

STATEMENT OF ~~REGISTRAR~~ ACCREDITATION POLICY

~~(.com, .net, and .org top-level domains)~~

~~(Adopted March 4, 1999)~~

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ICANN adopts the following policies concerning accreditation of ~~registrars~~ for the ~~.com, .net, and .org top level domains (TLDs)~~. The ICANN Board of Directors intends to review the appropriateness of these policies in ~~Spring 2000~~, to permit them to be improved based on experience ICANN then has with the policies.

~~The World Intellectual Property Organization is expected to submit to ICANN final recommendations concerning intellectual property issues in mid 1999. ICANN's consideration of those recommendations may result in some modifications to these policies.~~

In adopting these policies for accreditation of ~~registrars for the .com, .net, and .org TLDs~~, ICANN notes that some of the terms and conditions of ~~registrar~~ accreditation agreements, as set forth in Section III below, are made appropriate by the circumstances concerning those ~~TLDs~~ and the administration of their ~~registry~~. ICANN recognizes that different circumstances that may presently apply to ~~other TLDs~~, or different circumstances that may in the future apply to ~~these TLDs~~, may make it appropriate for these types of terms and conditions to be included in agreements between the ~~registry administrator and registrars~~, rather than agreements between ICANN and ~~registrars~~.

I. Policies Concerning Application Fees and Procedures

For initial applications, the application fee is US\$2500 for applicants seeking to be selected as testbed participants and US\$1000 for all other applicants. If an applicant applies unsuccessfully to participate in the testbed, the applicant will be considered for regular accreditation without the payment of a further application fee. Renewal application fees will be established later, after experience is gained regarding the time and effort required to process applications.

In processing applications for registrar accreditation, ICANN's goal is that action be taken within thirty days of an application being submitted in complete form, excluding time consumed in obtaining additional information from the applicant. ICANN's President and CEO shall report monthly to the Board on any instances where that goal has been missed.

II. Statement of Minimum Qualifications for Accreditation

An applicant for accreditation must demonstrate that it likely can perform its obligations as ~~registrar~~ by showing in its application for accreditation that it possesses the qualifications set forth in [Section II.A](#) below. Even where such a showing is made, ICANN may refuse to accredit a ~~registrar~~ if any of various conditions that reflected negatively on the application arise, as set forth in [Section II.B](#) below. In connection with termination of accreditation, ICANN may disqualify a ~~registrar~~ or related

persons, either permanently or for a stated period of time, from involvement with accredited ~~registrars~~, as set forth in [Section II.C](#) below.

A. Qualifications

To qualify for accreditation as a ~~registrar~~, the applicant will be required to:

1. In the case of applicants for initial accreditation, demonstrate to the satisfaction of ICANN current business capabilities (including management, communication, and information systems), or submit information (such as a reasonably detailed business plan) sufficient to show the ability to develop capabilities by the commencement of operation under accreditation that, in ICANN's judgment, are reasonably suited to:

a. Provide the applicant secure, authenticated access to the ~~registry~~.

b. Provide robust and scalable operations capable of handling the registration volume reasonably projected by applicant.

c. Allow for prompt handling of ~~second level domain ("SLD")~~ holders' requests for changes in registration data.

d. Achieve a reliable and readily usable daily data backup and archival of all ~~SLD~~ holder and registration data.

e. Maintain electronic copies of all transactions, correspondence, and communications with the ~~SRS~~ for at least the length of a registration contract.

f. Provide procedures for information systems security to prevent malicious or accidental disruption of the applicant's operations.

g. Meet the applicant's obligations under its accreditation agreement.

h. Provide procedures that permit applicant's customers to change ~~registrars~~ without interruption in use of the assigned ~~domain name~~.

i. Have the capacity to engage a sufficient number of qualified employees to handle the registration, update, and customer inquiry volume reasonably projected by applicant. The equivalent of five full-time employees or more will be deemed sufficient, although a lesser number of employees will be accepted upon a showing that it will be sufficient in the circumstances.

j. Ensure that the ~~registrar's~~ obligations to its customers and to the registry administrator will be fulfilled in the event that the ~~registrar~~ goes out of business, including ensuring that ~~SLD~~ holders will continue to have use of their ~~domain names~~ and that operation of the Internet will not be adversely affected.

Applicants for initial accreditation seeking to demonstrate current business capabilities meeting the above criteria may do so by submitting an independently verified or verifiable description of the applicant's business, such as audited financial statements or annual reports of companies with publicly-traded securities. Applicants for initial accreditation submitting comprehensive business plans to develop capabilities by the commencement of operation under accreditation may do so under appropriate assurances by ICANN of confidentiality of the plans.

2. In the case of applicants already operating as registrars accredited by ICANN, demonstrate that they are meeting the requirements of [1\(a\)-\(j\)](#) in their existing registrar businesses.

3. Offer to agree to have, and demonstrate an ability to obtain, commercial general liability insurance in effect during the accreditation period in an amount sufficient, given the registration volume reasonably projected by applicant, to provide ~~domain name~~-holders reasonable compensation for losses caused by the applicant's wrongful covered acts. A policy limit in the amount of US\$500,000 or more will be deemed sufficient, although a lesser limit will be accepted upon a showing that it provides for reasonable compensation in the circumstances. A certificate of insurance need not accompany the application, but must be presented as a condition of accreditation becoming effective.

4. Demonstrate that it has adequate working capital available for the operation of the ~~registrar~~-business, given the registration volume reasonably projected by applicant. For applicants seeking initial accreditation, demonstration of the ability to procure liquid capital immediately available in the applicant's name at the commencement of the accreditation period in an amount of US\$70,000 or more will be deemed adequate, although a lesser amount will be accepted upon a showing that in the circumstances it will provide adequate working capital. Evidence of independent verification of the capital (such as by guaranteed bank loan or by a guaranteed credit line or letter of credit from a recognized financial institution) need not accompany the application, but must be presented as a condition of accreditation becoming effective. For applicants with existing registrar businesses, or proposing to convert their existing ~~domain-name reseller~~-businesses to ~~registrar~~-businesses, an independently verified financial statement (such as by an accountant's audit) showing the working capital devoted to the business should be presented with the application.

5. At the time of the application, hold an existing and operational SLD (or third level domain if operating under an ISO-3166 country level domain).

B. Matters Potentially Leading to Ineligibility

ICANN may refuse to accredit an otherwise qualified applicant for any of the following reasons:

1. There is a material misrepresentation, material inaccuracy, or materially misleading statement in the application or any material accompanying the application;
2. Applicant has submitted to ICANN within the past year an accreditation application or material accompanying an accreditation application that ICANN has found to contain a material misrepresentation, material inaccuracy, or materially misleading statement;
3. Applicant, or any officer, director, or manager, or any person or entity owning (or beneficially owning) five percent or more of applicant:
 - a. within the past ten years, has been convicted of a felony or of a misdemeanor related to financial activities, or has been judged by a court to have committed fraud or breach of fiduciary duty, or has been the subject of a judicial determination that ICANN deemed as the substantive equivalent of any of these;
 - b. within the past ten years, has been disciplined by any government or industry regulatory body for conduct involving dishonesty or misuse of the funds of others;

c. is currently involved in any judicial or regulatory proceeding that could result in a conviction, judgment, determination, or discipline of the type specified in (a) or (b); or

d. is the subject of a disqualification imposed by ICANN and in effect at the time the application is considered, as specified immediately below.

C. Disqualification

To address violations by an accredited ~~registrar~~ or ~~registry~~ administrator of its obligations stated in the accreditation agreement, ICANN may, in accordance with ICANN's procedures, disqualify a ~~registrar~~ or ~~registry~~ administrator, or any officer, director, manager, employee, or owner (including beneficial owners) from being an ICANN-accredited ~~registrar~~ or ~~registry~~ administrator, either permanently or for a stated period of time. As noted in Section II.B.3.d immediately above, disqualification also precludes the subject from certain types of involvement with any ICANN-accredited ~~registrar~~.

III. **Terms and Conditions of Accreditation Agreements**

As a condition of obtaining and maintaining ICANN accreditation, ~~registrars~~ must enter and maintain in effect accreditation agreements with ICANN. The terms and conditions of which will be specified in written agreements executed by ICANN and each ~~registrar~~, in conformity with the following general terms:

The following outline gives the terms of the standard accreditation agreement that is being considered for adoption. This is an outline only, and will be implemented in more detailed contractual language.

The principal provisions of these agreements will include:

A. Accreditation. During the term of the agreement, the ~~registrar~~ will be accredited by ICANN to act as a ~~registrar~~ (including to insert and renew registration of ~~SLDs~~ in the ~~registry~~) for the ~~.com, .net, and .org~~ TLDs.

B. Registrar Use of ICANN Name. The ~~registrar~~ will be granted a non-exclusive worldwide license to state during the term of the agreement that it is accredited by ICANN as a ~~registrar~~ in the ~~.com, .net, and .org~~ TLDs. No other use of ICANN's name will be covered by the license. This license may not be assigned or sublicensed by the ~~registrar~~.

C. Submission of ~~SLD~~ Holder Data to ~~Registry~~. During the term of the agreement:

1. As part of its registration of all ~~SLD~~ registrations in the ~~.com, .net, and .org~~ TLDs, the ~~registrar~~ will submit the following data elements concerning ~~SLD~~ registrations it processes to ~~Network Solutions, Inc. ("NSI")~~ or such other the entity as ICANN may designate as ~~registry~~ administrator for the appropriate ~~TLD~~:

a. The name of the ~~SLD~~ being registered;

- b. ~~The Internet Protocol ("IP") addresses of the primary nameserver and any secondary nameservers for the SLD;~~
- c. ~~The corresponding names of those nameservers;~~
- d. The identity of the ~~registrar~~; and
- e. Unless waived by ICANN, the expiration date of the registration.

2. Within two business days after receiving any updates to data elements C.1.b and c from the ~~SLD~~-holder, the ~~registrar~~ will submit the updated data elements to ~~NSI~~ or such other the entity as ICANN may designate as ~~registry~~ administrator for the appropriate ~~TLD~~.

3. Within ten days of any request by ICANN, the ~~registrar~~ will submit an electronic database containing data elements C.1.a through d for all active records placed by the ~~registrar~~ into the ~~registry~~, in a format specified by ICANN, to an existing or a substitute ~~registry~~ administrator designated by ICANN for the appropriate ~~TLD~~. This submission is to allow reconstitution of the ~~registry~~ in the event of a technical failure of the ~~registry~~ or change in accredited ~~registry~~ administrator.

D. Public Access to Data on ~~SLD~~ Registrations. During the term of the agreement:

1. At its expense, the ~~registrar~~ will provide public access on a real-time basis (such as through a Whois service) to such data elements as ICANN designates from time to time concerning all active ~~SLD~~ registrations sponsored by the ~~Registrar~~ in the ~~registry~~ for the ~~.com, .net, and .org TLDs~~. Until ICANN otherwise designates, this data shall consist of:

- a. The name of the ~~SLD~~ being registered;
- b. ~~The Internet Protocol ("IP") addresses of the primary nameserver and any secondary nameservers for the SLD;~~
- c. ~~The corresponding names of those nameservers;~~
- d. The identity of the ~~registrar~~;
- e. The expiration date of the registration;
- f. The name and postal address of the ~~SLD~~ holder;
- g. The name, postal address, e-mail address, voice telephone number, and where available fax number of the technical contact for the ~~SLD~~;
- h. The name, postal address, e-mail address, voice telephone number, and where available fax number of the administrative contact for the ~~SLD~~;

i. The name, postal address, e-mail address, voice telephone number, and where available fax number of the zone contact for the ~~SLD~~; and

j. Any remark concerning the registered ~~SLD~~-name that should appear in the Whois data.

2. Upon receiving any updates to data elements D.1.b through j from the ~~SLD~~ holder, the ~~registrar~~ will promptly update its database used to provide the public access described in Section D.1.

3. The ~~registrar~~ may subcontract its obligation to provide the public access described in Section D.1 to another entity with ICANN's prior written approval of the subcontractor and the terms and conditions of the subcontract. In the event of subcontracting, ~~Registrar~~ shall remain fully responsible for the proper provision of the access.

4. In the event that ICANN determines that the real-time public access described in Section D.1 should be provided by an entity other than the ~~registrar~~, the ~~registrar~~ will provide up-to-date data elements D.i.b through j, in an electronic format specified by ICANN, for all active ~~SLD~~-registrations sponsored by the ~~registrar~~ to the entity designated by ICANN to provide the access. The data will be provided within ten days of ICANN's designation of any such provider. Thereafter, for so long as ICANN's designation of the

provider remains in effect, the ~~registrar~~ promptly will provide data elements D.1.a through j for new ~~SLD~~-registrations and updates to registration data to the designated provider, all in an electronic format specified by ICANN. The ~~registrar~~ will bear the cost of providing the data to the designated provider.

5. To comply with applicable statutes and regulations or for other reasons, ICANN may from time to time establish limits on the data concerning ~~SLD~~ registrations that the ~~registrar~~ may make available to the public. In the event ICANN establishes such limits, the ~~registrar~~ shall abide by them.

E. Retention of ~~SLD~~-Holder and Registration Data.

1. During the term of the accreditation agreement, the ~~registrar~~ will maintain its own electronic database containing updated data elements data elements D.1.a through j for each active ~~SLD~~-registration sponsored by it in the ~~registry~~ for the ~~.com, .net, and .org~~ TLDs.

2. During the term of the agreement and for three years thereafter, the ~~registrar~~ will maintain the following records relating to its dealings with ~~registry~~ administrators and ~~SLD~~-holders:

a. In electronic form, the submission date and time, and the content, of all registration data (including updates) submitted to the ~~registry~~;

b. In electronic, paper, or microfilm form, all written communications with actual or potential ~~SLD~~-holder-customers, including order templates; and

c. In electronic form, records of the accounts of all ~~SLD~~-holder-customers with the ~~registrar~~, including dates and amounts of all payments and refunds.

The ~~registrar~~ will make these records available for inspection by ICANN upon reasonable notice.

F. Rights in Data. The ~~registrar~~ will disclaim all rights to ownership or exclusive use of data elements C.1.a through c and D.1.a through c for all ~~SLD~~-registrations submitted by the ~~registrar~~ to any ~~registry~~. The ~~registrar~~ will be permitted to claim rights in the data elements C.1.d and e and D.1.d through j concerning active ~~SLD~~ registrations sponsored by it in the ~~registry~~ for the ~~.com, .net, and .org~~ TLDs, subject to (1) a non-exclusive, irrevocable, royalty-free license to exercise or have exercised all such rights for or on behalf of ICANN throughout the world, which ICANN may sublicense to any other ~~registrar~~ it accredits in the event this Agreement is terminated or expires without renewal; and (2) a non-exclusive, irrevocable, royalty-free license to make use of and disclose the data elements D.1.a through j in a Whois or similar service. ICANN will have the ability to waive in writing the requirement for the license stated in (2).

G. Data Escrow. During the term of the agreement, on a daily basis or on such other a schedule as ICANN may from time to time specify, the ~~registrar~~ will submit to ICANN or to an independent escrow agent ICANN designates, an electronic copy, in a format specified by ICANN, of the database described in Section E.1 above. The escrowed data will be held by ICANN or the escrow agent under an escrow agreement that specifies that the data may be used only in the event that this Agreement is terminated or expires without renewal.

H. Fair Competition with Other Registrars. The ~~registrar~~, if it is also a ~~registry~~ administrator for the ~~.com, .net, or .org TLD(s)~~, will abide by the following procedures to ensure that all accredited ~~registrars~~ have equal access to the registry for that ~~TLD~~:

1. The ~~registrar~~ operations of the ~~registry~~ administrator shall not have access to, and will not make any use of, data concerning the expiration date of registrations inserted or last renewed in the ~~registry~~ by other ~~registrars~~.
2. The ~~registrar~~ operations of the ~~registry~~ administrator shall not have earlier or more extensive access than any other ~~registrar~~ to data concerning the level of ~~registry~~ activity (e.g., number of initial registrations inserted, number of renewals, and number of updates) of any other ~~registrar~~.

3. The ~~registry~~ shall be administered so that initial ~~SLD~~-registrations received from accredited ~~registrars~~ are assigned on a first-come, first-served basis and so that existing ~~SLD~~-holders may renew their registrations through the accredited ~~registrar~~ of their choice.

4. The ~~registry~~ shall be administered to permit any accredited ~~registrar~~, with ~~SLD~~-holder authorization, to assume sponsorship of an ~~SLD~~-registration placed or renewed in the ~~registry~~ by another ~~registrar~~.

I. Accommodation by ~~Registry~~ Administrator of Privacy Requirements

Applicable to ~~Registrars~~. The ~~registrar~~, if it is also a ~~registry~~-administrator for the ~~.com, .net, or .org TLD(s)~~, will abide by the following requirements to promote uniform application of fair information practices and to facilitate the submission of ~~SLD~~-registration data to the ~~registry~~ by ~~registrars~~ in a manner that complies with those ~~registrars'~~ privacy obligations to their ~~SLD~~-holders:

1. The ~~registry~~-administrator shall provide each ~~registrar~~ with notice as to:

a. The purposes for which data about any identified or identifiable natural person ("Personal Data") to be provided by the ~~registrar~~ are intended;

b. The recipients or categories of recipients of any Personal Data provided by the ~~registrar~~; and

- c. How any Personal Data provided by the ~~registrar~~ and maintained in the ~~registry~~ can be accessed and, if necessary, rectified.
2. The ~~registry~~ administrator shall, in the ~~registrar/registry~~ administrator contract, agree that the ~~registry~~ will not process any Personal Data provided by the ~~registrar~~ in a way incompatible with the purposes and other limitations about which it has provided notice to the ~~registrar~~.
3. The ~~registry~~ administrator shall, in the ~~registrar/registry~~ administrator contract, agree that the ~~registry~~ will take reasonable precautions to protect any Personal Data provided by the ~~registrar~~ from loss, misuse, unauthorized access or disclosure, alteration, or destruction.

J. Business Dealings, Including with ~~SLD~~ Holders.

1. In the event ICANN either adopts or approves any Code of Conduct for ~~DNS Registrars~~, the ~~registrar~~ will abide by that Code.
2. The ~~registrar~~ will abide by all applicable laws and governmental regulations.
3. The ~~registrar~~ will not represent to any actual or potential ~~SLD~~ holder that the ~~registrar~~ enjoys access to a ~~registry~~ for which the ~~registrar~~ is accredited that is superior to that of any other ~~registrar~~ accredited for that ~~registry~~.

4. The registrar will not activate any SLD registration unless and until it is satisfied that it has received payment of its registration fee. For this purpose, a charge to a credit card or other mechanism providing a reasonable assurance of payment will be sufficient.

5. The registrar will register SLDs to SLD holders only for fixed periods. At the conclusion of the registration period, failure to pay a renewal fee within the time specified in a second notice or reminder will result in cancellation of the registration.

6. The registrar will not insert or renew any SLD name in any registry for which the registrar is accredited in a manner contrary to an ICANN-approved list or specification of excluded SLD names that is in effect at the time of insertion or renewal.

7. The registrar will require all SLD holders to enter an electronic or paper registration agreement with the registrar including at least the following provisions:

a. The SLD holder shall provide to the registrar accurate and reliable contact details and promptly update them during the term of the SLD registration, including: the full name, postal address, e-mail address, voice telephone number, and fax number if available of the SLD holder;

name of authorized person for contact purposes in the case of an ~~SLD~~ holder that is an organization, association, or corporation; and the data elements listed in Section [D.1.b, c, and f through j](#) above.

A ~~SLD~~ holder's willful provision of inaccurate or unreliable information or the willful failure promptly to update information provided to the ~~registrar~~ shall constitute a material breach of the ~~SLD~~ holder-~~registrar~~ contract and be a basis for cancellation of the ~~SLD~~ registration.

An ~~SLD~~ holder (such as an ISP) may provide its own contact information in connection with an ~~SLD~~ the use of which it intends to license to a third party who wishes to remain anonymous, provided that the technical, administrative, and zone contact information provided is adequate to facilitate timely resolution of any problems that arise in connection with the ~~SLD~~. An ~~SLD~~ holder licensing use of an ~~SLD~~ according to this provision shall accept liability for harm caused by wrongful use of the ~~SLD~~, unless it promptly discloses the identity of the licensee to a party providing it reasonable evidence of such harm. *~~[N.B. This provision has been clarified in the posted Registrar Accreditation Agreement.]~~*

b. The ~~registrar~~ shall provide notice to each ~~SLD~~ holder-customer stating:

i. The purposes for which any data collected from the applicant about any identified or identifiable natural person ("Personal Data") are intended;

ii. The intended recipients or categories of recipients of the data (including the ~~registry~~ administrator and others who will receive the data from the ~~registry~~);

iii. Which data are obligatory and which data, if any, are voluntary; and

iv. How the data subject can access and, if necessary, rectify the data held about them.

c. The ~~SLD~~ holder shall consent to the data processing referred to in Section J.7.b.

d. The ~~SLD~~ holder shall represent that it has provided notice equivalent to that described in Section J.7.b above to any third-party individuals whose Personal Data are supplied to the ~~registrar~~ by the ~~SLD~~ holder, and that the ~~SLD~~ holder has obtained consent equivalent to that referred to in Section J.7.c above of any such third-party individuals.

e. The registrar shall agree that it will not process the Personal Data collected from the SLD holder in a way incompatible with the purposes and other limitations about which it has provided notice to the SLD holder in accordance with Section J.7.b, above.

f. The registrar shall agree that it will take reasonable precautions to protect Personal Data from loss, misuse, unauthorized access or disclosure, alteration, or destruction.

~~g. The SLD holder shall represent that, to the best of the SLD holder's knowledge and belief, neither the registration of the SLD name nor the manner in which it is directly or indirectly used infringes the legal rights of a third party.~~

~~h. For the adjudication of disputes concerning or arising from use of the SLD name, the SLD holder shall submit, without prejudice to other potentially applicable jurisdictions, to the jurisdiction of the courts (1) of the SLD holder's domicile and (2) where the registrar is located.~~

~~i. The SLD holder shall agree that its registration of the SLD name shall be subject to suspension, cancellation, or transfer by any ICANN procedure, or by any registrar or registry administrator procedure approved by ICANN, (1) to correct mistakes by the registrar or the~~

~~registry administrator in registering the name or (2) for the resolution of disputes concerning the SLD name.~~

8. The registrar will, upon notification by any person of an inaccuracy in the contact details associated with a ~~SLD~~ registration sponsored by the ~~registrar~~, take reasonable steps to verify and correct that inaccuracy.

9. The ~~registrar~~ will maintain in force commercial general liability insurance with policy limits of at least the amount stated in Section II.A.3 above covering liabilities arising from ~~Registrar's registrar~~ business during the term of the agreement.

~~K. Domain Name Dispute Resolution. During the term of the accreditation agreement, the registrar will have in place a policy and procedure for resolution of disputes concerning SLD names. In the event that ICANN establishes a policy or procedure for resolution of disputes concerning SLD names that by its terms applies to the registrar, the registrar will adhere to the policy or procedure.~~

L. Accreditation Fees. As a condition of accreditation, the ~~registrar~~ will pay accreditation fees to ICANN. These fees consist of fixed and variable components. Initially, the fixed component for a one-year term will be US\$5,000.00. Payment of the fixed component will be due upon execution by the ~~registrar~~ of the initial accreditation agreement and each renewal. The variable component will be based on

the number of ~~SLD~~ registrations inserted or renewed in the ~~.com, .net, and .org registries~~ by the ~~registrar~~ on or after ~~July 1, 1999~~, and will be payable monthly in arrears. Within five days following the end of each month during the term of the agreement beginning ~~July 1999~~, the ~~registrar~~ will submit an accounting to ICANN stating the sum of the durations (in years) of all of the registrations inserted or renewed in said ~~registry(ies)~~ by the ~~registrar~~ during the month. At the time the accounting is submitted to ICANN, the ~~registrar~~ will pay ICANN an amount computed by multiplying that sum by a charge specified from time to time by ICANN, which will not exceed ~~US\$1.00~~ per registration-year through ~~December 31, 2000~~. On reasonable notice given by ICANN to the ~~registrar~~, accountings submitted by the ~~registrar~~ will be subject to verification by an independent audit of the ~~registrar's~~ books and records.

M. Termination of Agreement. The accreditation agreement may be terminated by ICANN before its expiration in any of the following circumstances:

1. The ~~registrar~~ requests termination in writing.
2. There was a material misrepresentation, material inaccuracy, or materially misleading statement in the ~~registrar's~~ application for accreditation or any material accompanying the application.

3. Any of the circumstances of ineligibility for accreditation stated above in Section II.B.3 apply with respect to the registrar or related persons.

4. The registrar fails to cure any breach of the agreement within thirty days after ICANN gives the registrar notice of the breach.

5. The registrar acts in a manner that ICANN reasonably determines endangers the stability and operational integrity of the Internet.

6. The registrar ceases doing business as a registrar.

7. The registrar becomes bankrupt or insolvent.

The accreditation agreement may be terminated in circumstances 1 through 6 above only upon fifteen days notice to the registrar, with the registrar being given an opportunity during that time to initiate arbitration under Section O below to determine the appropriateness of termination. In cases where ICANN reasonably determines that immediate action is urgently required to preserve the stability of the Internet or protect third parties, it may suspend the registrar's accreditation immediately on notice to the registrar for the fifteen-day period or until any requested arbitration is concluded. This Agreement may be terminated immediately upon notice to the registrar in circumstance 7 above.

N. Term of Agreement; Renewal. The accreditation agreement will have an initial term of one year, unless sooner terminated. If the registrar seeks to continue its accreditation, it may apply for renewed accreditation, and will be entitled to renewal provided it meets the accreditation requirements then in effect. In connection with renewed accreditation, the registrar will confirm its assent to the terms and conditions of the applicable ICANN accreditation agreement prevailing at the time of renewal (which may differ from those of the expiring accreditation agreement) by signing a new accreditation agreement.

O. Resolution of Disputes Under the Accreditation Agreement. Disputes arising under the accreditation agreement, including disputes arising from ICANN's failure to renew a registrar's accreditation, will be resolved by arbitration conducted under the rules of an arbitral body intended for resolution of international disputes. In the event litigation arises involving ICANN concerning the accreditation agreement (such as to enforce an arbitration award), jurisdiction and exclusive venue for such litigation will be in a court located in Los Angeles, California, USA, with the parties also having the right to enforce a judgment of such a court located in Los Angeles in any court of competent jurisdiction.

P. Limitations on Monetary Remedies for Violations of the Agreement. ICANN's aggregate monetary liability for violations of the agreement will not exceed the amount of accreditation fees paid by the registrar to ICANN under the agreement. The

~~registrar's~~ monetary liability to ICANN for violations of the agreement will be limited to accreditation fees owing to ICANN under the agreement. (This limitation will not apply to liabilities arising from any false representations by the ~~registrar~~ as to its accreditation.) In no event will either party be liable for punitive or exemplary damages for any violation of the agreement.

IV. Program for Accreditation of ~~Registrars~~ for Phase 1 (Testbed Phase) of Shared Registration System

All applicants seeking to participate in the phase 1 testbed must meet the accreditation requirements generally applicable to ~~registrars~~ operating in later phases, as described in the Section II above, and enter an accreditation agreement containing the provisions summarized in Section III above. To be considered for participation in the phase 1 testbed, an applicant must specifically note in its application for accreditation its desire to participate in phase 1 and pay the US\$2500 application fee described in Section I above to cover the increased cost of handling the application.

In addition, to ensure the success of the phase 1 testbed, ~~registrars~~ participating in phase 1 will be required to enter a supplemental agreement with ICANN by which they commit:

1. to provide the enhanced technical and engineering support to necessary to interface with ~~NSI~~ and to collaborate closely with ~~NSI's registry~~ administration operation and other phase 1 ~~registrars~~;
2. to provide ICANN and the U.S. Government operational information in writing concerning the test within thirty days after completion of the test; and
3. to give non-participating accredited ~~registrars~~ reasonable access to test results and other relevant technical data through an ICANN organized meeting to be held no later than thirty days after completion of the test.

In the event that more than five qualified applicants seek to participate in phase 1, the participating applicants will be selected by ICANN based on four criteria. The primary criterion for selection will be:

1. The applicant's demonstrated technical and business capabilities to support the phase 1 test and its willingness to commit the resources and to collaborate closely, as appropriate, to ensure a successful testing of the SRS.

Additional criteria that ICANN is considering using in selecting the phase 1 participants are:

2. The contribution that the applicant's participation would make to introduction of early, robust competition in ~~registrar~~ services.

3. The extent to which the applicant's participation would enhance the availability of registration services in geographical regions or to categories of prospective ~~domain name~~-registrants that would be less adequately served without applicant's participation.

4. The extent to which the applicant's participation would promote a diversity of business models (including non-profit models) and types for provision of ~~registrar~~ services.