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

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I.   Highlights of 2013

2013 is all about delivering on the ICANN Contractual Compliance Three-Year plan. A commitment ICANN made to the community to strengthen the program and operations, to establish performance measures and to improve reporting.

I can truly echo Fadi's closing message in the 2013 Annual Report, "*We have much more work to do, but I am confident that we have built the necessary foundation.*"

Thank you for your patience and your support.
Looking forward to 2014!

Sincerely,
Maguy Serad.

Budget Increase
The Contractual Compliance department budget increased to $3.7M in fiscal year 2014, a 14.5 percent increase over the prior year. The funds were allocated for hiring staff, system improvements, conducting contractual compliance audits and increased overhead expenses.

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[1] 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.

US Dollars in thousands	FY14 Budget	FY13 Actual	Increase/ (Decrease)		Comments
Contractual Compliance Department Budget	$3,683	$3,218	$465	14.5%	Contractual Compliance department operating costs to cover personnel, travel & meetings, professional services and administration. Increase due to additional FTEs, travel and systems improvement projects.
Shared Resources	$2,128	$2,002	$126	6.3%	Support from other departments: IT, meeting logistics, Finance, HR, Admin, etc.
Total Functional View of Contractual Compliance Activities	**$5,812**	**$5,220**	**$591**	**11.3%**	

For detailed information regarding ICANN's fiscal year 2014 budget, go to: http://www.icann.org/en/about/financials.

Staff Increase
The Contractual Compliance team has established a global presence in the Istanbul hub office. As of the date of this report, the team is comprised of 18 full time employees and three contractors. Staff members are fluent in 11 languages: Arabic, English, French, Hindi, Korean, Mandarin, Russian, Spanish, Turkish, Urdu and Uzbek. For staff information please go to http://www.icann.org/en/resources/compliance/staff.

Increased Number of Escalated Compliance Notices
In 2013, 58 escalated compliance notices (i.e., notices of breach, suspension and termination) were issued; a 142 percent increase from the number of escalated compliance notices issued in 2012. Escalated compliance action was taken based on a registrar's failure to comply with its contractual obligations. Please refer to Summary of Complaints below for the enforcement activities.

Efficiency and Effectiveness in Compliance Core Operations
In 2013, the complaint management system consolidation under ICANN.ORG and the additional improvements to the process led to shorter complaint response time, process consistency across all complaint types and improved fact-based decision-making.

Improved User Experience
The focus for 2013 was to improve the user experience. Improvements included easier navigation, 88 frequently asked questions available in six UN languages and a follow-up continuous improvement pulse survey to the reporter and the contracted party.

Multiple Complaint Submission

In June 2013, ICANN added a feature to allow reporters to submit multiple complaints. Once a report is submitted to ICANN, a reporter can return to the complaint form by a "Click here to submit another" link and the reporter's contact information is pre-populated in the form.

Bulk Complaint Submission

In November 2013, "power" users who submit many WHOIS Inaccuracy complaints were provided access to a bulk complaint tool. The tool allows for uploading complaints via an XML file into ICANN's environment for processing. Power users must enroll in the program, accept the Terms of Use for the Bulk WHOIS inaccuracy submission tool and complete a testing phase to ensure quality of submission before access is granted.
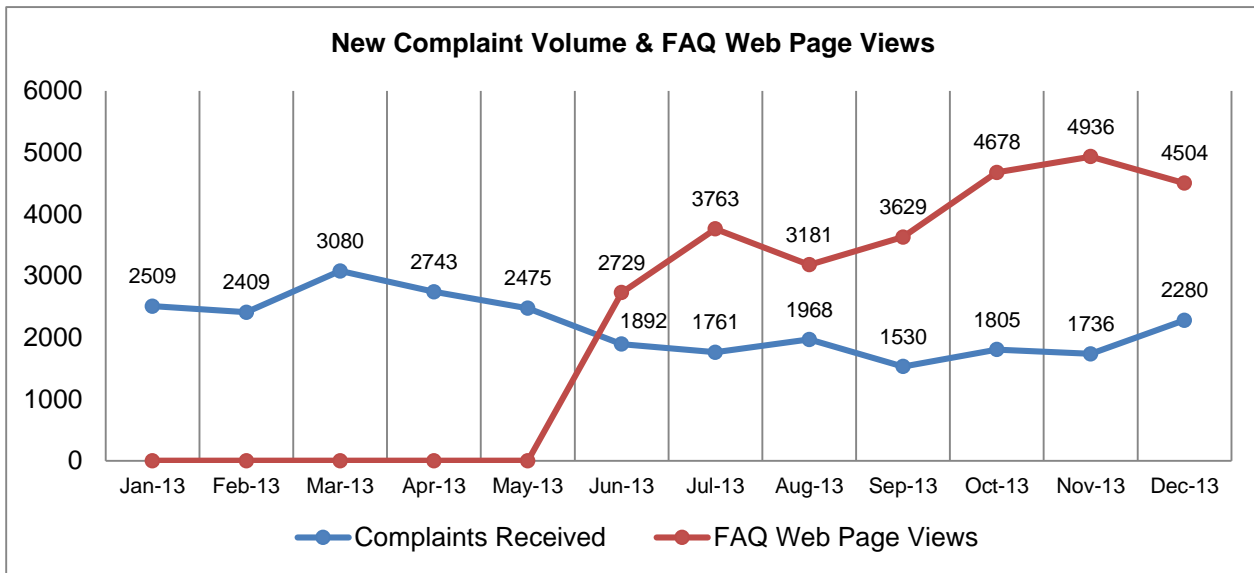
Performance Measurement in 2013

The informal resolution and enforcement process improvements, which include improved communication and collaboration between ICANN and the contracted parties, led to shorter response time on complaints. Complaints are received every day throughout the year. The turn-around time (TAT) is the average time for a contracted party and ICANN to respond and close a ticket from receipt.

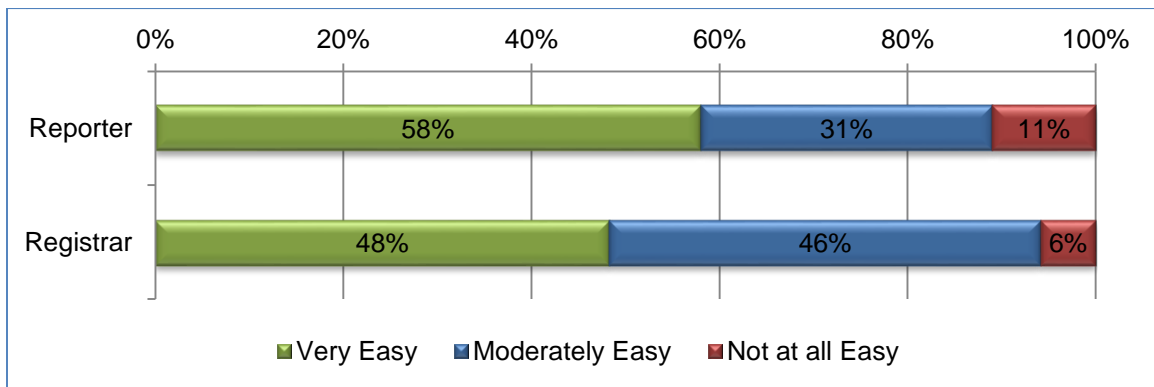The chart below reflects the WHOIS Inaccuracy monthly average TAT in 2013.
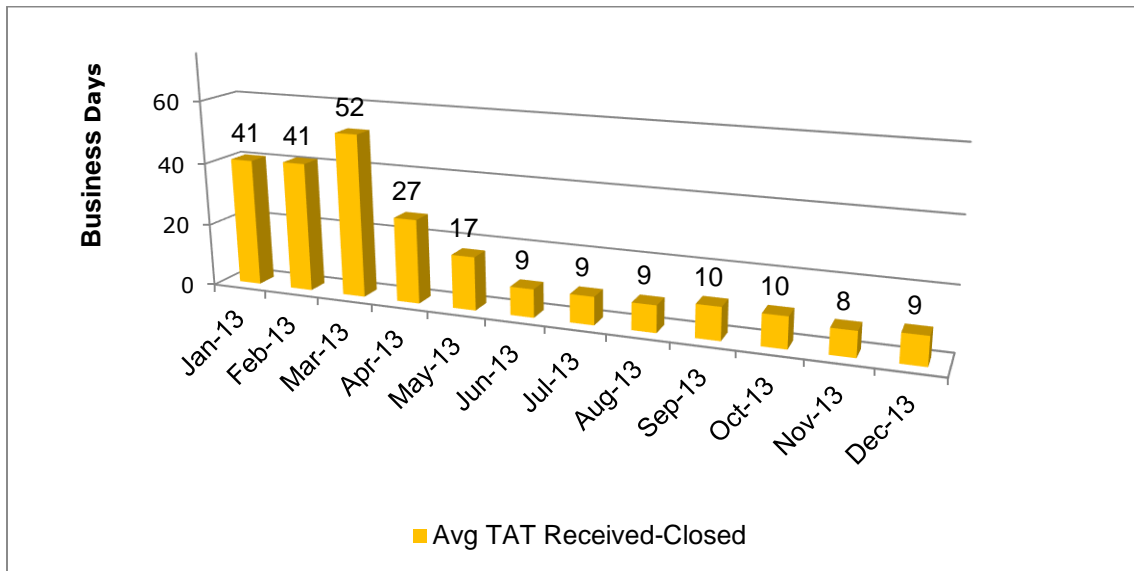
After the rollout of the **Frequently Asked Questions**, ICANN saw a decrease of approximately 600 customer service complaints per month as shown below. The FAQ usage is double the number of actual complaints submitted.

New Complaint Volume & FAQ Web Page Views

Complaints Received (blue line): Jan-13 2509, Feb-13 2409, Mar-13 3080, Apr-13 2743, May-13 2475, Jun-13 1892, Jul-13 1761, Aug-13 1968, Sep-13 1530, Oct-13 1805, Nov-13 1736, Dec-13 2280

FAQ Web Page Views (red line): Jun-13 2729, Jul-13 3763, Aug-13 3181, Sep-13 3629, Oct-13 4678, Nov-13 4936, Dec-13 4504

Every closure email to a reporter and to a contracted party includes a link to participate in a continuous feedback **pulse survey** with five questions.

The key survey question of 'overall experience rating' is selected to present this metric. The response rate for reporters was 1.1% and 1.0% for registrars.

Reporter: Very Easy 58%, Moderately Easy 31%, Not at all Easy 11%
Registrar: Very Easy 48%, Moderately Easy 46%, Not at all Easy 6%

In 2013, ICANN issued 44 breach notices, two suspensions and 12 terminations. Below charts provide a summary of the 26,188 complaints in 2013 and a summary of the reasons for the 44 breach notices. A breach notice may contain multiple reasons.

Complaint Types	Number of Complaints	Percent of Complaint
Customer Service	4,091	15.6%
Data Escrow	178	0.7%
Fees	33	0.1%
Other	134	0.5%
Registrar Contact	386	1.5%
Registry	46	0.2%
Renewal/Redemption	667	2.5%
Transfer	4,962	18.9%
UDRP	408	1.6%
Whois Inaccuracy	15,158	57.9%
Whois Unavailable	125	0.5%
Total Complaints Processed	26,188	
Total Complaints Closed	25,176	

Enforcement Notice Reasons	%
Maintain and provide communication records (RAA 3.4.2/3)	28.7%
Pay accreditation fees (RAA 3.9)	20.0%
Respond to audits (RAA 3.14)	16.5%
Other	12.2%
Communicate contact data changes (RAA 5.11)	7.0%
Link to ICANN's registrant rights & responsibilities website (RAA 3.15)	7.0%
IRTP	5.2%
UDRP	3.5%

To keep the ICANN community informed, ICANN's Contractual Compliance metrics are published monthly and can be found on https://www.myicann.org/compliance.

II.   *2013 Registrar Contractual Compliance Summary*

2013 Registrar Accreditation Agreement (RAA) Outreach Activities
In an effort to provide updates on the changes due to the 2013 RAA and to ensure alignment with the contracted parties on expectations, the Contractual Compliance team in partnership with the DNS Engagement team delivered four outreach meetings across the following regions: North America meeting held in Los Angeles, USA; Asia Pacific meeting held in Xiamen, China; Europe meeting held in Berlin, Germany; and Latin America meeting held in Buenos Aires, Argentina.

In addition, the teams presented five webinars to registrars regarding 2013 RAA hot topics. As a result, a 2013 RAA FAQ was created and published to respond to numerous inquiries from registrars and the ICANN community regarding the 2013 RAA.

Further 2013 RAA efforts included publishing new and updated Learn More content and Complaint Forms on ICANN.ORG, developing internal procedures, staff training, and making system enhancements to process 2013 RAA-related complaints.

Most common issues during 2013
Listed below were the most common issues addressed by ICANN with regards to registrar compliance:

1. Transfers, Inter-Registrar Transfer Policy (IRTP):
- Losing registrars providing the AuthInfo-Code to contacts other than the Registered Name Holder.
- Losing registrars not sending the Form Of Authorization labeled "Confirmation of Registrar Transfer Request" or sending it to contacts other than the Registered Name Holder.
- Registrars processing and completing transfer requests submitted by their resellers regarding domain names for which they are not the Registered Name Holders.

2. Renewal/Redemption, Expired Domain Deletion Policy (EDDP), Expired Registration Recovery Policy (ERRP):
- 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.
- Registrars not complying with the web posting obligations provided by the ERRP.
- 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 regarding their terms of service concerning expiration and renewals.

3. Uniform Domain Name Dispute Resolution Policy (UDRP):
- Registrars not cooperating with the UDRP providers by responding to the verification requests sent to them when UDRP proceedings are commenced.
- Registrars not maintaining the status quo of the domain names involved in the proceedings, allowing them to be transferred to other registrars or registrants.

4. WHOIS inaccuracy:
- Registrars asking their resellers to confirm the accuracy of the WHOIS information of domain names regarding which ICANN received complaints, instead of confirming the accuracy directly with the registrants.
- Registrars allowing registrants to update their WHOIS information by changing the existing data with invalid email addresses, telephone and fax numbers.

5. Other related domain registration issues:
- Registrars failing to maintain records as required by the RAA and not ensuring that resellers maintain them and can provide them upon request.
- Registrars not able to provide ICANN with copies of communications they claim were sent to their registrants.
- Registrars considering that they do not have to enter into a registration agreement with their registrants when the domain names are registered through resellers.

Asia Pacific and Latin America Outreach activities in 2013
ICANN's Contractual Compliance team conducted outreach activities focused in Asia Pacific and Latin America. The objective was to help registrars in the regions better understand their obligations and provide clarification on the Registrar Accreditation Agreement and the Consensus Policies.

The most common issues:

- Poor or lack of record retention.
- Lack of understanding of the Inter-Registrar Transfer Policy.
- Lack of understanding of the Expired Domain Deletion Policy and the Expired Registration Recovery Policy.
- Lack of proof that the registrars confirmed the WHOIS inaccuracy.

ICANN Public Meeting Outreach activities in 2013
ICANN continued the effort to conduct outreach activities during the Public Meetings. Click here for the link to the Outreach Page http://www.icann.org/en/resources/compliance/outreach.

Participation in ICANN Policy Development Process

The Contractual Compliance team participated in the ICANN Policy Development Process in 2013. Participation varied from reviewing or recommending proposed contract amendments to providing comments on proposed contract language regarding the enforceability of the proposed language or implementation proposals. Below a list of the areas of involvement:

- 2013 RAA
- GNSO PDP – IGO/INGO Protections in gTLDs
- GNSO WHOIS PDP
- GNSO Thick WHOIS
- GNSO UDRP Domain Name Lock
- Implementation Advisory Group for Competition, Consumer Trust and Consumer Choice
- WHOIS Implementation Follow-up of the 3 November 2012 Board Resolution
- IRTP Part D Working Group

2013 Law Enforcement and Security Efforts Summary

ICANN received and addressed complaints regarding domain names involved in malicious activity, mainly illegal pharmacies. These complaints were processed from the RAA-compliance perspective, to make sure that the registrars had complied with their obligations and that the registrants were not in breach of each registrar's own terms and conditions – a significant percentage of these domain names were suspended by the registrars when they determined that their customers were violating their terms and conditions.

In addition, ICANN received and processed inquiries from law enforcement agencies from different countries, mainly Switzerland, the United Kingdom and the United States, regarding domain names involved in illegal pharmacies, phishing, and general questions regarding contact information for registrars with registered addresses in the United States but operations in other countries.

III.   2013 Registry Contractual Compliance Summary

A pre-2012 gTLD is a generic, top-level domain delegated into the root zone in 2011 or before. A post-2012 gTLD is a generic, top-level domain delegated into the root zone in 2013 and onward.

Pre-2012 gTLD's

Monthly Reports & Data Escrow
Registry operators are required under their registry agreements to provide monthly reports reflecting critical performance metrics and service level

agreements. Due to contract restrictions, ICANN may not publish information from these registry operator performance reports for 90 days following the delivery of each report. Accordingly, the information below reflects data from January 2013 through October 2013. During this period and in general, ICANN's operational registry operators provided monthly reports on time and reported the following performance metrics regarding critical registry functions:

- DNS Availability   100%
- Whois Availability   100%

In addition, registry operators complied with daily data escrow deposits per their registry agreements.

In early 2013 Contractual Compliance reviewed the monthly report submissions of the following 18, pre-2012 registry operators: .BIZ, .COM, .INFO, .NAME, .NET, .ORG, .TEL, .AERO, .ASIA, .CAT, .COOP, .JOBS, .MOBI, MUSEUM, .POST[2], .PRO, .TRAVEL and .XXX. The review process revealed that some of the registry operators were missing one or more of the required metrics to be submitted per Appendix 4 of their registry agreement. Upon notification by ICANN, all of the impacted registry operators remediated the deficiencies and returned to full compliance with contractual obligations.

For detailed information regarding the terms of their registry agreement with ICANN, go to: http://www.icann.org/en/about/agreements/registries.

Complaint Management
The contractual compliance complaint system was expanded to allow the community to log registry complaints instead of sending them via an email. The three complaint types and the "learn more" or frequently asked questions were: service level agreement (service performance), reserved names and zone file access.

Registry Agreement Renewals
.BIZ, .INFO and .ORG were considered for contract renewal in 2013. As part of the renewal process ICANN initiated additional compliance reviews and issued a summary report of the findings. All three registry operators were found compliant with the terms of their agreement.

Please refer to the published reports for .BIZ, .INFO and .ORG at links below:

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[2] .POST is not operational and therefore compliance information concerning this registry operator does not appear in this report.

- .BIZ http://www.icann.org/en/resources/compliance/reports/operator-neustar-biz-03jun13-en.pdf
- .INFO http://www.icann.org/en/resources/compliance/reports/operator-afilias-info-03jun13-en.pdf
- .ORG http://www.icann.org/en/resources/compliance/reports/operator-pir-org-03jun13-en.pdf

Expedited Registry Security Requests (ERSR) Processed
The ERSR process, developed to allow TLD registries to inform ICANN of a present or imminent security incident to their TLD and/or to the DNS and request a contractual waiver for actions they might take or have taken to mitigate or eliminate an Incident, was invoked once in 2013. The request was reviewed by Security, gTLD Registry Liaison, Office of General Counsel and Contractual Compliance. ICANN worked cooperatively with the registry operator.

For detailed information regarding this process, go to:
http://www.icann.org/en/resources/registries/ersr.

B.   Post-2012 gTLDs

It was a very busy year for Contractual Compliance as it moved full-steam implementing its compliance readiness plan in anticipation of the launch of new gTLDs.

Contracting Phase – Compliance Checks
As part of the contracting phase with new registries, the Contractual Compliance team performed compliance checks of any and all prospective registry operator, including those declaring cross-ownership with registrars or other registries.

Dispute Resolution Complaint Web Forms and FAQs
By November 2013 ICANN published four new complaint web forms and five FAQ sections related to dispute resolution procedures contained in the 2013, board-approved registry agreement. The implementation process also entailed developing complaint validation algorithms and templates to communicate with reporters and registry operators. Specifically FAQs were built for the following processes (and complaint web forms for the first four):

- Public Interest Commitment (Specification 11)
  http://www.icann.org/en/resources/compliance/registries/picdrp/form
- Registry Restriction Dispute Resolution Procedure
  http://www.icann.org/en/resources/compliance/registries/rrdrp/form
- Uniform Rapid Suspension
  http://www.icann.org/en/resources/compliance/registries/urs
- Sunrise Processes & Procedures
  http://www.icann.org/en/resources/compliance/registries/sdrp/form

- Trademark Post-delegation Dispute Resolution Procedure
  http://www.icann.org/en/resources/compliance/registries/tm-pddrp

Contractual Compliance readiness effort continued through December 2013 on the registry complaint types listed below and the implementation is scheduled for early 2014:

- Abuse Contact Data (Specification 6)
- Blocked SLDs per Alternate Path to Delegation (Specification 6)
- Centralized Zone File Access (Specification 4)
- Wildcard Prohibition (Specification 6)
- Claims Services (Specification 7)
- Code of Conduct (Specification 9)
- Data Escrow (Specification 2)
- Monthly Reports (Specification 3)
- Registry Fees (Article 6)
- Continued Operations Instrument

V.   Contractual Compliance Risk and Audit Update

ICANN Three-Year Audit Program for Registrars and Registries
ICANN completed year one of the three-year audit program with a 99 percent compliance of the sampled population.

In year one, 317 Registrars and six Registries received a Request for Information (RFI) for the audit. During the RFI phase, ten Breach Notices were issued of which seven cured and three were terminated. Due to many Registrars being grouped as families, 186 audit reports were issued. Five Registries were issued an observation report (one Registry did not participate). Overall, the Registrars were extremely proactive in correcting the issues, and over 99 percent of all Registrars that received an audit report either collaborated with or immediately remediated their findings, if any were noted. During the remediation phase two Registrars received a Breach Notice, both of which were cured. Please refer to 2012 Contractual Compliance Year One Audit Program Report for additional information.

The Audit Program, consistent in scope and timeline across the three years, consists of six phases with specific milestone dates. Please refer to table below for more details.

OVERALL AUDIT PHASES	2012		2013		2014	
	From	**To**	**From**	**To**	**From**	**To**
Planning Phase - Audit Scope - Audit Schedule	May 2012	Aug 2012	Aug 2013	Aug 2013	Aug 2014	Aug 2014
Organizing Phase - Metric Goals - Roles and Resources	Sep 2012	Oct 2012	Sep 2013	Sep 2013	Sep 2014	Sep 2014
Pre-Audit Notification - Notification to All Parties	Nov 2012	Nov 2012	Oct 2013	Oct 2013	Oct 2014	Oct 2014
Audit Phase - Request for Information - Audit - Follow Up Questions	Nov 2012	Mar 2013	Dec 2013	Mar 2014	Dec 2014	Mar 2015
Reporting Phase - Reporting Audit Results	Apr 2013	Apr 2013	Mar 2014	Mar 2014	Mar 2015	Mar 2015
Remediation Phase - Manage and Support - Track and Report	May 2013	Jun 2013	Mar 2014	May 2014	Mar 2015	Mar 2015

Year two Audit Program launched in October 2013; 322 randomly selected Registrars and five Registries were sent the Pre-Audit Notification. During 2014 ICANN will focus on completion of year two audit and report back to the community on the results.

Audit statistics for Year-Two (26 November 2013 through 4 January 2014)

RFI Phase Statistics	1st Notice	2nd Notice	3rd Notice	As of
Issued on	14-Oct-13	4-Nov-13	11-Nov-14	4-Jan-14
Email				
Sent to Registrars	322	98	33	N/A
Sent to Registries	5	2	0	N/A
Log-Ins				
Registrars				
Logged In	16	182	226	253
Not Logged In	306	140	96	69
Registries				
Logged In	0	3	5	N/A
Not Logged In	5	2	0	N/A
Other Stats				
Documents Uploaded	2	7797	9600	11378
As of	14-Oct-13	4-Nov-13	11-Nov-14	4-Jan-14

For additional information: http://www.icann.org/en/resources/compliance/audits.

Contractual Compliance Internal Audit

To assess the efficiency and effectiveness of the ICANN Contractual Compliance's Core Operations, ICANN established and implemented an internal risk and audit plan in 2013. The plan was based on the community feedback and perception and focused on three areas: the Compliance Complaint Management System, the Performance Reporting, and the Prevention/Enforcement processing.

In summary, the internal audit resulted in eight control activity exceptions and one process improvement recommendation. Six of the exceptions were due to known complaint system software issues and two were due to procedures not being followed. The process improvement was focused on gaining management review of monthly department performance via the metric scorecards.

Date Escrow Audit Effort

In 2013, to increase ICANN community confidence and proactively help ensure the domain name system stability and security, ICANN launched a data escrow audit effort focusing on the review of 849 Registrar data escrow files to determine usability and compliance with http://www.icann.org/en/resources/registrars/data-escrow/rde-specs-09nov07-en.pdf.

In summary, of the 849 Registrars, 829 passed the audit and the remaining five collaborated with ICANN and Iron Mountain to address the non-compliance issues.

ICANN