

SGNIC'S RESPONSE TO COMMENTS ON ACCREDITATION OF REGISTRARS FOR .SG DOMAIN NAME REGISTRATION

OBJECTIVE

1. To share with industry SGNIC's decision following its review of the responses received to its consultation paper on the "Accreditation of Registrars for .SG Domain Name Registration".

BACKGROUND

2. SGNIC issued a consultation paper on 12 November 2001 inviting industry comments on the proposed accreditation scheme of qualified entities to provide registration services in SGNIC's Shared Registry System.
3. At the close of the deadline for submission on 10 December 2001, responses were received from two entities. They are Speednames Regional Services Pte Ltd¹ and the US Patent and Trademark Office. SGNIC extends its thanks to the respondents for their considered and constructive views and comments.

SUMMARY OF COMMENTS

4. Speednames and the US Patent and Trademark Office were supportive of SGNIC's move to open up the '.SG' domain name registration.
5. The following highlight the key points made in the submissions:

5.1 Payment Scheme

Speednames requested that SGNIC offers back-to-back credit and payment scheme that will ensure sufficient cash flow for registrars.

¹ Speednames Regional Services Pte Ltd is now known as Adicio Pte Ltd

5.2 **Scope of Accreditation**

Speednames opined that with only two second levels, namely, 'com.sg' and 'per.sg' domains, market expansion is limited. Speednames suggested that SGNIC monitor the actions of accredited registrars so as to prevent market cornering practices such as price dumping and lack of professionalism resulting in poor customer service.

5.3 **Performance Bond**

Speednames suggested that the performance bond be lowered from S\$100,000 to S\$50,000. In addition, Speednames suggested that SGNIC stipulate the costs of redelegation of domain names should a registrar be wound up and the conditions of withdrawing the bond upon a registrar exiting the business.

5.4 **Domain Name Registration Fees**

In relation to Domain Name registration fees, Speednames suggested setting a retail price so that registrars do not end up dumping domains for market share and cross selling their preferred products/services. It also suggested SGNIC to give rebate to registrars based on volume commitment; set one price for domain name registrations; and fix price for other transactions such as transfer of registrar.

The US Patent and Trademark Office through its US Trade representative suggested that, as an Intellect Property matter, SGNIC should require its registrar to mandate payment upon application for the domain name registration to circumvent cybersquatters filing for domain names without paying for them.

6. The full comments from the respondents can be found on SGNIC's website at <http://www.nic.net.sg/>.

SGNIC'S CONSIDERATION OF THE COMMENTS RAISED

7 **Payment Scheme**

To limit SGNIC's exposure to overdue payments and other financial risks, SGNIC would require its accredited Registrars to have a Deposit Account with an initial amount of S\$3,000 with SGNIC. Domain name registration and renewal fees will be debited from the Deposit Account. The Deposit Account is a common practice among registries and is

adopted by Canada, New Zealand and United Kingdom. S\$3,000 is considered reasonable in comparison with the deposits imposed by other larger ccTLDs. When S\$3,000 is nearly depleted, registrars will be asked to top-up the account. Notwithstanding, SGNIC may require alternative or additional modes of payment such as electronic fund transfer or credit card payment.

8 **Scope of Accreditation**

SGNIC's consultation paper did not specify how many second level domains would be opened up for competition. SGNIC will implement competitive domain name registration for 'com.sg', 'org.sg', 'net.sg', 'edu.sg' and 'per.sg'. Accredited registrars will be handling these five second level domains. SGNIC will not limit the number of accredited registrars. Depending on the number of registrars to be accredited and in the interest of promoting effective competition or meeting any special need, SGNIC reserves the right to provide the registrar service in a manner it deems necessary or expedient.

9 **Performance Bond**

SGNIC is agreeable to the suggestion of lowering the Performance Bond of S\$100,000. Taking into account the amount imposed by registries for worldwide domain name (eg. .com) and to commensurate with the size of SGNIC domain, a S\$70,000 Performance Bond would be levied. SGNIC however reserves its right to increase the performance bond if the number of registrations warrants the increase of the bond. SGNIC is also of the view that it is not feasible to stipulate the cost of redelegation of domain names should a registrar be wound up because the costs to be incurred would depend on the number of domain names the exiting registrar has at that point of winding up its business.

10 **Domain Name Registration Fees**

10.1 (i) Setting a retail price

SGNIC will prescribe the fees to be levied on registrars to register a domain name with its registry system. It will not determine the fee to be charged by Registrars on its customers when the registration service to be provided by registrars is packaged with other value-added services. It is recognised that the domain name registration service is often provided by registrars as part of the total service offered by registrars. The market forces in the competitive environment should be able to determine the right level of prices. In the event that competition among the registrars has not been effective, SGNIC may set the price range for domain name

registration service to ensure that competition is fair and that full benefits of competition are achieved.

To minimize disruption or inconvenience to domain name users, SGNIC will, at the initial implementation of the Registry-Registrar System continue to service the existing registrants. Registrants will be requested to appoint their own registrars within a given time to maintain their domain names.

(ii) Rebate based on volume commitment

SGNIC will monitor closely the volume of registrations submitted by registrars at least for the first 12 months of the implementation of Registry-Registrar System and will consider the need to set appropriate rebate in due course.

(iii) One price for domain name registrations

To discourage cybersquatting, SGNIC currently adopts a pricing structure where the second and subsequent domain name registrations are charged at S\$120 each for the first year of registration. With the implementation of the Singapore Domain Name Dispute Resolution Policy (SDRP), the concern for cybersquatting is much less now. Domain names registered by a cybersquatter would be liable for deletion by SGNIC in a speedier and more cost-effective process compared to court proceedings. SGNIC is agreeable to charge the same S\$60 per annum for the second and subsequent domain names.

(iv) Fixed price for other transactions

SGNIC will not determine the charges for other transactions such as modification, transfer of owner/registrar. SGNIC will leave it to the registrars to commercially decide such charges.

- 10.2 In relation to the suggestion of the US Patent and Trademark Office, SGNIC will leave it to the registrars to decide the mode of collecting registration fees. SGNIC will require registrars to make advance payment when registering a domain name. SGNIC believes that registrars would put in place their own credit control management. SGNIC will monitor the payment terms adopted by registrars with a view to ensuring that they will not lead to abuse by cybersquatting to hold onto their domain names.

CONCLUSION

- 11 In conclusion, there is support for SGNIC to open up and introduce competition in the registration service for .SG domain. The proposed accreditation scheme is largely acceptable to the industry. SGNIC's response and positions on the comments made on its proposals are detailed in the above paragraphs 7 to 10.
 - 12 SGNIC will therefore proceed to implement the registry-registrar system in domain name registration service. As a first step of the implementation, SGNIC will implement a registrar accreditation scheme to accept registrars to provide .sg domain name registration service. Invitation to apply for accreditation together with the details of the scheme are published in a separate document entitled "Invitation to Apply for Accreditation as SGNIC's Registrars" and are posted at the SGNIC website at the same time as this document.
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