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I. Background

ICANN's Contractual Compliance team's mission is to ensure that all contracted parties comply with their agreements and applicable consensus policies. ICANN strives to achieve this goal through prevention, enforcement and education.

Goal of the Audit Program: To allow ICANN to identify, inform, manage and help remediate any deficiencies found with the contracted parties. The deficiencies identified would relate to specific provisions and/or obligations as set out by the Registrar Accreditation Agreement (RAA) and the Registry Agreement (RA), including ICANN Consensus Policies that are incorporated into those agreements, as applicable. The Audit Program is geared toward identifying and collaborating with the contracted party to remediate those deficiencies, while ensuring that proper controls exist to mitigate future deficiencies related to the obligations in the RAA and the RA.

¹ This update is provided for information purposes only. Do not rely on the information contained in this update to make conclusions or business decisions.

II. Executive Summary

On 13 January 2016, ICANN launched an audit round to test and validate selected registries' compliance with the terms of the new gTLD Registry Agreement and ICANN Temporary and Consensus Policies. This report constitutes the results of the audit that took place from January through June 2016.

This report also constitutes the results of the third round of the new gTLD Registry Audit Program.

The audit round was conducted through the testing of data and the review of documentation, selected new gTLD Registry websites, and correspondence between the selected new gTLD Registries representing different TLDs, their respective Data Escrow Agents and Registrars, and ICANN's Contractual Compliance team.

Ten registries were selected for this audit round. The selection was based on the following criteria:

- Contracted parties that were not previously audited
- Contracted parties with the highest numbers of Contractual Compliance 3rd Notices
- Contracted parties who are serviced by back-end service providers, whose clients were not in previously audited

During the Audit Phase, ICANN reviewed over 500 documents collected in six (6) different languages received from nine (9) countries. Ten registries were issued an initial audit report.

During the Remediation Phase, all new gTLD Registries collaborated with ICANN Compliance in remediating the audit findings, if noted.

By 27 June 2016, ICANN issued final audit report to 8 registries that demonstrated resolution of all initial findings noted in their respective audit reports. The remaining 2 registries received reports with areas identified as pending review. These registries will be retested in a future audit round to verify the effectiveness of remediation measures.

III. Audit Program Scope

The Audit Program operates on a recurring cycle. New gTLDs and their respective Registry Operators that have been delegated into root zone could potentially be selected for audit in each cycle.

In an effort to increase transparency and readiness for the Program, ICANN conducted outreach sessions. In addition, the audit plan, scope, notifications, and the risk mitigation plan are published on ICANN's Contractual Compliance Audit page, which can be found at the link below:

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

Timeline

The Audit Program consists of six (6) phases with specific milestone dates and deliverables:

- 1) **Pre-Audit Notification Phase** – Issue a general audit announcement to notify all contracted parties two weeks prior to the audit start date
- 2) **Request for Information (RFI) Phase** – Issue a notice of audit to the selected contracted parties. In addition, a follow-up email is sent to those not selected
- 3) **Audit Phase** – Review responses and, where applicable, test and validate
- 4) **Initial Report Phase** – Issue the initial audit reports containing initial findings to the selected contracted parties
- 5) **Remediation Phase** – Collaborate with the selected contracted parties to remediate initial findings discovered (if any) during the audit phase
- 6) **Final Report Phase** - Issue final audit reports to the selected contracted parties and publish the final audit report at this link:
<https://www.icann.org/resources/pages/compliance-reports-2016-04-15-en>

The following table summarizes the Audit Program milestones and the dates for this audit round:

Audit Program Milestone Dates								
Pre-Audit Notification	Request for Information Phase			Audit Phase		Initial Report Phase	Remediation Phase	(Final) Report Issued to Auditees
	1 st Notice	2 nd Notice	3 rd Notice	Begin	End	Date Issued	Start/End	Date
13 Jan 2016	27 Jan 2016	17 Feb 2016	24 Feb 2016	02 Mar 2016	13 May 2016	16 May 2016	16 May – 20 June 2016	27 June 2016

IV. New gTLD Registry Audit Program

The audit consisted of multiple test areas. The table below summarizes the new gTLD Registry Agreement provisions that were tested for compliance.

Test Areas	Description
Article 1.3(a) ii	Representations & Warranties
Article 2.2	Compliance with Consensus Policies and Temporary Policies
Article 2.3	Data Escrow (Specification 2)
Article 2.4	Monthly Reporting (Specification 3)
Article 2.5	Publication of Whois Registration Data (Specification 4)
Article 2.6	Reserved Names (Specification 5)
Article 2.7	Registry Interoperability and Continuity (Specification 6)
Article 2.8	Protection of Legal Rights of Third Parties (Specification 7) - TMCH Sunrise Period
Article 2.14	Registry Code of Conduct (Specification 9 - Parts , B, D)
Article 2.17	Additional Public Interest Commitments (Specification 11)
Article 2.19	Community-based TLDs Obligations of Registry Operator to TLD Community (Specification 12)
Specification 13	Brand TLD

Note: A 'test area' is a provision in the new gTLD Registry Agreement which may consist of multiple requirements and test steps. Therefore, a new gTLD Registry may have multiple findings in a single 'test area'.

Each new gTLD Registry received an individual audit report noting any findings identified in the audit as well as a 1st Notice to participate in the remediation process in accordance with the 15-5-5 process

(<http://www.icann.org/en/resources/compliance/approach-processes/overall-19jun13-en.pdf>).

The following table summarizes the new gTLD Registry participation in this audit round.

Phases	Count
RFI Phase	
New gTLD Registries	10
Initial Report Phase	
New gTLD Registries Passed all Audit tests	0
New gTLD Registries Requiring Remediation	10
Remediation Phase and Final Report Phase	
New gTLD Registries completed resolution of initial findings	8
New gTLD Registries pending future review of initial findings	2

Community Representation

The 10 new gTLD Registries randomly selected for this audit round represented nine (9) countries and provided documents in six (6) languages:

Countries

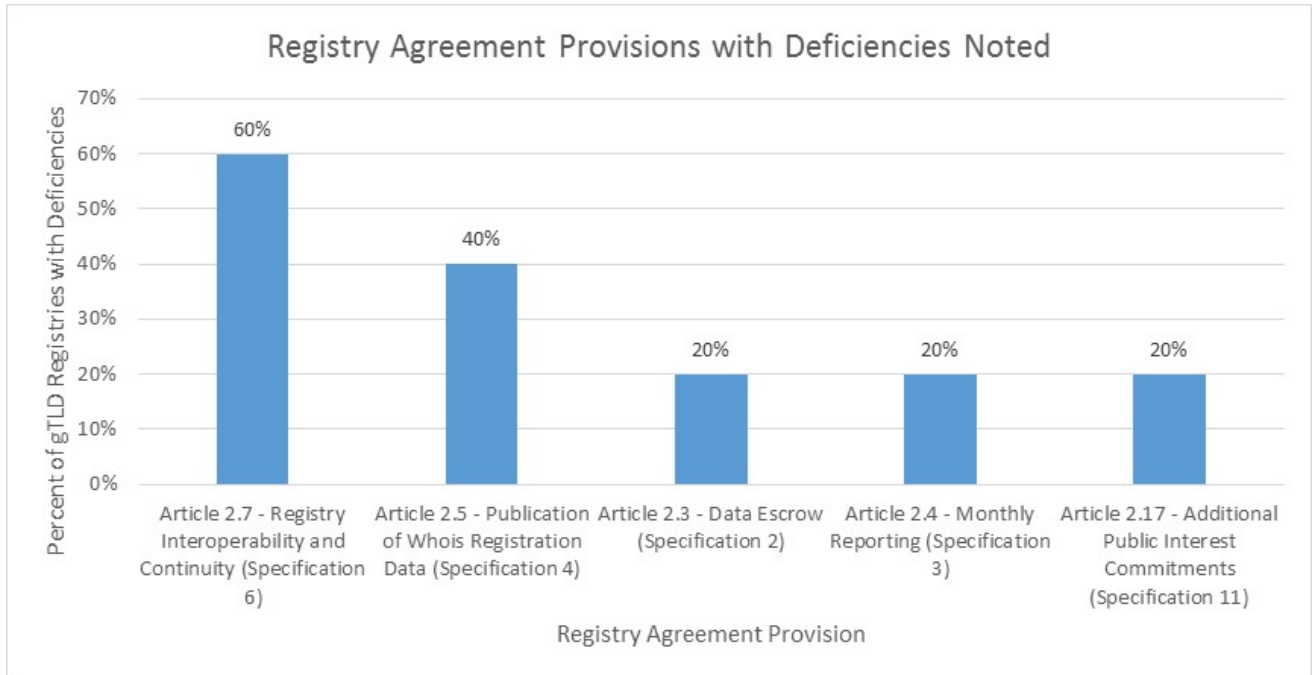
- Brazil
- France
- India
- Ireland
- Netherlands
- United Arab Emirates
- United Kingdom
- United States
- Uruguay

Languages

- Dutch
- English
- French
- Portuguese
- Russian
- Spanish

V. Audit Program Key Statistics

During the Audit Phase, the new gTLD Registry Agreement provisions were tested utilizing the RFI responses, documentation received, and the new gTLD Registry website. The graph below represents the test areas with the most initial findings validated to be areas of non-compliance during the Remediation Phase.



Key Audit Issues and Impact Analysis

The following were noted during the Audit Phase and validated as areas of non-compliance during the Remediation Phase by the new gTLD Registries / Back-end Service providers:

Deficiency Noted	Potential Risk/Impact
Data Escrow (DE) and Bulk Registration Data Access (BRDA) files: - Some mandatory fields missing in the DE and BRDA files	Correct processing and escrowing of registration data is required for data restorability and to protect consumers
Monthly reporting issues; number of domains over/underreported	Inaccurate Monthly reporting of domain counts may result in incorrect reporting of domain counts to the public and over or underpayment for domains
Link to ICANN Whois information/policy missing from new gTLD Registry's website	Link to ICANN Whois information/policy is an important aspect to educating the public and potential customers the use and importance of accurate Whois information

Deficiency Noted	Potential Risk/Impact
Link to DNSSEC Practice Statements (DPS) missing from new gTLD Registry's website	Publication of DPS is an important aspect to informing and educating the public and potential customers of important information in regards to the Registry's operations
Registry-Registrar Agreements missing required language	Registry-Registrar Agreements missing required language, specifically regarding the consequences of using a website for prohibited and/or illegal activity, opens the community to legal liability for not properly communicating this language

VI. *Audit Program Key Recommendations*

A. RFI Phase

- Registries should ask for clarification as early as possible.
- Registries should respond with explanations of alternative documentation.
- ICANN should continue to recognize the uniqueness of business models and methods of operation.
- Registries should provide detailed explanations in their RFI if documents requested are not available and provide evidence to support such explanations.

B. Audit Phase

- Registries should review their audit report immediately upon receipt and action any remediation steps.

C. Remediation Phase

- Registries should provide explanations, additional information or amended documentation for each finding and give timely and accurate responses to the findings noted in their audit report.
- If a finding is validated and cannot be remediated within the 15-5-5 process, new gTLD Registries should provide ICANN with a specific action plan that explains why the finding cannot be remediated in the allotted time, the steps the new gTLD Registry intends to take to correct the finding, and the estimated time to completion

Appendix – The new gTLDs Selected for Round Three of the new gTLD Registry Audit Program

IDN	Delegated String (gTLD)
Airtel	Airtel
Amsterdam	Amsterdam
Bank	Bank
Bnpparibas	Bnpparibas
Firmdale	Firmdale
Gdn	Gdn
Lat	Lat
Pro	Pro
Rio	Rio
Ski	Ski

