Göran Marby
President and CEO
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Numbers (ICANN)
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RE: Proposed Change of Control of Public Interest Registry (PIR)

Dear Göran and members of the ICANN Board,

Thank you for your <u>response</u> on March 4, 2020, to the January 21 <u>letter</u> highlighting the concerns of leaders from 11 global civil society organizations regarding the proposed transition of control of the Public Interest Registry (PIR) from Internet Society (ISOC) to Ethos Capital.

In light of recent developments, we would like to reiterate and reaffirm the call to action from our original letter:

Given the potential risks of privatizing the allocation of .ORG addresses, we urge you to stop the sale of .ORG to Ethos Capital ... and to facilitate an open and transparent review of the circumstances that led to this proposal. We would also urge you to adopt and implement safeguards to ensure that should there be any change in the ownership of .ORG in the future, that it not lead to increased barriers to entry online or instability for non-profit civil society organizations.

We appreciate the efforts ICANN has made to obtain more information from ISOC and PIR regarding the terms of the proposed sale and the process through which it was negotiated, and we encourage ICANN to continue seeking answers to any questions — including those from the California Attorney General — that remain unanswered.

In your response, you highlighted <u>communication</u> from PIR's General Counsel, and noted Ethos' recent proposal to introduce Public Interest Commitments (PICs) into the .ORG Registry Agreement. As you evaluate the "reasonableness" of this proposed transition's effects on the secure, reliable, and stable management of the .ORG registry, we urge you to consider the impact on civil society and other public interest actors. Specifically:

1. Public Interest Commitments (PICs) are an insufficient mechanism for ensuring stable, enduring, and dependable safeguards for the .ORG community.

Just last year, ICANN and PIR signed an updated Registry Agreement removing longstanding price caps on .ORG domains — despite receiving <u>3,252 public comments in opposition</u> and only 6 in favor. There is no assurance that Ethos' proposed changes to the Registry Agreement would survive future

negotiations, either under Ethos' management or following a future resale. If past is prologue, these agreements do not serve as a reasonable basis to ensure long-term, stable, and reliable safeguards.

2. Weakened, time-limited price caps do not protect today's .ORG community, or emerging and future civil society organizations.

The now seven-year term Ethos has proposed for the PIC on limiting price increases to no more than 10% on average per year is a notable step back from its <u>initial commitment</u> to an unbounded price restriction in its proposed statement of public benefit to be included in PIR's forming documents after converting to a for-profit Public Benefit LLC. Seven years does not provide much-needed long-term stability for current and future .ORG registrants, many of whom would have already struggled to keep up with potential 10% price increases year-over-year.

It is also important to consider how management of .ORG without price controls under an NGO would be fundamentally different than the same scheme under private equity ownership. ISOC, as its mission, aims to make the internet as open and accessible as possible, working to improve equity and inclusion for at-risk communities. Ethos, on the other hand, would be motivated by profits and the financial interests of its investors, and may very likely find itself in a situation where increasing revenue by raising prices is more profitable, even though it would put .ORG out of reach for resource-strapped organizations around the world.

Further, the ability to renew domains at current pricing for ten years (or even 20 years, as has been proposed as an alternative safeguard) does not provide reliable and stable management for civil society operating on extremely limited resources. For example, in Venezuela, where hyperinflation has caused the minimum wage to drop as low as \$2 per month, a civil society organization may have to choose between ensuring its employees can buy bread, keeping the lights on, or keeping their website online in an environment already wrought with censorship, internet shutdowns, targeting of journalists and activists, and other limitations on free expression and access to information. The financial assurances of Ethos and PIR fail to reasonably secure the online future of many such civil society organizations in distressed circumstances.

3. The proposed Stewardship Council does not provide adequate protections for the interests of .ORG registrants.

The proposed construction of the Stewardship Council makes it very clearly subject to interference by Ethos and other interested parties. The Council and its members would not be independent or effectively empowered to defend the interests of the .ORG community, as many others have <u>already expressed</u>.

Beyond issues in composition, the <u>Stewardship Council Charter</u> provides only limited authority to veto "Designated Policy Changes" *specifically presented* as addressing freedom of expression or use of data. However, it has been explicitly denied the authority to veto changes in policy or practice that are

deemed financial or operational day-to-day matters — which are the kinds of changes most likely to have an actual impact on registrants' fundamental rights.

The Charter language is very unclear and open to conflicts in interpretation. In particular, it does not clearly define "Designated Policy Changes" or who would be responsible for determining which policies are eligible for Council review or veto. If the Council would only be allowed to approve policies presented to it by PIR and its Board, problematic policies are not likely to be presented for review and therefore would not be subject to Council oversight.

4. Ethos has not established itself as a trusted steward of .ORG — and the dangers of degradation and insecurity following a resale are even more concerning.

Ethos has indicated it envisions driving growth of .ORG revenue by expanding its customer base outside of the United States. Many of the civil society organizations this plan targets are operate in highly restrictive environments, subject to heavy surveillance and censorship, and threatened by governments who consistently pressure companies to facilitate restrictions on human rights (from ordering telcos to shut down the internet to forcing social media platforms to localize data so it can be more easily controlled). Ethos has made only procedural commitments regarding free expression and data protection, not substantive ones, and the procedures in place are by no means sufficient to protect the very sensitive needs of at-risk organizations.

For the reasons we highlighted in the previous section, the commitment to maintaining a Stewardship Council does little to ensure fundamental rights of privacy and free expression will be robustly defended by Ethos or future owners. The letter that you reference from PIR to ICANN on March 4, 2020, notes that Ethos has chosen to commit to the Stewardship Council through a PIC so the requirements would "follow .ORG regardless of who the Registry Operator is or who owns PIR." But given the level of control of the PIR Board over the Council, its already limited authority would be subject to further degradation by future owners.

Some community members have pointed out that ICANN must evaluate the proposed transition against the status quo and not against aspirational ideals. We want to be clear that is precisely what our analysis offers.

Even if the current protections for freedom of expression and privacy are not as comprehensive as they could be, the importance of oversight by a mission-driven not-for-profit organization cannot be overstated. As a fellow civil society organization, whose mission is to defend digital rights and expand internet access to marginalized communities, ISOC has built up a longstanding record of tangible commitment to this community, and has earned our trust as a steward of the domain (though much further dialogue is needed among civil society stakeholders, ICANN, ISOC, and PIR about .ORG's future and what steps can be taken to strengthen civil society's home online). This is in part what made the lack of transparency around this proposal so alarming.

Ethos, on the other hand, is an unknown and untested player, driven primarily by profit and responsibility to its investors. Its engagements with the community have consistently been unilateral, creating venues to repeat its core talking points rather than to have meaningful dialogue with concerned community members.

And while we note that you "encourage those interested to communicate their views about the registry operations and/or policies directly to PIR, Ethos Capital, and/or ISOC," we likewise would encourage ICANN to provide leadership in hosting a meaningful, inclusive, multistakeholder process to determine the best steps forward for a healthy, accessible, and secure .ORG.

Ethos' Public Interest Commitments are not inadequate because they fall short of some hypothetical model of best practice — they are inadequate because they do not and cannot instill Ethos (or yet-unknown future buyers) with the same degree of trustworthiness as its current owners. And in a world where civil society is under attack from all sides, we can ill afford to undercut trust and stability in something so foundational as the .ORG domain.

Sincerely,

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