

September 2013

Council
InternetNZ

Policy Proposal – .nz Registrations at the second level

This paper sets out the work undertaken by DNCL in reviewing how registrations could be undertaken in the .nz domain name space and makes recommendations for InternetNZ's consideration. It is provided to Council two weeks prior to the scheduled meeting on 11 October 2013 to enable time to address any matters Council wishes to raise prior to their discussion and decision.

DNCL has a Board meeting set for 3 October and Council is invited to send any questions arising from this paper to the Domain Name Commissioner at dnc@dnc.org.nz, before 9am on 3 October, so that the DNCL Board can consider these and respond in writing to the full Council prior to the 11 October meeting.

1. Background

At the InternetNZ Group Strategy Day in September 2011, it was agreed that DNCL should review the current structure for registering .nz domain names, particularly whether registrations at the second level should be permitted. This has also been reflected in the Statement of Expectations that states DNCL should "Prioritise the review of registrants directly registering domain names at the .nz second level".

DNCL regularly reviews the .nz policies and the standard approach to any review is for a consultation paper to be prepared that sets out what DNCL is proposing and what comments are being sought on. In some cases, DNCL proposes retaining the status quo and seeks views on that. For this particular review DNCL decided to propose a change to the current registration policy by setting out how the Registering, Managing and Cancelling Policy could be amended to allow the registration of .nz domain names at the second level. A consultation paper was prepared setting out the proposal and included draft policies illustrating how any change could be implemented.

2. Overview of consultation process

- First consultation commenced 30 May 2012. Letters and emails were sent to over 1,000 people and organisations advising them of the proposal and seeking comment.
- Public meetings were held in Auckland, Wellington and Christchurch and an online meeting also held. These were advertised through online and printed advertisements.
- The consultation extended for nearly four months, closing on 27 September 2012 with 115 submissions received.

- The DNC followed up with around 20 submitters, both for and against, and met to discuss their specific comments and views.
- As a result of submissions and comments made, DNCL made changes to the proposed approach and published a second consultation paper incorporating those changes starting 31 May 2013.
- This second consultation closed on 31 July 2013 with 48 submissions received.

3. DNCL consideration and evaluation

Main factors considered by DNCL were the submissions received, how the proposal fitted with InternetNZ's Principles, our RFC obligations to the Local Internet Community and the future strategy and direction of .nz. These are detailed further below.

- *Submissions received*

A total of 48 submissions were received in the second round of consultations on the proposal, with 24 supporting, 22 against and 2 neutral. A summary of comments made in submissions, together with DNCL's response to each of those, is attached as Appendix 1. All submissions can be seen online at http://dnc.org.nz/second_level_proposal_c2. With half the submissions in the second consultation agreeing with the amended proposal, and with around a third supporting the original proposal in the first round, it can be said that there is solid support for proceeding, but not a consensus for or against the proposal.

There was general support for the approach outlined in the paper, which included a number of changes to that initially consulted on based on comments received in the first consultation. Even amongst those who were against the proposal, the majority were in favour of the approach proposed with the few against mostly protesting the lack of any priority right for trademark owners.

An issue of concern raised in respect of trademark owners was that they were not accorded any priority in respect of registering names at the second level, or when resolving who should obtain the second level registration in the case of conflicted names where one was held by a trademark owner.

Prioritising existing registrants is considered appropriate however. The .nz space has always operated on a 'first come, first served' basis and a wider range of rights than trademarks are reflected in our policies. There is no reason to move away from a key policy principle for .nz particularly when there is a 'free to file' dispute resolution service and other legal remedies available for aggrieved trademark holders. It should also be noted that Nominet UK are also currently consulting on whether to allow registrations in the .uk space at the second level and have significantly altered their planned approach by moving away from prioritising trademark owners to giving existing registrants the first opportunity to register their equivalent name at the second level.

There were areas raised in the submissions where the process and any restrictions could be more clearly stated and this will be done if the proposal proceeds and a final version of the policy needs to be developed.

- Fit with InternetNZ's Principles

There are seven high level principles defined (<https://internetnz.net.nz/TLDPinciples>):

- Domain name markets should be competitive
- Choice for registrants should be maintained and expanded
- Domain registrations should be first come, first served

- Parties to domain registrations should be on a level playing field
- Registrant data should be public
- Registry / registrar operations within a TLD should be split
- TLD policy should be determined by open multi-stakeholder processes

This proposal is clearly consistent with the second principle listed as allowing people to choose a name at the second level, while also maintaining the existing second level domains for registration, is expanding the choice for registrants.

Aspects of the policy around the sunrise period favouring people who have previously registered, and the decision not to decide who had the 'greater right' in the case of conflicted names, are also consistent with the TLD principles. There is nothing in this proposal that creates a conflict with the published document.

- *RFC obligations to the Local Internet Community*

Various people have raised allowing second level registrations over the years whenever the Registering, Managing and Cancelling Domain Names Policy (RMC) has been reviewed, and also proactively in emails received by the office. Given the proposal has received solid support, it is highly likely that people will continue to ask for it to be considered if the decision is not made now to proceed. The issues raised by people now, and the level of conflicted .nz names, will increase as time goes making it more difficult to introduce any change.

The support received during the consultation reflects the result of research undertaken in the past that also showed there was support for allowing registrations directly at the second level. While in 2003 only 25% of New Zealanders showed a preference for being able to register domain names directly at the second level, in a 2011 survey 59% of registrants said they prefer myname.nz. In this study, only 31% said they preferred myname.co.nz.

In a 2012 study that exclusively targeted business owners, 59% said they supported a change that would allow them to register domain names directly at the second level, with only 14% opposed. In this same study, 41% of businesses also said they would use a anyname.nz name in preference to their current domain if they were able to, while 39% said they would stick with their current domain. That suggests that around 200,000 businesses would remain unable to register the name they would prefer, if there is no change to the policy.

Both these survey results, and a number of the submissions received, indicate there is support of the proposed change by the Local Internet Community. DNCL also needs to meet their obligations by ensuring the future of .nz, which is a key reason for looking to maximise choice for .nz registrants by exploring this change.

- *Future direction and strategy of .nz*

On both a domestic and international level, the Domain Name System (DNS) is constantly changing. In 1989, when it was decided to base the .nz structure on the .uk structure there were relatively few top level domains that allowed registrations at the second level – mostly the then seven generic top level domains. Since then, many country code top-level domains have changed their policies to allow registrations directly at the second level. In addition to that, there will soon be somewhere between 1,500 and 2,000 generic top-level domains that will all have registrations at the second level.

DNCL's timeframe is not just looking at the next one or two years but at the medium to long term and ensuring the future of .nz and that it remains relevant for New Zealanders into the future. The fact that the current system is working is not a strong enough reason for retaining the status quo. As can be seen by the imminent introduction of new gTLDs, the domain name industry is changing and it is appropriate when in an industry where things are evolving to be

prepared to explore change. A decision to retain the status quo is therefore in effect making a call that the .nz space will remain relevant in the future with its current processes and that no change in .nz is required. DNCL does not think a decision to continue the prohibition on registrations at the second level will be beneficial for the .nz name space in the medium-term.

4. DNCL position

DNCL acknowledges that there will be some issues resulting from any change to allow .nz registrations at the second level and has carefully considered all issues raised by submitters, as well as those identified by the DNCL. Mitigations have been identified for these and DNCL believes that while there will be some challenges in the short-term, there will be few significant issues in the medium-term. We acknowledge there are some submitters opposed to the proposal regardless of any mitigation put in place. There will never be a consensus of views about this proposal but there is a solid amount of support for allowing registrations at the second level. A number of the submissions received illustrate that support for change, and this aligns with research that has shown that second level domains in .nz are considered desirable. The uptake of names in the .kiwi.nz 2LD also validates our assumption that people are looking for options to the current categorisation in the existing space.

The current system of registering at the third level will remain an option meaning registrants will have greater choice by alternatively, or also, registering directly under .nz. This structure of registration also aligns us more with other TLDs and the long term relevance and viability of .nz will be enhanced by expanding choice for the registrants.

Whilst issues in the change are recognised, DNCL consider that the advantages of allowing registrations at the second level at this time outweigh the disadvantages. DNCL believes that many of the issues can be managed by a detailed implementation plan, and a wide-ranging awareness campaign for the change.

5. Possible impacts if implemented

- *On existing registrants eligible for the sunrise period:*

Positive - first opportunity to register or reserve their domain name directly under .nz. For some .co.nz registrants who aren't companies this provides the opportunity to get a more 'suitable' domain name choice. In the case of conflicted names, the .nz name will not be allocated unless all affected registrants agree and any payment made to get agreement will go to the registrant, allowing some current registrants to make an economic gain and others to gain a more desirable name. There are no changes required of registrants unless they choose to make a change, the current system remains.

Negative - may feel coerced into making a decision about whether to register or reserve their .nz variant when they are satisfied with their current name. Additional costs involved with registering a new name are partially offset by the provision of a free reservation option.

- *On future registrants:*

Positive – will have an additional option available and don't have to choose one of the categories to register under so free to select an available name that suits them the best.

Negative - some may feel they have to register both a name under the second level such as .co.nz and also directly under .nz, particularly during the initial stages when people aren't really used to the new structure.

- *On registrars:*

Positive - potential new opportunity for registrations and new registrants. This will also provide an opportunity for registrars to contact and educate their customers. The education campaign around this may work to grow the whole .nz domain name market.

Negative - may require changes to some of their systems and so may incur additional costs if they choose to offer second level registrations.

- *On Internet users:*

Positive - Will see .nz domain names with the same structure as many other TLDs. Over time may see many registrants who don't want to identify as a company with [.co.nz](https://www.co.nz) etc using .nz directly. Shorter .nz domain names.

Negative - may be confusion in the short to medium term as people not used to .nz names not having a second level 'label'. This confusion may be enhanced by people registering a generic second level name and 'selling' sub-domains at the third level.

Many of these issues have been considered and mitigations identified as per the table contained in Appendix 1.

6. Financial

One of the InternetNZ TLD Principles is that "domain name markets should be competitive". InternetNZ has no intention of abusing its dominant position for New Zealand domain name registrations but likewise also wants to ensure that .nz remains competitive against other TLDs for when New Zealanders are making a choice about where to register their domain name.

This review has been undertaken based on what is best for the local Internet community and for .nz in the long term so that the vision that .nz is the registration choice of New Zealanders is realised into the future. It is not primarily a financial decision, though it is acknowledged that as part of securing .nz's future, it is also keeping the revenue stream for the InternetNZ Group secure.

DNCL has approached the decision as a strategic one, not as a financial one, and anticipates that InternetNZ shares this view as being the appropriate one. This is why the focus of this paper is on the strategic aspects and is not a financial business case. The rationale that the change has always been for strategic reasons and not for financial gain was expressed in our consultation documents.

There will be financial implications if this proposal proceeds, particularly increased expenses in the short term. DNCL's costs will certainly increase, particularly with the planned awareness campaign, and it is likely that NZRS will also incur additional expense for development. It is likely these costs will be met in the medium term by the registration fees of those names registered at the second level and also possible that this will continue into the longer term by having new registrations occur at a higher rate than currently. Until such time as the final version of the policy is agreed, it is not practical to accurately anticipate what changes are required and therefore what the cost of that will be.

If Council agrees with the DNCL position and the proposal to allow .nz registrations at the second level proceeds, DNCL will work with NZRS to finalise all processes to be used and will develop detailed project plans. Budget implications will be identified as part of that and will be

incorporated into the budgets from the start of the 2014/15 financial year. No provision for any significant change relating to this project has been made in the current DNCL budget.

7. Next steps

If Council agrees with the DNCL recommendation and the proposed changes proceed, DNCL will commence work on a range of areas including:

- In conjunction with InternetNZ, communicating Council's decision
- In conjunction with NZRS, finalising the processes around how it will operate
- Consulting with registrars on their issues and any particular aspects they would like to see incorporated in the processes
- Developing a final version of the policy that can be subject to a public consultation before being approved and implemented by DNCL
- Developing a detailed project plan including financials

8. Formal recommendations

The DNCL Board recommends the InternetNZ Council:

- a. Agree that the proposal to allow .nz registrations at the second level proceed
- b. Authorise DNCL to develop, and consult on, a final policy paper and then approve the operational policy at the conclusion of that consultation
- c. Note that detailed work around implementing this change will be done in conjunction with NZRS when the policy details are finalised and that any budget implications will be noted in the budgets presented to Council as part of the normal subsidiary reporting process.



David Farrar
Chair, DNCL

Concerns brought up in 2013 consultation

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
Concurrent 2 nd and 3 rd levels will be confusing	Medium	High	An on-going public education campaign is proposed, in conjunction with Registrars and other relevant entities. <i>In the future, the impact and likelihood of confusion would decrease, as the public became more aware through the education campaign and the new structure becoming the accepted norm.</i>
Confusion in the .nz space would be on-going rather than short term.	Medium	Medium	There are a wide variety of options for domain names so the confusion is likely to be broader on-going than just in the .nz space. The planned education campaign should assist in the case of .nz. <i>In the short term changes would cause confusion, however with the education campaign and the new structure becoming the norm, it is possible .nz would be less confusing to New Zealanders than the many other domain name spaces.</i>
Confusion as current structure provides useful categories that convey information about what the domain name is used for	Low	Low	Under the current model, .co.nz has become the default space for most registrations, regardless of whether the Registrant is a commercial entity or not. The categories do not add much necessarily to what people can tell about the name.
Confusion with "health related" second level names and the .health.nz 2ld.	Low	Low	As time goes on, and the number and use of .health.nz registrations increases, .health.nz will become a known and recognised moderated 2LD similar to .govt.nz. There is also nothing stopping anyone from using the DRS if appropriate. Moderated spaces such as .health.nz could promote their 2ld to show the difference between them and any other similar second level registrations.
Registrants could reserve/block for financial gain	Medium	High	Reservation is only covered where the person is able to register the name and it is not a conflicted name and it is proposed there is a time limit for the reservation. It is proposed that DNCL would provide mediation for Registrants of conflicted names and would also ensure that any consent granted was a real consent.
Second level registrations will add to the confusion brought about by new gTLDs	Low	Low	Registering at the second level is more consistent with the new gTLDs and their structure so it could be that it is our current registration system that causes confusion. <i>In the long term, second level registrations would look more like registrations available under gTLDs, so there would be less confusion.</i>
Manual work for dealing with exceptions and blocks	Medium	Medium	There will be a focus on trying to ensure maximum responsibility and work is on DNCL and NZRS when the process and policy is being defined. <i>This is likely to be a short term issue, in the long term, this would be minimal work, after systems had been put in place.</i>
Restricts available choice of names	Low	Low	The current 2lds (.co.nz, .kiwi.nz, etc) will still be available. Registrations directly under .nz would add another choice to these so it is actually increasing options.
Large cost of introducing second level registrations on Registrants	Medium	High	Registrants will retain all their current names so there is no obligation to register at the second level. The option to reserve the second level name at no cost provides time to decide on future plans and technical solutions mean that a sudden change to a new name is not required.

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
Domain names could be held to ransom	Low	Low	This is an issue that exists under the current structure. The DRS would remain in place to deal with this.
Financial gain to Registrars registering duplicated names	Low	Medium	Registrars may gain from this, however a number of Registrants may choose to let their current names lapse in favour of a second level name. <i>In the long term Registrants may look at how the new structure is used and decide to let their existing names lapse in favour of the second level name.</i>
Registrants bear cost of registering an additional name	Low	Medium	It is proposed that a 2 year free reservation period would be provided to those eligible to use the sunrise period but if they did choose to register there would be an additional cost however with registration costs averaging around \$34 retail it is unlikely this in itself would be a major factor in a decision. <i>In the long term Registrants may look at how the new structure is used and decide to let their existing names lapse in favour of the second level name.</i>
Disputes between parties wanting same domain name will increase	Low	Medium	With the focus on .co.nz, there is a lot of competition for 'that name under .co.nz'. It is possible that names directly at the second level allow for more flexibility of name choice. It is proposed that DNCL would provide mediation for Registrants of conflicted names.
DNCL's resources would be stretched managing disputes	Low	Low	Should this proposal go ahead, DNCL would review options to manage disputes and any other increased workload caused by its implementation. It should be noted that only a small fraction of .nz domain names are subject to dispute proceedings. <i>The increased work would likely be short to medium term, while the proposal was implemented, during the sunrise and reservation periods and while the extended DRS was in place.</i>
Registrants would be forced to register duplicated names	Low	Low	There is no change to existing names so it is the choice of a registrant as to whether they want to register another version of that name. That choice exists now with some Registrants choosing to do protective registrations in different 2LDs and others just choosing one registration. <i>In the long term, second level registrations may become the default, rather than .co.nz, unless Registrants had a desire to be described by a 2ld third level registration.</i>
Second level registrations would open up typosquatting, phishing and similar scams	Low	Low	This is an issue that exists under the current structure. The DRS would remain in place to deal with this in appropriate cases.
Dilution of brand would be a long term problem	Low	Low	Many businesses rebrand regularly and it is their choice as to what branding suits them. The proposed 2 year reservation period would give the option of reserving the name at no cost for a period of time until the Registrant was ready to commit to use it allowing a planned migration if they choose to change their branding. <i>Long term, this would not be an issue, as business would be able to choose whether to use multiple domain names or run with a third level, or second level registration.</i> <i>New businesses/brands would have the option of registering directly at the second level, instead of registering under multiple 2lds, as some do.</i>
If the proposal was implemented, the	Low	High	This proposal would mean there would likely not be many new 2lds created, however people would be

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
good names would be registered, meaning no new 2lds could be registered			free to register whatever they wanted at the second level. Under the proposal, if all the Registrants of a conflicted name agree, they can apply to have their name made into a 2ld.
Negative impact on regulation of lawyers (registration of "lawsociety.nz", "legal.nz", etc), brand owners, public			The current policy for creating new 2LDs is still in force and so it is possible for anyone concerned to apply for a moderated space before it is opened up. The DRS is also available if people have concerns about the registration and use of a domain name. Moderated spaces could promote their 2ld to show the difference between them and any other similar second level registrations.
Second level names would be abused with registrations such as bighor.nz" or "bur.nz".	Low	Low	If any registrations were seen as unfair the DRS could be used to resolve any disputes. There are no restrictions in place now on what can be registered in the open .nz 2LDs and it is not intended to change that approach.
If entities began using the second level variant of their name the 2ld version would not be maintained properly, causing incorrect information in hard copy or places that are not regularly updated	Low	High	Using the second level name would be the choice of that entity, they could have the 2ld version redirecting to the second level name. It would be their choice to maintain the 2ld version as it is in their interest to ensure all is working well for their domains.
Hard coded lists in pieces of software would require manual fixing. This may result in security problems.	Low	High	Regardless of whether this proposal goes ahead, these would need to be updated with the introduction of new gTLDs or any new 2lds in the .nz domain name space.
Brands could be damaged or devalued by similar names being registered	Low	Low	This is an issue that exists under the current structure. The DRS would remain in place to deal with this.
The consent approach will not work, as some holders may want money before giving consent.			The consent based approach ensures if there was any remuneration, it would compensate a registrant, rather than a third party like InternetNZ. The proposed policy also allows the DNC to check that any consent gained is a true consent and offers a mediation option.
There is no policy protection for third level subdomains			In addition to a public education campaign, under this proposal the DRS would be extended to third level subdomains, this extension to be reviewed after 2 years
The value or validity of third level names would decrease	Low	Low	The current 2lds (.co.nz, .kiwi.nz, etc) will still be available. Registrations directly under .nz would add another choice to these. Moderated second levels such as govt.nz, or mil.nz will still have the benefit of being exclusive, moderated spaces.
There would be migration costs for users of fourth level subdomains	Low	Low	The current 2lds (.co.nz, .kiwi.nz, etc) will still be available, so fourth level subdomains under these would not change.
Content providers in the .nz space who have collated information on .nz websites will require massive content changes	Low	High	Regardless of whether this proposal goes ahead, these would need to be updated with the introduction of any new 2lds in the .nz domain name space.
Flattening the hierarchy may have implications on future scalability of the .nz zone (eg: making it impossible to delegate portions of the zone to different			There are no technical issues around this but statements could be made to satisfy those with concerns. The size of many other registries indicates already that it is not an issue.

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
authoritative nameservers). This may be non-issue, but would like to see NZRS commentary on it.			
Duplicated names will result in financial gain to DNCL			DNCL does not benefit financially from an increased number of registrations. Funding for DNCL, is by way of a management fee charged to NZRS, which in turn, transfers profits from the domain name fee income to its sole shareholder, InternetNZ, by way of a dividend. DNCL is expecting its costs to increase in the short term if this proposal proceeds and DNCL needs to implement it.
Increased choice not a good reason for change, as some 2lds are hardly used			Under the current model, .co.nz has become the default space for most registrations. Registrations at the second level would appear to be more attractive than those under the smaller 2lds. The recent introduction of the .kiwi.nz 2ld was taken up by many Registrants who did not fit in other 2ld categories.
DNCL should not be involved in “aesthetic” decisions			DNCL will act in the best interests of .nz and its future in making its recommendation to Council.
Registrants should be notified			DNCL does not wish to interfere with the relationship between Registrars and their Registrants. If the proposal goes ahead, and DNCL believes a Registrar has not informed Registrants, DNCL will contact the Registrants directly, as was proposed in the policy.
The .nz structure should be collapsed to only the second level registrations			People have legitimate registrations that they are using and there is no plan to undermine what someone currently has which is why under this proposal the second level registrations would run alongside the current 2lds.
Second level names should only be for New Zealand entities and individuals			The current .nz domain name space is based on a first-come, first-served model with no registration restrictions in the open spaces. It is not proposed to change this.
It may be useful to block generic domain names.			It is proposed that the RMC policy prohibits the registration of ‘.gov’, ‘.government’, and ‘.com’ at the second level. This is to avoid confusion with the existing .nz second level domains .govt.nz and .co.nz.
Relaxing the rules on creation of 2lds would be a better alternative			This could be an option if the decision is made not to proceed with this proposal. Creating new 2LDs itself creates issues with some Registrants feeling they have to make a decision as to whether to undertake a protective registration in this space. If significant numbers of new 2LDs are created this could be an issue for some people.
Some 2ld names should have a higher priority than others			In the .nz domain name space, no 2ld has a higher priority over another, all are bound to the same policies and procedures. It is not proposed to change this.
The DRS should be extended to third level subdomains for longer			It is proposed that the extension of the DRS to third level subdomains and would be reviewed after a period of 2 years. By this time there will be evidence as to how the policy is being applied and this empirical data will be published as part of the review.
Registrants should not be able to reserve a name if they are not using it			The reservation period is proposed to allow Registrants a chance to decide whether or not they need the second level name and/or their third level name. DNCL does not get involved with use and it would also be a difficult thing to monitor. The bigger issue is that the current .nz name used for reserving this remains continuously active.

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
The .co.nz registrant should get priority to the second level name			In the .nz domain name space, no 2ld has a higher priority over another, it is not proposed to change this. This is akin to saying that .co.nz Registrants have a greater right and that is a concept that does not apply in the .nz policy framework.
The proposal would create a land rush			If the proposal goes ahead, and there is a rush for names after the sunrise period, this would show that there is demand for second level registrations. It is no different to the registrations received when the .kiwi.nz space was created.
Second level registrations should be delegated with the provision that third level subdomains under them may also be delegated directly from name servers			Under the current model, DNCL does not manage subdomains. Other than the DRS being extended to cover a specific set of circumstances, it is not proposed to change this.
The current structure works, there is no need to change it			The domain name space is a dynamic industry, currently undergoing major changes. The status quo working at the moment, is not itself a reason to not change the current nz structure.
Preference should be given to the oldest name			This would require DNCL to say that the oldest registrant has a greater right and that is not something that DNCL considers is appropriate. The consent based approach proposed would ensure there are no "losers" created, as if the Registrants of the conflicted name cannot agree, then the name remains unregistered.
In unresolved conflicted names, DNCL should review applications and decide who gets the name			DNCL does not currently decide who has the greatest right to a domain name, and it is not proposed that this change. In the proposal, if the conflict cannot be resolved, the second level name is simply not registered. Mediation would be offered as part of the resolution process.
Entities with trademarks should take priority for registering second level names			Names in the .nz space are currently registered on a first-come, first-served model, there is no requirement for a trade mark to register a name. It is not proposed to change this as greater rights than just trademarks are acknowledged in the .nz space.
Business owners have too much invested in 2ld names			Giving existing Registrants a priority in the Sunrise Period acknowledges that they have invested in the .nz domain name space and may or may not want to also obtain their name at the second level. There is no obligation that they do so however, and it could be that many choose to retain their current name only. It is proposed that a 2 year reservation period would be provided to those eligible to use the sunrise period, to give time to decide whether they wished to register and use the second level variant of their name. There is no need to immediately change to a new name for business with the use of technology it can be made to fit in with other branding or strategy plans.
The proposal favours future Registrants against existing Registrants			The proposal acknowledges that existing Registrants are already in the space and didn't have the options when they registered that future Registrants would have. It recognises that some may have chosen a name directly at the second level if it had been available at the time.
Internationally registrations at the third level is standard			All gTLDs and the majority of ccTLDs allow registrations at the second level, there are not many registries only allowing 3 rd level registrations. A number of country code top-level domains have changed their policies to allow registrations directly at the second level.
Only Registrants with legitimate use for			DNCL does not currently decide who has the greatest right to a domain name, and it is not proposed

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
the second level name should be allowed to have it			that this change.
Conflicted second level names should be auctioned			The consent based approach ensures if there was any remuneration, it would compensate a registrant, rather than a third party.
The 2012 submissions had 62% against the proposal			The 2013 consultation shows 50% of submitters support the proposal, with 46% against which indicates there is a solid level of support. In saying this, it is important to take into account the points submissions raise, rather than the number made.
DNCL is attempting to force this proposal through without support			Nothing is being forced through, an open process is being followed with all submissions being published and a wide range of views being actively sought. The fact that some submitters are against does not mean that the proposal should fail as there will always be people against change. The decision needs to be made in the best long term interests of .nz. Submissions supporting the proposal have been received.
Stability in structure is better than change			The domain name space is a dynamic industry, currently undergoing major changes. The .nz domain name space may need to change to remain relevant.
There is no provision for post cut-off registrations in the sunrise period.			It is proposed that there be a second sunrise period to cover registrations made between the current cut off date of 31 May 2012 and a more recent date. To be confirmed.
How do second level registrations “future proof” .nz? Anything done now could be done later with no detrimental effects other than what doing it now would have.			A number of country code top-level domains have changed their policies to allow registrations directly at the second level and others, including Nominet UK are considering it. The .nz domain name space may appear less attractive if limited to 2lds, when new gTLDs can be registered at the second level. Delaying opening the second level into the future, means there would be an increased number of registrations, resulting in more conflicted names.
Where is research showing “Registrants do not have to choose a category that may not be a good fit for them”? There are non-profit, government, school websites.			Under the current model, .co.nz has become the default space for most registrations, regardless of what the name is used for (school, government, non-profit organisations). The recent introduction of the .kiwi.nz 2ld was taken up by many Registrants who did not fit in other 2ld categories.
What is the basis for proposing to allow second level registrations?			Results of surveys taken show support for second level registrations. When second level policy is reviewed, people enquire about direct second level registrations. Submissions have been received supporting the proposal.
It isn't clear that a name must be a continuous registration from pre cut-off date through the sunrise period			The intent of the proposed changes is to provide a sunrise period for names that were registered before the cut-off date, and have been continuously registered until the second level variant is registered. The amended policy would be reworded to make this clear.
“I have xxx.co.nz and want xxx.nz” is not sufficient reason to abandon current hierarchy.			DNCL wants to ensure that .nz remains a valued and relevant choice for New Zealanders wanting a domain name and will act in the best interests of the local internet community when considering the future options for .nz.

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
			If the local internet community is asking for this, it is DNCL's responsibility to consider it.
If this is implemented, a batch facility should be provided to apply for second level names, for those Registrants holding many third level domain names.			The detail of the process has not yet been finalised and will only be worked through if the proposal proceeds. This will be taken into account.
Add a clause "competing Registrants will be notified of the registration of the .nz domain name and allowing the registration to be cancelled in the first month if the DNC becomes aware of illegal or against policy activity". To protect innocent parties, ban transferring or changing registrant during this period.			DNCL is not involved in use of name, however will act on a court order, or people can use the DRS. There is no active monitoring of new names and it is not intended that this situation changes.
The reservation period only delays the adverse effects of the proposal			Many businesses rebrand regularly, the proposed 2 year reservation period would give the option of reserving the name at no cost for a period of time until the Registrant was ready to use it. It would be the registrant's choice whether or not the name was to use, during, or at the expiry of the reservation period.
The reservation period should be indefinite			It is proposed that a 2 year reservation period would be provided to those eligible to use the sunrise period, to be reviewed after operation
Registrants of conflicted names should have "stronger claims" recognised (branding, association with name, etc)			DNCL does not currently decide who has the greatest right to a domain name, and it is not proposed that this change. The registrant who considers they have a stronger claim should put their case to the other Registrants concerned to convince them they should be able to register the name at the second level.

Concerns brought up in 2012 consultation, but not in 2013

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
Danger from names that are similar to current second levels, gTLDs	High	High	A few prohibited names are proposed: .gov.nz, .government.nz, .com.nz

Concern/Comment	Impact	Likelihood of occurrence	Response/Mitigation
Danger from common [generic?] names being used (shop.nz, bank.nz)	Low	High	Current competing Registrants of these at the third level can apply to make them 2lds
People will feel InternetNZ's position opposing holders of generic gTLD levels appears inconsistent with this proposal	Low	Low	<p>Misunderstanding on part of submitter</p> <p>An on-going public education campaign, in conjunction with Registrars and other relevant entities, is proposed.</p>