed approximately 750 gTLDs for compliance and ensured the content of the certifications met the applicable requirements. Approximately 90 compliance inquiries regarding missing or incomplete certificates were sent to registry operators.

Readiness efforts for enforcement and compliance monitoring was completed for the following:

- Registry Registration Data Directory Services Consistent Labeling and Display Policy (August 2017);
- Advisory, New gTLD Registry Agreement Specification 11 (3)(b) (June 2017);
- 2017 Global Amendment to the base Registry Agreement (July 2017); and
- Registration Data Access Protocol Pilot Program (September 2017).

In 2017, ICANN org continued Service Level Agreement (SLA) monitoring communication efforts. The automated compliance communication system was triggered by a SLA downtime of approximately 91 times in 2017.

Third-party zone file access complaints and incomplete data escrow deposits continued to be the largest volume areas of registry processing conducted by Contractual Compliance in 2017. Contractual Compliance also invoked its first use of the Public Interest Commitment Dispute Resolution Policy Standing Panel in 2017. The monthly, quarterly, and annual metrics are found [here](#), and the Contractual Compliance notices [here](#).

### Most Common Issues In 2017

Listed below were the most common issues addressed by ICANN org regarding registry compliance:

1. Zone File Access by Third Parties via the Centralized Zone Data Service
  - a. Registry operators not responding to requests for zone file access.
  - b. Registry operators denying or revoking access for reasons not permitted under the Registry Agreement.
  
2. Daily Data Escrow Deposits

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- a. Data escrow agents not sending daily notifications of escrow deposits to ICANN org.
  - b. Registry operators not sending daily notifications of escrow deposits to ICANN org.
  - c. Registry operators not making valid data escrow deposits.
3. Annual Certifications of Compliance
    - a. Registry operators not submitting the required Annual Certifications of Compliance with the Registry Operator Code of Conduct, the Exemption to the Code of Conduct, or Specification 13.
    - b. Registry operators not submitting compliant Annual Certifications of Compliance.
4. Service Level Agreement
    - a. Registry operators not meeting the required service level agreements under the Registry Agreement for service availability and performance.

## Contractual Compliance Risk and Audit Program Summary

The audit efforts in 2017 focused on the 2013 Registrar Accreditation Agreement (RAA) and the new Registry Agreement (RA). Two RAA and RA audits took place during 2017 with a total of 114 Registrars and 31 new gTLDs. For the 2017 calendar year, the audit team reviewed over 11,000 documents in 16 languages from 75 countries. By the end of 2017, the new Registry Agreement audits covered 31 registry service providers out of a total 38. This effort is important as a registry service provider may service multiple registries.

In 2017, ICANN org reviewed the audit plans and test objectives, and updated them based on lessons learned from previous audits, and lessons learned during complaint processing and reviews. The audit plans can be found [here](#).

ICANN org also updated the Audit Frequently Asked Questions to include the selection criteria for an audit, published the Audit Program Phases and Timeline, and an Audit Program Dashboard to improve transparency of audit activities.

Based on recent feedback, the pre-audit notification for future audits will only go out to the contracted parties in scope of the audit to allow for resource planning.

### ICANN Registrar Audit Program

By the end of July 2017, ICANN org completed the audit that was launched in September 2016. Fifty-five registrars were included in the audit round. Seventeen registrars received an Audit Report with no deficiencies, two registrars had their accreditation terminated during the audit, and two registrars had their audits postponed to the next round. The remaining 33 registrars received Audit Reports with deficiencies

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listed and are working on implementing the necessary changes to prevent future non-compliance. Please refer to the published audit report [here](#).

In September 2017, ICANN org launched another 2013 RAA audit round for 59 registrars. This round is currently underway and is estimated to be completed in March 2018. The 59 registrars include 26 registrars selected for full audit and 33 registrars rolled over from prior rounds for a partial re-audit to confirm the effectiveness of their remediation efforts implemented after the prior round. Two registrars have voluntarily terminated their accreditation during the audit.

### ICANN Registry Audit Program

In January 2017, ICANN org launched another New gTLD Registry Agreement audit round, which was completed in August 2017. Twenty-One new gTLDs were selected for this round of audits.

Registry operators for four new gTLDs completed the audit with no deficiencies; ten registry operators completed the audit by resolving the deficiencies during the remediation phase; and the remaining seven completed the audit with deficiencies still outstanding. Registry operators are expected to correct unresolved deficiencies by a defined date and will be retested in a future audit round to verify compliance in the identified areas. Please refer to the published report [here](#).

Registry operators for ten Category 1 strings New gTLDs received a Request for Information notice in September 2017 to participate in the audit. The new gTLDs fall into the following categories: Health and Fitness, Inherently Governmental Functions, Gambling, Financial, Potential for Cyber Bullying/Harassment, Professional Services, and Corporate Identifiers.

### Registrar Data Escrow Audit Efforts

By the end of 2017, ICANN had a total of nine approved data escrow providers. The list can be found [here](#). ICANN org worked with data escrow providers with whom ICANN registrars were depositing. The objective was to test registrars' compliance with their data escrow obligations and to establish a consistent approach across the ICANN-approved data escrow providers.

ICANN org continued proactive monitoring to measure the completeness of the registrars' data escrow deposits which includes the deposit of all gTLD domains under each registrar's management. This effort was limited to registrars depositing with Iron Mountain which is 98% of the registrar population.

As part of ongoing proactive monitoring and at the ICANN org's request, Iron Mountain performed in-depth reviews of registrars' escrow file contents. ICANN org focused on registrars that received a third notice or a notice of breach during this period. This review is critical to ensure the stability of registrant data.

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In 2017, ICANN org requested data escrow deposit audits of 105 registrars who received a third notice or a notice of breach. Of the 105 registrars, approximately half had issues with their data escrow deposits, the majority of which were related to incomplete deposits and missing information for domains where privacy and proxy services were used. All issues were remediated and retested.

## Appendix A:

### List of Activities to Support Contractual Compliance Initiatives and Improvements

- Updates to complaint forms and Contractual Compliance pages on icann.org.
- Updates to consolidated ticketing system to improve complaint processing when changing complaint type.
- Updates to reduce invalid automatic closures.
- Updates to resolved codes to improve communications, metrics, and reporting.
- Update to increase visibility of responses to closed complaints.
- Communication template updates for reporters and contracted parties in multiple complaint types.
- Removal of automated closure for WHOIS inaccuracy complaints filed within 45 days of a complaint regarding the same domain name to allow inaccuracies to be addressed with the same or different registrar.
- System updates to capture and report more granular data.
- Automated email uptime monitoring.
- System update to account for registry contact data migrated from the Global Domains Division portal to the Naming Services portal.
- Creation of an internal on-demand report to identify all pending complaints during enforcement.
- System update to reduce automated closures for improperly formatted domain names entered in complaint web forms.
- Improvements to complaint web forms on icann.org for multiple complaint types.
- Updates to the Contractual Compliance Program pages at icann.org for registrars and registry operators regarding contractual obligations

