



December 7, 2011

The Honorable John D. Rockefeller IV
Chairman
Committee on Commerce, Science, and Transportation
United States Senate
531 Hart Senate Office Building
Washington, D.C. 20510

Dear Chairman Rockefeller:

The National Retail Federation has long been a forceful advocate for robust e-commerce. The explosion in online sales has vastly outstripped every other segment of the retail industry and contributes significantly to job growth and our nation's economy. But NRF is concerned that these benefits could be thrown into disarray if the Internet Corporation for Assigned Names and Numbers is allowed to move forward with its current plans to introduce hundreds or more new "top level" domain names on the Internet without first providing a more manageable structure and more information to users in the e-commerce community.

As the world's largest retail trade association and the voice of retail worldwide, NRF and our Shop.org and NCCR divisions represent merchants of all types and sizes, including chain restaurants and industry partners, from the United States and more than 45 countries abroad. Retailers operate more than 3.6 million U.S. establishments that support one in four U.S. jobs – 42 million working Americans. Contributing \$2.5 trillion to annual GDP, retail is a daily barometer for the nation's economy. NRF's Retail Means Jobs campaign emphasizes the economic importance of retail and encourages policymakers to support a Jobs, Innovation and Consumer Value Agenda aimed at boosting economic growth and job creation. The proposed changes affect both the businesses we represent and their customers.

As you know, in January ICANN will begin accepting applications for a new class of Internet domain name extensions. These new extensions will go beyond the familiar ".com" or ".org" to include word-length extensions such as ".retail" or ".shop" and would allow business names such as ".NationalRetailFederation" to be used.

While this proposal has been thoroughly discussed within the technology community, its scope and consequences have largely flown under the radar of most commercial businesses and the general public. ICANN made its proposal final only in June, and has given the business community little of the concrete information needed to understand its plans and even less time to consider the consequences of whether to apply for these new domain names.

To adequately plan, businesses need sufficient information to make informed judgments as to how they and their competitors are likely to behave in this new environment. An entity such

Liberty Place
325 7th Street NW, Suite 1100
Washington, DC 20004
800.NRF.HOW2 (800.673.4692)
202.783.7971 fax 202.737.2849
www.nrf.com

as ICANN operating under government authority should not move forward on matters that potentially affect major segments of the nation's economy without providing reasonable up-front guidance. To date, that guidance is lacking.

For example, ICANN has failed to tell the business community precisely how many new extensions it will seek to create over the next couple of years, with reports ranging from 300 to 3,000. Some business have been led to believe that new batches of extensions will be granted periodically, allowed them to take a "wait and see" approach on whether to participate. Others, however, have heard that the three month window in next year's round will be all that will be available for a number of years, making it imperative to move quickly.

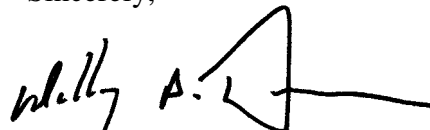
In addition, many retailers are concerned that they could be forced to spend millions of dollars to register domain extensions in order to keep competitors, unauthorized users or "cyber-squatters" from doing so. Application fees for each of the extensions has been set by ICANN at \$185,000, but the cost is expected to total \$250,000 per extension when legal and consulting costs are included, plus another \$50,000 to \$100,000 a year to manage the domains thereafter. ICANN's plans to settle some competing claims by auction could drive the costs even higher. Obtaining funds for these new expenses could be a significant challenge in the current economy.

ICANN should be required to answer three questions before this plan is allowed to move forward:

- How many extensions will be granted during the initial 2012 round? (It has taken 15 years to introduce the first two dozen extensions, with mixed results – a deliberate pace is preferable to a sudden influx).
- How frequently will new extensions be granted going forward? (Both businesses and their customers can better plan and absorb the change if a time horizon is clearly delineated.)
- Does ICANN have a plan to educate consumers on changes that could create a bewildering range of possible addresses for their favorite web sites?

In short, while the promise may be great, the lead-up to implementation has been filled with uncertainty for users. We urge you to take whatever steps are necessary to phase-in this initiative so that both the business community and the public can adequately adjust to its parameters.

Sincerely,

A handwritten signature in black ink, appearing to read "Mallory Duncan". The signature is stylized with a large, sweeping loop at the end.

Mallory Duncan
Senior Vice President, General Counsel