

EnCirca

GENERAL CONTROLS SUPPORTING THE DOMAIN NAME REGISTRATION SERVICES

SOC 3 Audit Report

*Independent Service Auditor's Report
on Controls Placed in Operation
Relevant to Security, Availability, and
Confidentiality Principles Comprising
Trust Services Principles Section 100*

For the Period September 1, 2015 to February 29, 2016



INDEPENDENT SERVICE AUDITOR'S REPORT

TABLE OF CONTENTS

SECTION 1	INDEPENDENT SERVICE AUDITOR'S REPORT	1
SECTION 2	ASSERTIONS BY THE SERVICE ORGANIZATION'S MANAGEMENT	4
SECTION 3	DESCRIPTION OF THE SERVICE ORGANIZATION'S SYSTEM	6
	OVERVIEW OF OPERATIONS	7
	Company Background	7
	Description of Services Provided.....	7
	Facilities and Data Flow	8
	CONTROL ENVIRONMENT	10
	Integrity and Ethical Values	10
	Commitment to Competence.....	10
	Board of Directors' Participation	11
	Management's Philosophy and Operating Style	11
	Organization Structure and Assignment of Authority and Responsibility	11
	Human Resource Policies and Practices	12

SECTION 1

INDEPENDENT SERVICE AUDITOR'S REPORT

INDEPENDENT SERVICE AUDITOR'S REPORT

To the Management of EnCirca, Inc.:

We have examined the accompanying management's assertion that during the period September 1, 2015 to February 29, 2016, EnCirca, Inc. (EnCirca) maintained effective controls to provide reasonable assurance that the domain name registration services and systems (the "System")

- was protected against unauthorized access, use, or modification
- was available for operation and use, as committed or agreed;
- and the information designated as confidential is protected as committed or agreed

based on the criteria for security, availability, and confidentiality in the American Institute of Certified Public Accountants' TSP section 100, *Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy*. EnCirca's management is responsible for this assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA and, accordingly, included (1) obtaining an understanding of EnCirca's relevant controls over the security, availability, and confidentiality of the System; (2) testing and evaluating the operating effectiveness of the controls; and (3) performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in controls, error or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that the validity of such conclusions may be altered because of changes made to the system or controls, the failure to make needed changes to the system or controls, or a deterioration in the degree of effectiveness of the controls.

In our opinion, EnCirca's management's assertion referred to above is fairly stated, in all material respects, based on the aforementioned criteria for security, availability and confidentiality.

The Moore Group CPA, LLC

April 4, 2016
Nashua, NH

SECTION 2

**ASSERTIONS BY THE SERVICE
ORGANIZATION'S MANAGEMENT**

MANAGEMENT'S ASSERTION REGARDING THE EFFECTIVENESS OF CONTROLS BASED ON THE TRUST SERVICES PRINCIPLES AND CRITERIA FOR SECURITY, AVAILABILITY, AND CONFIDENTIALITY

April 4, 2016

EnCirca, Inc. maintained effective controls over the Security, Availability, and Confidentiality of its domain name registration services and systems (the "System") to provide reasonable assurance that:

- the System was protected against unauthorized access, use, or modification
- the System was available for operation and use, as committed or agreed
- and the information designated as confidential is protected as committed or agreed

during the period September 1, 2015 to February 29, 2016, based on the criteria for the security, availability, and confidentiality principles set forth in the AICPA's TSP section 100, *Trust Services Principles and Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy*.

Our attached System Description of the domain name registration services and systems identified the aspects of the EnCirca System covered by our assertion.

EnCirca, Inc.

SECTION 3

DESCRIPTION OF THE SERVICE ORGANIZATION'S SYSTEM PROVIDED BY MANAGEMENT

DESCRIPTION OF CONTROLS PLACED IN OPERATION

OVERVIEW OF OPERATIONS

Company Background

Founded in 2001 by Thomas Barrett, EnCirca, Inc. (EnCirca) is an ICANN-Accredited domain name Registrar and a Trademark Agent for the Trademark Clearinghouse. EnCirca supports hundreds of generic top-level-domains and country-code top-level-domains with a specialty on restricted top-level-domains, such as: .BANK, .INSURANCE, .REALTOR, .TRAVEL and .JOBS. EnCirca also provides validation services for domain name registries, including: .AUTOS, .BOATS, .HOMES, .MED, .MOTORCYCLES and .YACHTS.

Description of Services Provided

EnCirca offers its customers value-add services which include:

- **SSL** – EnCirca clients can protect their domain names by purchasing and installing an SSL certificate. There are several different types of certificates available:
 - Standard SSL Certificates - require the certificate issuer to independently verify the information concerning the applicant's business.
 - Extended Validated (EV) Certificates - the applicant's business credentials are validated more extensively to help ensure that the applicant isn't a phisher, spoofer, or other type of online criminal.
 - Wildcard Certificates - protect multiple options of the same base domain (i.e. www.sample.bank and directory.sample.bank)
 - SAN Certificates - protect multiple, different domains (i.e. www.sample.bank and sample.com)
- **SecureDNS** – EnCirca's new DNS service is ISO 27001-certified and provides the "Carrier-Grade" technical stability, performance and high-availability demanded by banks today. A highly redundant and scalable Anycast network helps fight against Distributed Denial of Service (DDOS) attacks. The service also includes enhanced security tools to help banks fight phishing and other email-related fraud.
- **DMARC** – EnCirca is the first registrar to offer affordable email authentication services using DMARC. Domain-based Message Authentication, Reporting and Conformance (DMARC) is a requirement that involves the email addresses used by a business to send out email. DMARC is a way to determine whether or not a given message is legitimately from the sender, and what to do if it isn't. This makes it easier to identify spam and phishing messages, and keep them out of customers' inboxes.
- **Secure Website and Email Hosting** – Cybersecurity is an ever-growing concern for all businesses, but especially banks and credit unions. EnCirca offers website and email hosting with enhanced security features to protect against cyberattacks.

- **Search Engine Optimization (SEO)** – SEO is the process of positioning a website to rank highly on search results pages for the most relevant keyword searches. The entire process is tracked in EnCirca’s SEO reporting tool, and reports can be automatically sent to clients.
- **Trademark Clearinghouse** – EnCirca is a Trademark Agent for the Trademark Clearinghouse (TMCH). The TMCH was created by ICANN as a repository for new Rights Protection Mechanisms covering new Top-Level-Domains (TLD’s). All new TLD’s will be required to use the TMCH for Trademark Claims and Sunrise Periods. The first phase of ICANN’s new TLD program contains 1,300 unique strings. Eligibility in the TMCH is limited to active registered trademarks from a national or multi-national jurisdiction. Also covered are trademarks validated by a court order or treaty.

Facilities and Data Flow

EnCirca applications are all hosted at world-class data centers with state-of-the-art systems for ensuring high availability, reliability, and protection against Distributed-Denial-Of-Service (DDOS) attacks and known vulnerabilities for unauthorized access, including Amazon AWS and IBM’s Softlayer division.

Computer operations generally may be threatened with downtime in several areas:

1. Equipment failure
2. Catastrophic event
3. Attack

To mitigate these risks, ENCIRCA has implemented controls to mitigate these risks, including:

- Equipment maintenance contracts
- Systems redundancy
- Network redundancy
- Power redundancy
- Firewalls/DMZs/VLANs
- OS and critical application patches

A combination of custom developed and commercial applications are utilized to support the services provided to user organizations. The applications run on Red Hat Linux and enterprise grade server platforms with commercial databases to support the applications. Server temperature monitoring functionality provides alerts if thresholds are exceeded, in addition to an enterprise monitoring application. Redundant architecture is in place, including:

- Firewalls configured in an active-passive configuration
- Switches
- Network interface cards (NICs)
- Power supplies
- RAID storage.

The applications run on RHEL 6.7 (Red Hat Enterprise Linux) OS platforms with MySQL databases to support the applications. ENCIRCA uses a LAMP stack (Linux, Apache HTTP Server, MySQL database software, and PHP) for its web services.

For backups of critical company data, incremental backups are taken on a daily basis by a third party backup service. Weekly full backups are also performed for all critical company data such as critical application and database components.

Encryption is utilized to protect data in transit, including SSL encryption over HTTPS connections utilized for secure communications between EnCirca and customer end users.

CONTROL ENVIRONMENT

Integrity and Ethical Values

The effectiveness of controls cannot rise above the integrity and ethical values of the people who create, administer, and monitor them. Integrity and ethical values are essential elements of EnCirca's control environment, affecting the design, administration, and monitoring of other components. Integrity and ethical behavior is the product of EnCirca's ethical and behavioral standards, how they are communicated, and how they are reinforced in daily practice.

These standards include management's actions to remove or reduce incentives and temptations that might prompt personnel to engage in dishonest, illegal, or unethical acts. They also include the communication of entity values and behavioral standards to personnel through policy statements and codes of conduct, and by personal example.

Specific control activities that EnCirca has implemented in this area are described below.

- Policies and procedures require that new employees sign an **employee agreement** indicating that they understand their responsibility for adhering to the codes of conduct contained within the agreement. The signed agreement is kept in the employee personnel file.
- Employees must sign a **confidentiality and non-disclosure agreement** to not disclose proprietary or confidential information, including client information, to unauthorized parties.
- Comprehensive **background checks** are performed in-house for certain positions as a component of the hiring process.
- Management personnel perform **reference checks** on all candidates being considered for certain positions within EnCirca.
- Periodic **meetings with staff** are conducted whereby the core values and mission of EnCirca are discussed as well as ways to reinforce and improve the components of EnCirca's related core functions.

Commitment to Competence

EnCirca's management defines competence as the knowledge and skills necessary to accomplish tasks that define employees' roles and responsibilities. EnCirca's commitment to competence includes management's consideration of the competence levels for particular jobs and how those levels translate into requisite skills and knowledge.

Specific control activities that EnCirca has implemented in this area are described below.

- Management has considered the competence levels for particular jobs and translated required skills and knowledge levels into **written position requirements**.
- Management has developed a **training and development program** for employees. This includes:
 - **Initial training** with peers and supervisors in the period immediately after hire.

- **Ongoing training** to maintain and enhance the skill level of personnel on an as-needed basis.
- Management-approved **professional development expenses** incurred by the employees are paid by EnCirca.
- EnCirca utilizes an independent **CPA firm** to prepare tax returns.

Board of Directors' Participation

EnCirca's control consciousness is influenced significantly by its Board of Directors participation. The Board of Directors oversees management activities and meets annually to discuss strategic, operational, and compliance issues.

Management's Philosophy and Operating Style

EnCirca's management philosophy and operating style encompasses a broad range of characteristics. Such characteristics include management's approach to taking and monitoring business risks and management's attitudes toward the customized domain name registration services, information processing, accounting functions and personnel. Management is periodically briefed on regulatory and industry changes affecting services provided. Management meetings are held on a periodic basis to discuss and monitor operational issues.

Specific control activities that EnCirca has implemented in this area are described below.

- Management regularly attends **trade shows** and belongs to **industry associations and special interest groups** to stay current on any regulatory compliance or operational trends affecting the services provided.
- **Management meetings** are held on a regular basis to discuss operational planning and budgeting, human resource planning and hiring, and customer related issues. Meeting agendas and meeting minutes are recorded and communicated to relevant personnel.
- EnCirca utilizes an independent **CPA firm** to prepare tax returns.

Organization Structure and Assignment of Authority and Responsibility

EnCirca's organization structure provides the framework within which its activities for achieving entity-wide objectives are planned, executed, controlled, and monitored. EnCirca's management believes that establishing a relevant organization structure includes considering key areas of authority and responsibility and appropriate lines of reporting. EnCirca has developed an organization structure suited to its needs. This organization structure is based, in part, on its size and the nature of its activities.

EnCirca's assignment of authority and responsibility activities include factors such as how authority and responsibility for operating activities are assigned and how reporting relationships and authorization hierarchies are established. It also includes policies relating to appropriate business practices, knowledge and experience of key personnel, and resources provided for carrying out duties. In addition, it includes policies and communications directed at ensuring that all personnel understand the entity's objectives, know how their individual actions interrelate and contribute to those objectives, and recognize how and for what they will be held accountable.

Specific control activities that EnCirca has implemented in this area are described below.

- EnCirca's **organization structure** is traditional, with clear lines of authority and responsibility. Autonomy within departments is allowed to a reasonable extent to provide for innovative approaches to managing the company, with close oversight maintained by the CEO.
- EnCirca's **operating goals and objectives are communicated** to the entire organization during regular staff meetings, employee performance reviews, newsletters and other written communications.
- EnCirca provides an informal **employee orientation program** that communicates organization structure and responsibility, company and departmental objectives, and relationships between departments and personnel.

Human Resource Policies and Practices

EnCirca's human resources policies and practices relate to employee hiring, orientation, training, evaluation, counseling, promotion, compensation, and disciplinary activities.

Specific control activities that EnCirca has implemented in this area are described below.

- EnCirca utilizes the services of a **third party provider** for payroll.
- Comprehensive **background checks** are performed in-house for certain positions as a component of the hiring process.
- Management personnel perform **reference checks** on all candidates being considered for certain positions within EnCirca.
- Company utilizes a **formal training program** for each new employee. Ongoing training is also utilized for each employee on an as-needed basis beyond the initial hiring training period.
- Human Resources management utilizes a termination checklist to ensure that specific elements of the termination process are consistently executed. The checklist is retained in the employee files.

END OF REPORT